A smiling man with a beard, wearing a light-colored shirt and a dark apron, stands in a shop. He is holding a tablet computer in his hands. The background shows shelves with various items, possibly clothing or books. The entire image has a blue tint.

searchlight



## Is technology clouding retailers' vision?

How are retailers balancing the dual aim of investing in technology to improve their customer proposition while ensuring smooth-running business operations that deliver against shareholder demands/expectations?

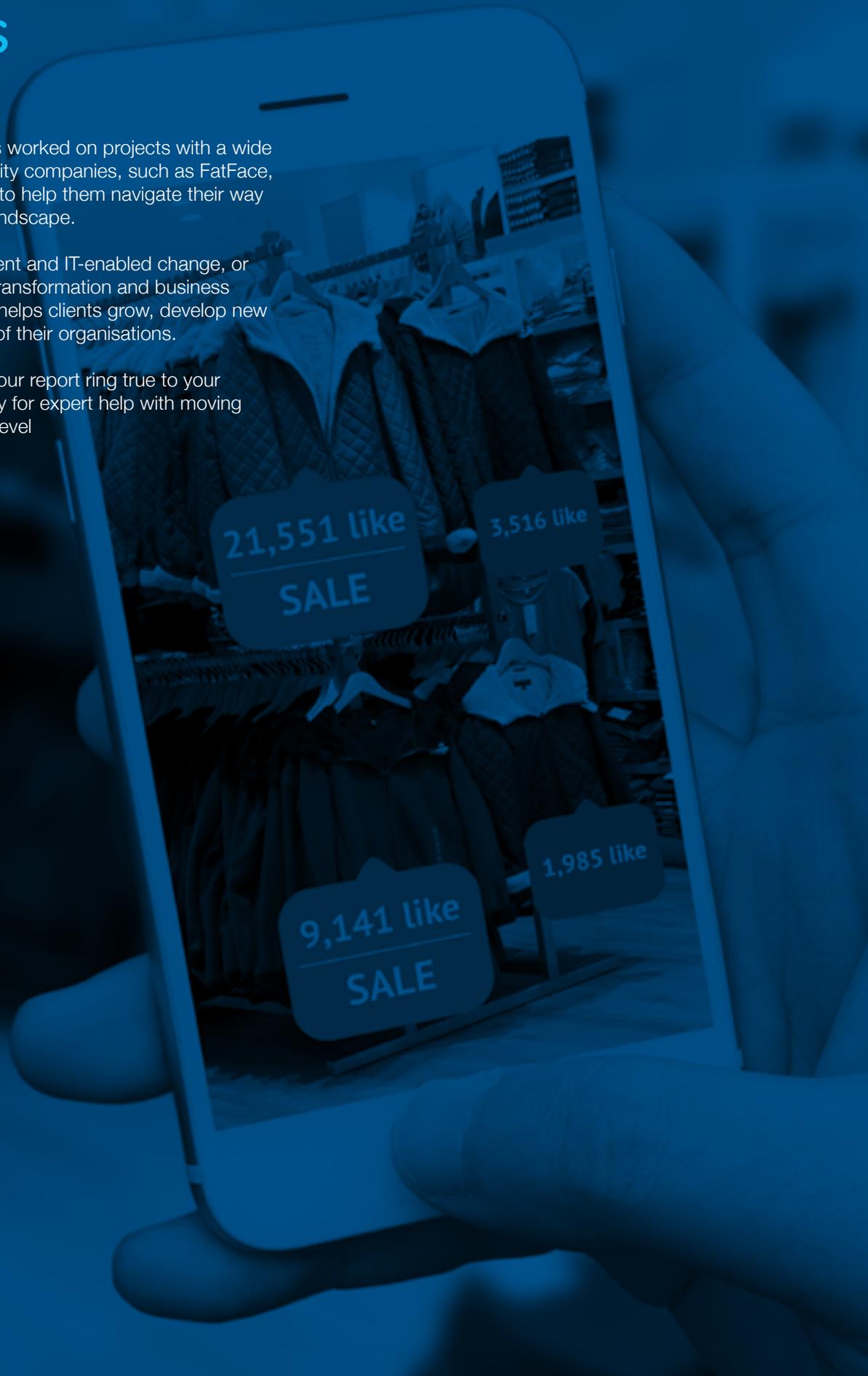
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# About us

Searchlight Consulting has worked on projects with a wide range of retail and hospitality companies, such as FatFace, Wiggle and Costa Coffee, to help them navigate their way through this challenging landscape.

Experts in strategy alignment and IT-enabled change, or projects related to digital transformation and business improvement, Searchlight helps clients grow, develop new capabilities and future proof their organisations.

If the issues addressed in our report ring true to your company, contact us today for expert help with moving your business to the next level



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# Introduction

The business world has become fixated on having the latest technology, tools and systems, believing they are required to win customers and navigate their way through a time of constant change and economic uncertainty.

Retail is one of the industries most affected by a heightened period of technological advancement. The advent of eCommerce and mobile commerce, thanks to the rise of the smartphone, have been particularly transformative in how they have set new customer expectations and influenced shopper spending and brand engagement.

Whereas some organisations operating in the retail sector have been empowered by technology – and, in some cases, based their entire business on it – others have been left behind or in a state of technological entanglement as they come to terms with the new digital world.

There are countless examples of big investment for little return, with many new technologies proving to have little staying power. For a large number of retailers, chasing new technology- the constant search for the ‘silver bullet’- causes them to lose focus. This is when they often run into difficulties.

On the one hand, many retailers need to improve the alignment of technology investments to business strategy. On the other, they need to face up to the hurdles presented by disparate legacy systems in radical need of renewal. Addressing these issues should be a major target for every retailer, as competition for customer spend intensifies and pressure on margins continues apace.

Recent research from the London College Fashion (LCF), part of the University of the Arts London, highlights how fashion retailers are still not using technology for the greater good of their businesses.

James Clark, acting course leader for the Executive MBA at LCF, says the study suggests the understanding of big data and the immediate application of it within the sector is almost too customer centric and not sufficiently company-focused.

*“For example, we asked how fashion retailers are using big data, and the largest adoption was very much around consumer management. But when we asked ‘are you using big data to manage profitability?’ it got a much lower response rate,” he explains.*

*“You could argue that if you manage your consumers that will deliver profit, but of course it isn’t always the case because the consumer might want something you can’t deliver or there may be massive consumer demand in the low-price bracket.”*

Clark adds: *“You can have fantastic brand management and fantastic consumer relationships but it’s got to translate into the bottom line. I was surprised to see the lower emphasis on profit.”*

Fashion retail is not unique in this regard. In this report, we hear from leaders from a number of well-known UK retailers and hospitality firms about how they balance new tech investment aimed at the customer with what is best for their companies’ stakeholders and long-term ambitions. We learn about the challenges they face in terms of disparate systems and IT/business misalignment, and the successful [enterprise] technology management techniques they’ve adopted during this era of digital transformation.

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# Separate goals, common challenges

“I think retailers generally held back for far too long because of the fear that developing a strong online presence would somehow cannibalise and destroy the shops.”

“They didn’t think it was an inevitable evolution and better for them to do it than a rival. That’s why quite a few retailers are no longer with us or are much diminished.”

The above quote is from experienced board-level retailer Simon Burke, who is now non-executive director at multiple organisations across different industries, including The Co-operative Group, and chairman of Blue Diamond Garden Centres.

His comment references the key change retail has experienced in the last 20 years: the move from shop and mail order models to an industry of multiple channels, consumer touchpoints and 24-hour customer service.

Burke was CEO of Virgin Retail, a high street entertainment retailer that – like Blockbuster and HMV after it – collapsed in the wake of the move towards digital music and film streaming. The likes of Amazon, Apple iTunes and, more recently, Spotify have rendered redundant the services of many entertainment generalists in recent years.

Entertainment was one of the first sectors to be truly disrupted by the digital players, but there have been countless examples in other segments of retail ever since.

*“There used to be an idea in retail that we were fast moving because things happened rapidly and we were in touch with our customers and forward thinking because it was so competitive, but actually not much of that was true,”* Burke explains.

*“The digital revolution actually showed that our particular emperor had no clothes because these new guys ate our breakfast while we were asleep on the watch in a lot of cases.”*

In the years since the emergence of online retail, the industry has been forced to think differently. All retailers are trying to shift their business from one format to another and are doing so in various ways but, typically, with the motivation that they want to be more digitally enabled for a 21st century target audience.

For Burke, retailers face multiple challenges – and much of them are as a result of running digital operations separately from the business’s wider ambitions and not thinking holistically.

He helped recruit former head of the Government Digital Service, Mike Bracken, to the Co-op in 2015 with the task of implementing a digital transformation plan. He was also given responsibility for setting the wheels in motion for a more considered digital investment and development approach.

Bracken has now moved on but the fruits of his labour – including the creation of an innovation hub, rapid recruitment of people with a digital skillset and the launch of a new tech roadmap have helped position the Co-op for a modern retail environment.

*“It’s been good for getting people to think about the digital dimension even though they are in other parts of the organisation, in other words thinking about how a digital solution might be able to help them in what they are trying to do,”* noted Burke.

At Blue Diamond, the digital/online route is less advanced, mainly due to an assumption that there is lack of a proven business case for selling plants via the internet. Disruptive players in that sector, such as London-based operator Patch, would probably disagree, but Burke currently sees online primarily as a way of engaging with customers.

*“We are very interested in exploring the potential of online for developing customer loyalty and customer relations – and we have been doing a lot of work on that front using social media and loyalty type membership type schemes,”* he says. *“There’s lots still to do.”*

## TECHNOLOGY TO DIFFERENTIATE

The UK grocery market is a particularly fierce battleground today, with the German discounters Aldi and Lidl having taken considerable market share from the big four (Tesco, Sainsbury's Asda and Morrisons) in recent years. Add in Ocado's online-only model and the recent decision by Amazon to launch a grocery service with the acquisition of Whole Foods, means there is little room for error in this sector because shoppers have so many alternatives.

Booths operates 28 supermarkets in the north of England and, although a relatively small player when compared to the market leaders, it has its own digital challenges to ensure it retains relevancy and a point of difference in a crowded market.

Andrew Rafferty, IT and eCommerce Director at the grocer, says that his organisation knows it can't compete with some of the larger supermarkets and online-only players in terms of rapid delivery or in-store tech options. This means Booths' digital transformation challenges tend to be centred on developing a supply chain and processes that help the business stand out for customer service and product.

*"People who want something to their door within an hour from Booths, we've lost them,"* he notes, although acknowledging that the company is exploring how to develop more rapid fulfilment options.

Rafferty adds: *"There are some areas where if not a first mover we can be early adopters. For example, voice picking a few years ago, and I suspect our first business intelligence solution, while not radical for a company of our size, was quite inventive."*

*"We have to pick those fights very carefully because we can't do many of them. Our automated forecasting work with Relex is an example but we can only do that kind of thing every couple of years."*

## TECH TO GET TO KNOW YOU

In the restaurant world, the key digital challenge is typically a lot more streamlined towards bookings and developing loyalty – ideally, with the two intrinsically linked.

Online players such as Deliveroo, JustEat and HungryHouse have certainly transformed the restaurant space over the last decade, but Cote Brasserie Chief Financial Officer Strahan Wilson views these companies as aggregators as opposed to competitors.

For Wilson, the key digital challenge for his business is to use technology to enable staff to get to know their customers better and to help make food choice loyalty something more than the discount-driven phenomenon it typically is today.

*"We're lucky as a brand because 60/70% of our guests book, so therefore we have an email address for 60/70% of the people walking into our restaurants,"* he says.

*"But of course, the booking system is not the same as the point of sale (PoS). The challenge – and I'm not aware of anyone having cracked this although we are close to getting there – is how to join the booking data to your PoS data. The answer is you need to open the table in your PoS from your booking system, and therefore you join the data."*

Once achieved, Côte staff will then have an opportunity to offer rewards to customers based on their preferences, help start relevant guest conversations and keep all information in one central customer relationship management system.

Wilson adds: *"In January we aim to go live with a whole new loyalty scheme based on that integration, and serving guests with little surprises."*

The disparate systems issue Wilson discusses will ring true with many traditional retailers that have relied on one core system for a number of years but now need to use multiple and connected technology platforms to grow their businesses in different ways.

Simon Ratcliffe, infrastructure director at apparel and lifestyle retailer FatFace, says: *"A lot of retailers of a certain age have legacy systems representative of when they were selling to fewer countries on fewer channels."*

*"At the moment, legacy architecture is difficult to connect – you have to write point-to-point interfaces for each individual technology relationship. The problem is, you don't want different connections for every individual relationship because you need speed, accuracy and low-cost connectivity technology."*

He adds: *"There are different schools of thought. Do you change your core system? Or do you do what we've done – and that is change the connectivity capability, so that you can make it easier to survive with the legacy systems connections and have an easier path to connecting new solutions?"*

*"There is quite a debate going on at the moment about which architectural change path is the best one."*

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# Be brave, think differently

“Theory is one thing but practical implementation is another thing entirely. We are at the end of the theorising and at the beginning of the practical implementation. All seems to be holding up at the moment.”

The above comment from Strahan Wilson on Cote’s new booking/PoS/loyalty solution suggests businesses are often not short of ideas but implementing these concepts can be a different matter altogether.

Could fear of projects being too complex or costly be holding companies back from following through with their ideas?

Retail’s new reality is that companies such as Amazon, ASOSASOS, Net-a-Porter and Shop Direct continue to trial new concepts, often rolling out new customer propositions on a week-by-week basis. It’s true that some of these innovations will be pulled soon after deployment, but many of them will enter everyday shopping usage.

There is much talk in retail technology circles of the need to ‘fail fast’, which is the concept of trying lots of new propositions quickly but acknowledging that some things will need to be abandoned at an early stage. For every QR code, mobile-based self-scan app or in-store kiosk that didn’t work, there’s a mobile payment method, contactless card transaction platform or user-generated-content feature on social media that did.

## LEGACY HOLD-UPS

This new retail mind set is borne out of the new opportunities technological advancement has delivered, but legacy systems that have been used to run businesses up until now are not necessarily agile enough to function in the new world.

Booths’ Andrew Rafferty states: *“In a company of our size with the mid-tier solutions we deal with, essentially we wouldn’t have any core systems in our portfolio that we can’t do a significant amount of coding to.”*

*“Our ERP (Enterprise Resource Planning) and warehouse systems are the key ones, and we would only use a solution that involves some kind of programme level which gives built-in flexibility.”*

But even with that approach it doesn’t mean legacy technology problems are a non-issue he adds.

*“We are on Microsoft Dynamics 2009 and it doesn’t use web services so that means when we’re looking at new things – a scan and go solution, for example – without EPoS integration or web service integration you’re swapping files back and forth on a remote desktop or file transfer protocol system, which isn’t great.”*

*“That’s a good example where even though we can develop, if we don’t keep abreast of things and the technology changes, you can find yourself in a reasonably tricky position.”*

This problem, and it is one identified by FatFace’s Simon Ratcliffe, underlines the importance of thinking about the long-term and potential future business goals when investing in new systems and IT functionality.

Fat Face is currently introducing Mulesoft’s middleware software. This is expected to improve connectivity between new solutions, for example the cloud-based Salesforce Demandware platform (now known as Salesforce Commerce Cloud) introduced in 2017, and the retailer’s core CIM system.

*“Our connectivity technology is being connected to our core CIMS system – and my strategy is to put this in so that I can replace anything more easily than if I had point-to-point interface complexity.”* Ratcliffe explains.

## CHANGE OF FOCUS

One major dilemma retailers currently face is balancing what they think their customer wants with maintaining a profitable business. The two are often contradictory.

Simon Kerry, CIO of formalwear retailer Charles Tyrwhitt says the main IT department change he has experienced in the six years since taking the job is the shift from primarily back-end investment and driving efficiency to greater customer

engagement.

*"The focus has shifted from back to front and how you deal with customers, deal with touchpoints and improve that engagement process,"* he notes.

*"It's become much more about driving top line rather than reducing costs on the bottom line."*

Charles Tyrwhitt has continued to grow during that time and has reported healthy sales and profitability, but this approach could have negative commercial implications for others operating in the industry.

Many of the major grocers, for example, have reassessed what they charge for home delivery or have been developing strategies that involve encouraging customers to pick up online orders in store because the cost of running delivery fleets is so high. Walmart has even announced that its customers will receive better price-points on the same products if they are collected in store.

John Colley, who was managing director of retail at Majestic Wine before taking over briefly as CEO of Hobbycraft, has also worked in senior roles at the likes of Screwfix, Argos and Maxeda. He divides tech investment decisions into the categories of critical, innovative or unnecessary.

*"There are those things you have to invest in because they are hygiene factors, and they are the ones you need to be more careful about in terms of when you make a decision,"* he notes.

*"For example, if you put next-day delivery capability in like we did at Majestic Wine, you are fighting it out with supermarkets who do offer it – if you're not in this space, you are giving the customer a reason not to shop with you."*

He adds: *"But you need to balance that with 'can this fundamentally change the economics of my business?'"*

Colley offers plenty of examples of how retailers have dealt with this question over the years. At Screwfix in 2004, the first trade counters opened and there was concern that they would cannibalise the website and a catalogue business – but a lot of tradespeople wanted same-day fulfilment, so it was necessary to launch them.

At Argos in 2001, the team launched the first mobile retail proposition but phone technology wasn't good enough. Argos had identified at an early stage that people would use phones to order goods, but the project failed because smartphone connectivity and user interfaces were not of the standard they are today. There is nothing wrong with trying things early, even ahead of their time. The important thing is to capture the learning, and keep reviewing developments because technology quickly catches up with the original aspiration.

*"The challenge retailers have now is that there is so much technology available they often don't know which one they should go for,"* Colley says.

*"I've never worked for a big digital leader like an Amazon or an eBay, but these are the companies that have their own innovation tanks and they are creating the way consumers will shop in the future. You have to just keep a close eye on how these companies are doing things and replicate/copy when you can."*

## MANAGING STAKEHOLDER EXPECTATIONS

Simon Burke also works for the BBC – an operator in another industry beset by changing consumer demands and the emergence of new platforms to interact with audiences.

In broadcasting, like in retail, there have been some fundamental changes to way companies can reach their customers – and it requires a business model rethink. People will watch whatever they like, whenever they want and wherever they may be.

TV executives are still in the formative stages of what online streaming and on-demand viewing means from a commercial and operational perspective, and their questions and concerns echo those of their retail industry peers.

*"Businesses competing with start-ups and Amazon, which are not expected to make money while they are growing market share, need to convince shareholders to look at returns differently or they are going to die,"* Burke explains.

*"If you are going to compete with Amazon and your first priority is to make a certain margin or a rate of profit or paid dividend then I think you're doomed as many bookshops and music shops have shown."*

The new normal for retail, he adds, is for businesses to recognise that investing for the medium-term entails putting down money that is not going to create a return tomorrow, but will hopefully build value for shareholders, members, *et al* later on.

*"Obviously that doesn't mean throwing money at stuff and not expect to get anything back,"* he notes.

*"You have to be commercial and those plans need to be heading to a point in which you can make money – and you need to cut it off if they don't – but you need to think outside the box."*

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# Business-led, not IT-led

“IT shouldn’t be putting forward something that is not in the business’s interests. If as an IT director, CIO or CTO you aren’t connected with the rest of your board or understand what the company objectives are - you probably shouldn’t be there.”

This statement from Charles Tyrwhitt’s Simon Kerry seems obvious. But there are so many instances of retailers and hospitality companies operating in silos, which can make for disjointed operations and poor decision making.

It is when these divisions form in a business that those well-crafted commercial goals Burke describes can become even more difficult to achieve.

*“Business strategy shouldn’t be driven by tech – IT is a function, in the same way HR and other retail departments are,”* says Kerry.

*“Our responsibility is to understand what the company objectives are, whether that’s over a tactical 12 months, mid-term two to three years or longer term five-plus years. Once you understand what those goals are, you can work out what IT projects are needed to help support it all.”*

He adds: *“In my view, this is part of the overall process that every organisation should go through.”*

## ASOS EXCELLENCE

A good example of a business-led IT investment in retail this year comes from one of the new-age retail leaders, Asos.

Alongside Oracle Retail, the online fashion house’s IT team devised, developed and launched a new clearance optimisation engine in the space of nine months, in a move the organisation hopes will revolutionise its merchandising processes.

It’s effectively a calculation engine which ingests wide amounts of sales, price and seasonality data history to then produce a table of markdowns and forecasting curves based on expected product demand. Specific Asos business rules are combined with algorithms, enabling the system to work within relevant boundaries.

Talking at the Oracle Retail Industry Forum 2017 in Barcelona in September, Lucy Partridge, Retail Subject Matter Expert at Asos, said that business support for this technology-enabled project was critical to the rapid and successful roll-out of the solution.

*“We had a strong sponsor in the head of merchandising,”* she explained.

*“Because of her confidence in the tool it gave the rest of the business confidence. And it was also great for when the teams were challenging [the rules]. We stuck to the vision which helped us to deliver it successfully.”*

Representatives from different parts of Asos helped shape the solution from the beginning, and the pilot team were central to training the wider organisation on how to use the technology to ensure business continuity.

*“It was a business-led programme rather than an IT-led programme,”* added Partridge.

*“[The initial] users went on to become part of the pilot team, which was very important for ironing out the bugs and tweaking the rules and the user interface and getting the right look and feel.”*

Whether such an alignment comes more naturally to a digital-first retailer like Asos, which actually views itself as much as a technology company as a fashion retailer, can be debated. But the merchandising tech solution launch story is certainly an example of astute business planning.

The solution moved from concept to live in a short time frame, and its journey to launch was mapped out involving all parts of the organisation.

## KEEPING THINGS 'IT LIGHT'

Not having a “traditional” IT team at all is another way of ensuring that all technology investment decisions and deployments are completed with the business front of mind. There are certainly some hospitality firms that operate with this model, including Côte.

Wilson has been CFO of the French-themed restaurant chain since September 2016, and when he arrived at the company he brought with him experience of overseeing a number of key tech projects from his time as finance director at sandwich chain Eat. He may be unusual as a financial director in his close proximity to tech projects.

*“At Côte, we have an odd arrangement in that we don’t have an IT department per se,”* he comments.

*“We have IT investments but no department to support it, which makes it a lot easier for us to see it as a value centre rather than a cost centre because the technologies we have, we use – and we don’t see the overhead.”*

He adds: *“The overhead clearly exists but it is through a maintenance support contract with an IT provider. We see IT as a value-add in the sense of ‘I will buy this technology and it will do this job for me’.”*

Wilson explains this approach means the company doesn’t see IT as a cost centre, and there are certainly no legacy infrastructure issues because there is no on-premise hardware at Côte, aside from a small server which is about to move to the cloud.

*“We are either in the cloud or completely outsourced, so that makes things easier for us,”* he says.

## AVOIDING SILOS AND CHANNELS

The idea of operational silos is not a new phenomenon, but it has certainly been amplified by the arrival of eCommerce – which for many businesses was a bolt-on to the existing retail stores. Not only, did it create an additional internal team within head office, but in some cases, it also led to customers being segmented or classified based on the channel they were using at the time.

Multiple surveys have shown consumers do not tend to view retailers in terms of the sales channels they offer, they just see one brand and expect to be able to transact and engage with, and contact that company however and wherever they are at any given time.

The recruitment of customer experience officers and customer journey professionals is indicative of the industry’s attempts to join up their channels and view their shoppers holistically, but many companies still have a long way to go to achieve true joined-up customer experience and cross-channel integration.

*“If you look at the big digital players such as Amazon and eBay they are opening physical space and I guarantee they will not be separating the customer,”* John Colley argues.

*“The best retailers have been doing that for a long time, maybe a decade or so – they were integrating their separate channels then. Looking from the outside in, they are the ones that tend to be more successful, and if you look at the best retailers, they’ll be more integrated than not.”*

Colley says thinking in channels is wrong, although he acknowledges when retailers start something from scratch that may have an uncertain ROI they might want to run it separately. Even then, he says, it still needs to be complementary.

*“At the end of the day a customer is a customer,”* he adds.

*“If they want a choice, it’s a retailer’s responsibility to make it as seamless as possible. If you don’t integrate it, you can tell and customers see the detachment – that’s not an experience they enjoy as they want the personal touch.”*

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# Right culture, right expertise

“There’s no point me having the best IT team in the world if the company’s failing and doing all the wrong things - and that’s as true for us as it is for retail, HR and finance. We all succeed together or fail together.”

With this quote, above, Booths’ Rafferty emphasises the importance for retail and hospitality businesses not to work in silos if individual departments want to contribute to a more successful organisation.

It also underlines the importance of developing the right culture in a retail business if the wider team is to be aligned to the company’s ultimate goals. Much of being successful in this area comes down to savvy recruitment and deployment of those resources.

*“Something that’s slightly harder to quantify is having the right culture of positive engagement and positive intent,”* Rafferty says.

*“If you’re seen as the function who will help make it happen or explain why it can’t, that’s important. Maybe I’m just lucky or maybe I’ve recruited well, but I think a lot of people go into IT – especially developers and project managers – because they like coming up with answers and they like the kudos of being asked how to fix things.”*

The Booths IT Director says a lot of his team are stimulated by a mixture of the intellectual and the technological, as well as business and ‘flash-logic’ challenges.

*“If they’re not interested in that then they’re probably not much use anyway,”* he adds.

And when technology projects end well, helping bring positive results to a business, those directly responsible for the legwork and the nuts and bolts of the development need to be given due credit.

*“Pointing out the key individuals who did the keyboard work and the organisational work, the questioning and testing, by name is crucial,”* Rafferty says, explaining how he believes this helps foster the necessary can-do attitude in the Booths IT department.

## CULTURE DICTATED FROM THE TOP

It seems the top-down approach to management, which is defined by practising what is preached and engaging more junior members of the team, is just as important as the IT lead’s relationship with those at the top of the business. For companies to grow and ensure tech investments solve real-life problems, this must be the status quo.

Ask any successful business leader the secrets of their success and the less egotistic of them will often attribute it to good recruitment. In company trading results each quarter, plcs have increased the attention given to crediting staff, as well as putting more focus on employee initiatives and rewards.

The UK’s largest retailer Tesco, in its full-year results announcement in April 2017, gave prominence to the fact 83% of all colleagues recommended the company as a ‘great place to work’, which was up from 81% the year before. This type of acknowledgment is in part the retailer wanting to show it is a responsible employer but, more importantly, it is also recognition of the power an engaged workforce can have on an enterprise.

## THE TECHNOLOGY AND PEOPLE COMBINATION

If general culture is dictated from the top, so too is technological culture – and the Co-op's decision to bring in Mike Bracken as Digital Director in 2015 was done with positive business change in mind.

*"It was an example of an organisation that was prepared to put significant money behind people first, rather than actual technology in a sense of buying hardware or software,"* says Burke, who was on the board that recruited Bracken.

*"But it was very much in that digital transformation space, putting money behind wages to get bright people to think of things that might be useful to the business."*

Bracken was responsible for recruiting a broad range of talent from the digital world such as people who had worked for start-ups and those who had been involved in big government projects.

They worked on a whole series of ideas, ranging from smarter ways of doing things Co-op already did, including projects around stock availability and helping customers locate products in a store, to ideas for new ventures.

*"You might say it was a little late in the day doing this two years ago, and arguably that would be fair, but quite frankly the Co-op had other problems to deal with. It would have seemed pretty flippant to do this five years ago when probably the need was there."*

Burke notes: *"It is moving ahead at pace and has caused quite a bit of disruption, much of which has been healthy disruption, and we've moved on with our ideas."*

*"Bracken is still doing some consulting work for us – but his role of setting the whole thing up and getting the structure in place has been achieved, and we're seeing the fruits of it emerge across different parts of the business."*

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# Inspiration and guidance

**“The most important thing is to get yourself a solid CIO/CTO who has been there done that and got the T-shirt - and let them educate.”**

Retailers and hospitality companies have multiple options when looking for help with their digital transformation strategies or advice on how to prioritise investments. As the above quote indicates, for John Colley, the key is to hire the right tech leaders.

CEO relationships with all board members need to be professionally strong for a business to function, but it is perhaps the CEO-CIO/CTO relationship which has most importance in today's market of constant innovation and every-day discovery of 'the next big thing'.

*“Having the right person in a senior IT role is crucial,”* Colley asserts.

*“I've been very fortunate – I worked in Argos when it was leading the sector. I went to Screwfix and it was leading, and we had a great team there. B&Q was different, but it began to lean a lot more heavily on sister company Screwfix to develop digitally.”*

As Commercial Director of Maxedia in Belgium, Colley worked closely with the senior IT team, admitting there were a lot of things they decided not to do as a company despite having the option to do so.

*“We were very clinical about whether something would help us sell more products. If we thought ‘yes’ we'd think about it, if it was a ‘no’ we didn't go near it,”* Colley recalls.

*“The challenge for the CEO today is how much base knowledge have they got in making these calls. I've been fortunate to have worked in big companies that have gone through digital transformations and I've got a bit of experience in what works and what doesn't.”*

Of course, experience is essential in making the right decisions – but there are alternative options to simply relying on what has happened before and learning from mistakes.

## TECHNIQUES OF THE TRADE

Retailers read the trade press to gauge the latest trends and to find out what strategies are working, and retail has a very strong tradition for collaboration, knowledge sharing and networking. The various trade association events are always well attended, helping retailers share ideas with peers and understand that their challenges are not unique.

The technology companies themselves, although operating with an obvious commercial interest, can double up as advisors to retailers – especially for the smaller businesses that do not boast large internal IT teams.

Côte's Wilson says: *“When I first joined Côte the only major operational system we had was the PoS and then latterly our booking system has become a matching par – really everything we do is an extension of one of those two.”*

*“Both of these solution providers are technology companies so they have a much deeper understanding of IT infrastructure, set-up and so forth. I find working with them collaboratively provides an opportunity for an engaging relationship.”*

Wilson notes these tech partners are good at providing recommendations around APIs and integrations, and how long projects are going to take to complete.

*“We quite like working with partners who have new ideas that aren't fully formed – we're talking to someone at the moment about the internal problem of how to turn insight into action,”* he adds.

*“They had a product that's not quite right for our sector, but they're excited about our area, so I've said let's work together on this and use us as a guinea pig. If it doesn't work we'll just walk away with no cost on either side but if it works we end up with a product definitely fit for our purpose because we've walked along the journey.”*

Some businesses, like Fat Face, lean on specialist consultancies. The retailer recruited Searchlight Consulting to ensure IT architecture/corporate alignment and to manage the implementation of connectivity technology to join up legacy and new systems.

*“Searchlight has helped strategically and corporately align my IT strategy,”* notes Ratcliffe.

*“The company has bridged the gap from our corporate commercial strategy, and helped us understand the practical requirements placed on IT and the changes that may be required, and how those changes could be put into a roadmap to minimise change risk.”*

Like many mid-market lifestyle retailers, FatFace is exploring how to go multichannel and multi-geography, and it needs to create an IT architecture that supports these ambitions.

According to Ratcliffe, Searchlight has provided technical and programme expertise during the Mulesoft and Salesforce Demandware implementation.

Bryan Oak, chief operating officer at Searchlight, adds: “Consultancies bring value because of their experiences with other industries, companies and clients of what works and what doesn’t work.

*“Advice issued to retailers can’t just be about standard commercial technology – it has to be about how to use the technology in innovative ways and develop building blocks from technology, rather than guidance on which fully-formed solutions to implement.”*

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# Conclusion

The evidence from the industry is clear, technology has at times clouded retailers vision and taken them in directions that perhaps were not right for the wider organisation.

In some cases, it has clouded retailers' vision so much that they have been guilty of inertia, letting new market arrivals steal an advance on them in the fields of eCommerce social media or general customer engagement.

Simon Burke's view on modern retail is telling, especially coming from a man who has held such prominent positions across various industry sectors.

*"The days have gone for my old rule of thumb, which was if you didn't get your money back within about two years on an investment in a new store, for example, then you didn't do it,"* he warns.

*"I don't think we're in that world now – some investments are just going to take a lot longer because you're investing in a change of customer habit and a change of business model. But if you don't do it, you will make returns until you go out of business."*

He adds: *"It's a lot less attractive than it used to be – the whole thing has a very defensive air to it. I'm very lucky, I work in two businesses that don't really have that – but I think a lot of the traditional high street operators are fighting a rear-guard action all the time."*

Despite the challenges and the impact the rise of digital has had on the collapse of companies and the reduction in staff in some retail sectors, the industry is still the largest private sector employer in the UK with nearly three million workers and it continues to adapt and re-invent itself.

Different ways of thinking are needed, and they will take time to manifest themselves in organisations that have been operating very similar structures for decades. Stakeholders in a retail business need to have more realistic expectations and to think longer term.

Companies such as Amazon, Argos, Asos and Screwfix, which continually stretch the boundaries of what is possible using tech and new digital platforms, are pushing others into changing their ways, and this can only be good for the end consumer.

*"Amazon took a long time to make profit, but it recognised there was an infrastructure that needed to be put in place to grow the business and be a dominant player, and now they even sell that platform to other organisations,"* explains Bryan Oak.

*"It requires real deep pockets to play the long game, and that's where there is a struggle for traditional retailers. They have been used to working quarter to quarter, but the trick is they have to build their journey to deliver incremental growth in terms of market share or profitability."*

He adds: *"More retailers now need to think about business technology. The days of traditional "IT" in conversations are no more – it has become a commodity and something that's easy to outsource and make efficient."*

*"The future of the technology function in retail is for it to be viewed as a business technology function, or a consumer technology function. If all IT products and solutions did was help keep the lights running, then retailers' days would be numbered."*

As the representatives of the likes of Booths, Charles Tyrwhitt, Co-op and Côte Brasserie have detailed in this report, there has certainly been a real shift in attitude to retail technology.

Digital transformation can empower as much as it can engulf retail and hospitality organisations. And importantly, there are multiple sources of inspiration and guidance to help drive the industry in the right direction.

## What we've learned

- Retailers and hospitality companies face huge challenges during a period of significant digital transformation
- They must adopt fail-fast strategies to ensure they find the technology that suits their specific customer, but think long-term in terms of return on investment
- Disparate systems remain a major problem, and there's a need to implement 'connecting technology' that brings flexibility to their enterprises
- Today's digital world requires IT/tech representation at the top level to ensure corporate strategies and IT decision-making stay aligned to business goals
- Companies must make business-led decisions at all times – there's no use implementing technology for technology's sake
- Organisations must now think about business technology rather than 'IT' – it's crucial tech investments are aligned to wider corporate strategies
- If retailers and hospitality companies stay close to their customers, refrain from chasing every new innovation and seek the right advice, the future is bright

## Who we work with

Searchlight Consulting is a business transformation consultancy that helps companies to align business, digital and IT strategy. We support our clients to deliver change-alongside system integrators, often leveraging multi-mode delivery to combine digital innovation and project delivery.

Searchlight clients include many house hold names including Costa Coffee, Wiggle, CRC, Boots, Balfour Beatty, Brakes and many more, where we have helped establish digital innovation capabilities, supported end to end transformation initiatives and introduced CRM, loyalty and business intelligence solutions.

Searchlight allow organisations to shape programmes and projects, leveraging technology as appropriate, and driving innovation.

Balfour Beatty



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brakes

wiggle



At Searchlight we ensure your business and IT strategies are fully aligned and work with you to implement the right technology systems for your business needs.

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