DEFINING OBSTACLES & OPPORTUNITIES FOR INNOVATION IN THE CANADIAN RETAIL INDUSTRY

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Defining Obstacles & Opportunities for Innovation in the Canadian Retail Sector – MScM 2018

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Abstract

This thesis examines how retailers approach innovation and strategic decision making. While there is vast prior research about innovation across different sectors, until recently, the perspective of retailers was under-represented in the literature. Where it does exist, the focus has typically been on product manufacturing or process improvements through technology or partnering with their vendor community, rather than an exploration of how retailers think about and develop innovation strategy internally. In some cases, prior research has identified what retail executives say about innovation. However, their words appear at times to be inconsistent with their actions, perhaps due to the wide spectrum of how each interprets the meaning of innovation. Thus, interviews were conducted with 14 experts who offer considerable experience and a broad perspective on the Canadian retail industry as consultants and partners. The purpose of this inductive, qualitative study was to identify what potential industry-specific and internal obstacles to innovation retailers may wish to consider in the future. Results have led to seven emergent themes classified as “legacy issues”, “daily business”, “risk avoidance”, “leadership”, “sharing culture”, “unseen technology” and “customer focus”. The barriers or obstacles noted within each theme suggest several potential opportunities for retailers to encourage a more innovative mindset within their organization.

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1.0 - Introduction

The field of retailing is changing constantly to meet the needs of consumers and retailers typically have more levers at their disposal than most other firms to innovate in a variety of ways. While, innovation studies have often focused on new product development or process design, they have typically been manufacturing or technology oriented rather than exploring the retailer's unique perspective to innovate through new formats, experiential elements and more. In fact, until recently, the formal study of innovation with a focus on retail had been overlooked to the degree that Reynolds & Hristov (2009) noted there were only 12 of 32,861 articles in a search for "innovation" that related to retailers. Where the retail perspective has since been explored through a wider series of studies, there appears to have been a range of interpretations by industry leaders about the meaning of innovation within their organizations (Hristov & Reynolds, 2015).

One might suggest that the lack of research on retailer perspectives is due to an understanding that innovation follows the same principles across industries. However, the idea that retailers engage in varying degrees and kinds of innovation was advanced by Patano (2014) who noted that innovation in retail was often driven by disruptive technology and less by service or customer experience-oriented solutions. As well, Hristov & Reynolds (2015) reported that retailers claim to understand the importance of innovation in general and suggest that there are differences in what this means to retail versus other sectors. Their study attempts to clarify how innovation within the retail industry may be better defined and measured.

Earlier research appeared to show contradictions among assumptions, beliefs and actions with respect to innovation in the retail sector. Ahmed (1998) for instance conducted interviews with retail executives who suggested that innovation was important yet retail organizations often failed to invest in ways that one may expect or to create the appropriate sharing and creative culture to encourage innovative approaches to decision making. As well, Reynolds & Hristov (2009) identified a number of mostly external factors such as government regulations, the cost of financing, talent shortages and a need for secrecy as possible barriers to retailers engaging in innovative projects. Yet if innovation really does mean something different to retailers as noted above, there may be different internal obstacles to initiating or implementing innovative solutions across a retail organization that must be considered.

The study that follows employed an inductive and qualitative approach by interviewing 14 experts with considerable experience and a broad perspective of the Canadian retail industry. The researcher's purpose was to answer the question of what internal and industry-specific barriers, with corresponding areas of opportunity, retailers might consider to encourage innovation within their organization. Along with contributing to the academic literature by proposing seven broad themes that may impact a retailer's approach to innovation, the study introduces the "Retail Innovation Canvas" as a tool to guide practitioners when developing innovative strategies or tactics within their organization.

2.0 - Literature Review

2.1 - Introduction

This literature review contains a discussion about innovation studies and how they relate specifically to the retail sector. The purpose of this research is to explore how retailers approach innovation to better define the critical elements of innovating from their perspectives and attempt to explain why they take these approaches in relation to perceived barriers and obstacles or potential areas of opportunity.

There are numerous studies about innovation in business that range from the motivations for companies to invest in new ideas and potential returns, to leadership, strategic options and various factors that may influence outcomes, to organizational structures and talent management. Many of these are grounded in manufacturing, technology or industrial examples that compare or contrast approaches between product and process-oriented innovations or incremental and radical change at various stages along a company's growth cycle.

The lack of research on retail innovation before the current decade might have been an indication that researchers believed innovation simply follows the same principles across industries. However, in retailing innovation is often of an incremental nature (Hristov & Reynolds, 2015) while those in the Canadian market especially are typically adopters rather than global leaders. As well, a new type of innovation has emerged at an experiential level that goes beyond offering quality service and customer satisfaction (Pine & Gilmour, 1998; Prahalad & Ramaswamy, 2003). With changing consumer behaviour in an Internet-connected world, retailers will need to take bigger leaps in the way they innovate to engage their customers. While innovating across product, process, technology and non-technological solutions are all important to retailers, Sundström & Radon (2014) argue that "retail sector innovation is not yet fully understood."

As the final distribution point in delivering products and services to consumers, retailers are uniquely positioned to test and commercialize innovative ideas. Reynolds, and

Hristov (2009) suggested that innovation in retail occurs more often than people believe but goes unnoticed or is misunderstood as a natural part of operating in an ever changing marketplace.

This review of the literature provides some background on innovation theories in general along with retail-specific considerations. Corporate culture in terms of an organization's attitude and approach to new ideas may also shape a retailer's perspective on innovation and may be reflected in communication processes, risk tolerance, and allocation of resources. Beyond internal culture, organizations have different structural considerations that impact the potential outcomes and types of innovative projects they may undertake. This review concludes with a look at the importance of individuals in terms of who are the influencers and innovators within organizations and how they perform their work.

2.2 – Innovation Studies

Edge and MacLaine (2015) noted that, "highly innovative firms are essential components of a competitive, well-performing economy". When considering the importance of consumers in driving the Canadian economy, it follows that innovative firms in the retail industry have a critical role to play. Yet many Canadian retailers appear to follow the lead of their international peers rather than driving innovation themselves. This observation may apply more broadly to Canadian firms of many types rather than being unique to the retail industry as the Conference Board of Canada (n.d.) notes most firms are adopters of innovations while only some are industry leaders and fewer still are global leaders.

To continually innovate within any firm requires resources and funding and Zahra and Covin (1995) demonstrated that investment in innovation has a clear ROI as well as intangible benefits over the long term - especially for organizations in highly competitive contexts. However, this was studied in the context of traditional research and development (R&D) and may apply differently to non-product or technology-oriented innovation. A number of researchers have noted the spillover benefits that innovators receive in laying a foundation for future innovation. Beath, Katsoulacos, and Ulph (1987) suggest that dominant vertically integrated firms may benefit from continued incremental improvements until the quality gap between other firms grows too large and stimulates the motivation to not only catch up but potentially jump ahead of the incumbent through a renewed innovation focus by competitors. Their study also notes that product innovation provides a degree of choice that is not typically associated with process innovation as firms can choose to produce different levels of item quality up to their capabilities in order to reach an optimal profit and price point. Shaked and Sutton (1982) earlier indicated that low cost firms may sell lower quality items than necessary to differentiate themselves from high priced competitors so as not to compete directly. They note that sustained leadership through continuous process innovation will occur if competitors are unable to catch up fast enough to make the benefit of the investment too short lived and relegating the first mover advantage irrelevant.

While size and scale can sometimes be an advantage with respect to the availability of resources, Teece (2006) suggested that many researchers over emphasize the importance of large firms and monopoly power as the best way to overcome funding challenges or to protect against appropriability concerns where competitors might easily copy ideas that are not covered by patents and other IP protections. Teece (2006) preferred to consider a firm’s available assets, capabilities, potential to partner with others and the timing of management decisions as the foundations for successful innovation and path to continued development. He was one of the first to note that appropriation doesn’t have to rely on IP protection if designs depend instead on tacit knowledge and prove difficult to reverse engineer – as great retail experiences could.

Another common refrain with respect to innovation involves thinking “outside the box”. In an article published for McKinsey Quarterly to expand on the ideas from his earlier book, Donald Sull (2015) recognized that too many constraints can hinder innovation yet having some guidelines are necessary to ensure the best outcomes. Instead of thinking outside the box, he recommends designing the right new box with a few simple rules and then developing ideas within that context. Sull provides examples of general rules that would be particularly relevant to retailers including that teams and their leaders select no more than five performance metrics for any new project, or ensuring that a project can justify how it will enable front line employees to better engage with customers.

With respect to enabling employees and encouraging collaboration, Medina, Lavado, and Cabrera (2005) have looked at new forms of organizations on the basis of attributes that are believed to be linked to successful innovators. These attributes may help to define the degree of innovation within an organization and include an assessment of a firm's strategic flexibility, informal communication practices throughout the organization and collaboration with external groups. Among the authors' four case studies of innovative firms from different industries, all of the companies demonstrated some of these attributes but those with a customized product focus sought input from everyone - including front line staff - while top management were the primary drivers in the firm with standardized products and an interest in process innovation only.

Being able to identify the level of innovation within a firm is important to this research and Koellinger (2008) helps to define this by measuring sales (growth and market share), workforce (size of firm, turnover, education levels) types of innovation activities, use of technology (e.g. Customer Relationship Management systems, online sales, internal e-learning) and profit. Koellinger also finds that "product innovations are positively associated with profitability" (p. 1323) regardless of whether they use internet technologies to arrive there, but process innovations tend to be more defensive with objectives aimed at cost reductions rather than growing the business. Employment growth on the other hand tends to be linked to innovative firms as they expand and diversify unless an innovation is merely a substitute for a previous product (i.e. version 2.0). However, potential cost savings from efficiencies may be easier to predict as Teece (1986) points out that profitability ultimately depends on the reaction of competitors to the introduction of a new product or process.

In many cases, large firms can be notorious slow movers and part of this may be due to what Gans & Sterns (2003) and Christensen (2006) identify as the blind spots or obstacles of incumbents in recognizing the value of innovative products and business models when the status quo appears to be working fine. To illustrate this point, Gans & Sterns refer to Christensen's example of hard drive manufacturers where every radical innovation in that industry came from new entrants to the market even though incumbents had been successful at incremental innovations up to each major breakthrough. While focused on manufacturing, these findings may or may not apply in quite the same way to the retail industry where incumbents hold leverage in the form of existing and often vast distribution networks that get products directly to consumers.

Eiriz, Faria, and Barbosa (2013) looked at how approaches to innovation change over a firm's life cycle from start-up through expansion, maturity, diversification and exit. In addition to the typical categories of product versus process and incremental versus radical innovations, these authors identify four innovation strategies of product development, learning from experience, discovery, and restructuring. No strategy is mutually exclusive and all can happen concurrently but some fit certain growth stages better than others. For instance, they suggest that product development is most important in start-up and expansion stages with discovery strategies being the key to diversification opportunities. Eiriz, Faria, and Barbosa (2013) noted that variables such as firm size, growth rate, productivity, and degree of centralization may influence a strategy choice and industry level considerations may also include market position, availability of resources, or the ability of major competitors to react. They provide guidelines to assess a firm's degree of innovation at various stages in time that may complement attributes noted earlier in Koellinger (2008) when conducting new research.

With many distinct aspects and approaches to innovation across industries and organizations, Baragheh, Rowley and Sambrook (2009) recognized this diversity and wide ranging academic and discipline-specific definitions of innovation. Following an extensive review of the literature, they proposed the following definition which may serve as an effective baseline and common point of reference for all:

> "***Innovation is the multi-stage process whereby organizations transform ideas into new/improved products, service or processes, in order to***

advance, compete and differentiate themselves successfully in their marketplace."

All of the above have contributed to an academic understanding about various aspects of innovation and its importance to the economy, as well as to incumbent firms and new market entrants alike. While not focused specifically on the retail industry, these studies suggest some areas to explore further in a retail context including:

- Similarities between incremental innovation by manufacturers of established products and retailers with established formats versus disruptive new entrants.
- The importance of timing, tacit knowledge, capabilities and potential partners in designing an innovative retail experience.
- Internal decision factors to consider the choice to pursue potential new profits through product innovation and customization as opposed to innovating for cost savings through refining processes in a retail operation.
- Exploring the balance between setting relevant constraints to guide innovative thinking while attempting to overcome other perceived barriers or obstacles.

2.3 – Retail Innovation

Innovation by retailers can take many forms – from product and process innovation to designing new formats, services and experiences - yet their perspective appears to be less frequently studied than those who may undertake traditional R&D in a manufacturing, pharmaceutical, or technology context for example.

To this end, Sundström & Radon note (2014, p120), that retailers are essentially “hybrid innovators” with a “distinctive approach and mix of characteristics in relation to innovation”. They innovate differently than firms in other industries in part because they have a wider range of options and potential areas to invest with increasingly complex considerations for integrating and scaling innovative ideas in ways that do not apply to most other industries. As Hristov & Reynolds (2015) described it, “The open, distributed, incremental, non-technological and often hybrid nature of innovation in the sector means that retailers innovate differently”.

Riordan and Jacques (2014) identified three types of innovation that are most relevant to retailers including: product innovation in various forms (through private label merchandise, exclusive brand extensions, or product bundles and curated collections) process innovation that often takes existing business models and applies them in new ways (e.g. Warby Parker selling eyeglasses online) and more recently, customer experience innovations that focus on engagement, loyalty and differentiated service that is unique to each consumer. They suggest that social media, data analytics, and mobile shoppers are some of the current drivers of retail innovation, which would all be important elements in developing true experiential concepts. Meanwhile, Pantano (2014) lists five traditional drivers of innovation in retailing that include a market orientation, entrepreneurial innovativeness, human capital, organizational characteristics, and progresses in technology.

Prahalad and Ramaswamy (2003) also explore this thread and define value creation as “the experience of a specific consumer at a specific point in time and location, in the context of a specific event” (para 10). They discuss the need for consumer co-creation and personalized “experience spaces” in an environment where product differentiation and availability are relative non-factors. In the absence of established best practices for experience innovations, they direct retailers to look for “next practices”. Future research may assess how a retail firm’s current capabilities or employee work priorities and time on task change in this context.

It is also important to note that experiential innovation is different from demand-based product innovation and represents a step above solutions models like IBM’s enterprise hardware, software and services offerings. As Prahalad and Ramaswamy (2003) point out using GM’s introduction of On-Star as an example that can provide directions, vehicle diagnostics, roadside assistance communications and more based on a consumer’s ongoing needs anytime making this a comprehensive and individual experience. They also remind organizations that such ongoing interactions with customers over different channels and contexts means managers must think more about a consumer’s perspective in assessing issues such as privacy or trust over the organization’s typical perspective and focus on of developing and explaining new features or technical support policies. In addition, Pine & Gilmore (1998) refer to the “experience economy” where the shopping experience may go far beyond traditional service into a form of entertainment and becomes a valued as much as the product itself.

Angerer, Foscht, and Liebmann (2003) note that retailing has included some radical innovations since the middle part of the twentieth century including the move to self-service store layouts rather than an over the counter general store tradition, the use of technology for self-checkouts and e-commerce, and the introduction of category management and private label programs. However, as did Hristov & Reynolds (2015), they found that retailers are typically more concerned with incremental, constant refinements in day-to-day operations. With respect to more radical innovation, Sandberg & Aarikka-Stenroos (2014) suggested that the barriers are not that different from other types of innovation but that they do differ by industry. Angerer, Foscht, and Liebmann (2003) interviewed retail experts who claimed that barriers often included a lack of innovation processes within firms, fear of change, and limited focus on customer needs ahead of organizational ones when it came to new ventures or succeeding at innovation. Meanwhile, Sorescu et al. (2011) suggest that a retailer’s resistance to innovating on their existing business model may be due to either cognitive barriers or commitments to current investments and resources.

Retailers have many opportunities to develop competitive advantage as they control distribution channels, product development, consumer touch points, massive amounts of data, and by necessity have capabilities across a wide range of functional areas but as Teece (2006) would suggest, part of innovation involves seizing opportunities. In a later study, Teece (2010) suggested that retailers such as Walmart are able to differentiate themselves in hard-to-imitate ways that in some cases requires first mover advantage in a market; thus international retailers may be able to duplicate the model in countries where Walmart does not already operate. However, it may be important to consider that Reynolds, and Hristov (2009) explain how individual stores may provide an easy place to explore and test new concepts but also present a potential barrier when it comes to rolling out new products or processes across an entire chain.

The food and grocery sector provides some excellent examples of the range of innovations possible by retailers, some of which may be observed within the Canadian market. Across the Atlantic, Alexander, Shaw, and Curth (2005) studied supermarkets in the UK during an intense period of change from 1945-65 and found that key innovation influencers were often the technology vendors and suppliers they partnered with most closely. The authors identified knowledge sharing through trade associations, international peers, and observations of early adopters as other important sources for ideas among the grocers of that time. Similarly, Karlsson & Tavassoli (2016) suggest that the strongest positive relationship exists for cooperation with suppliers. Community supported institutes and structured opportunities for training and sharing knowledge both within the firm and between partners will be addressed below and may also factor into assessing an organization's degree of innovativeness.

Hristov and Reynolds (2015) reviewed many types and attributes of innovative activities across retailers, identifying incremental and operational or process-focused innovations along with co-creation opportunities as the most typical areas for retail firms to pursue. In an earlier study, Reynolds, Howard, Cuthbertson, and Hristov (2007) interviewed 63 retail executives who suggested that incremental innovation is the preferred course of action due to the constantly changing nature of retail (i.e. brief time frames required from concept to commercialization) and sensitivity about controlling costs to maintain margins. Levy, Grewal, Peterson, and Connolly (2005) identified the concept of the "Big Middle" as the ultimate state to which most retailers will progress over time by constantly innovating during initial stages of growth before becoming complacent through efforts to serve the widest range of customers at the expense of real innovation.

All the above suggests that retailers do innovate differently than those in other industries and may blend several types of innovation through a hybrid and often collaborative approach. Their ability to focus on product, services, formats, distribution processes, and in some cases immersive shopping experiences implies a need to understand how a complex set of resources, risks and opportunities may help to enable or hinder innovative thinking by retailers.

2.4 – Corporate Culture: Considerations for Innovation

Thus far the research has defined types of innovation, retail-specific considerations, and some of the factors that may influence or create perceived barriers to generating and implementing innovative ideas. Corporate culture and leadership may be another factor in the development of an innovative climate as work environments, respect for ideas, openness to collaboration, under-used internal capabilities, and the perceived benefits from partnering with external parties may all be viewed differently through the lens of each organization. While Edge and MacLaine (2015) claim that innovation and leadership styles aren't necessarily linked, they note that the ability of the organization to communicate a consistent and clear vision by senior leaders is important.

In addition to vision from senior leadership, Ruppel and Harrington (2000) studied the importance of trust, and communication for innovation organizations. Given the nature of risk in exploratory projects, the cost consciousness of retailers, structure of employee performance metrics, and value of informal communication for internal learning, trust may be a factor to consider in determining the degree of innovation at a retailer.

Kang, Solomon, and Choi (2015) looked at how company founders may help establish an innovation climate. Yet, if one takes at face value the Big Middle concept advanced by Levy, Grewal, Peterson, and Connolly (2005) a culture that becomes complacent may lose many of the attributes that led to success in early growth stages. Similarly, Ahmed (1998) claims that retailers all say innovation is important but fail to act in providing the necessary resources or work structures to support an innovative climate for projects to succeed.

To assess how innovative an organizational culture may be, Ekvall (1996) developed a creative climate questionnaire. Although it had a manufacturing and R&D focus, it considered workplace factors such as the attitudes of senior leaders and employees along with the organizational structure and concepts around how individuals spend their time as potential influences on the degree of innovativeness within a firm. From a different perspective, Gans and Sterns (2003) discuss the "market for ideas" where start-up firms may attempt to sell a license for their innovations to large incumbents when the appropriability factor of the product or solution is low. Incumbents with key commercialization capabilities may flip this around and become idea factories themselves, encouraging innovative start-ups to partner with them to reinforce the incumbent's dominance.

Although Baragheh, Rowley and Sambrook (2009) and Hristov and Reynolds (2015) suggest that individuals hold various definitions of innovation across disciplines and within the retail industry itself, this brief review about corporate culture suggests that academics recognize the value of leaders who can communicate a clear vision of what innovation means to their own organization. What may be less well understood is the ability of retail leaders specifically to develop and implement clear paths to innovate given their many levers of control and complex integration of elements in providing a great shopping experience.

2.5 – Structural Approaches to Innovation

O'Reilly and Tushman (2004) looked at various structures for innovative projects in large organizations including:

- the use of cross functional teams,
- alternating periodically from exploration to implementation modes and back again,
- funding independent project teams through a venture capital-style model.

Their study suggested that ambidextrous approaches performed the best. Chen and Kannan-Narasimhan (2015) defined ambidextrous structures as, "those that enable organizations to simultaneously exploit current capabilities while exploring new ones" (p. 267). This ambidextrous structure allows for separate operations and exploration units to develop their own processes and cultures yet ensures strong integration through a senior executive(s) who hold direct responsibilities for both. The only alternative with comparable results occurred when functional departments were able to develop products themselves as a direct substitute for a current offering. In a surprising outcome, O'Reilly and Tushman (2004) found that cross functional teams and independently funded teams had no success at all at integrating their innovation within the main business.

Integration of new ventures into core businesses is the key that ambidextrous organizations are often well positioned to manage as innovative ideas without commercialization are just failed inventions. Chen and Kannan-Narasimhan (2015) found that strong leadership and internal advisory boards with ultimate responsibility and rewards-tied to success across both the exploratory and operational sides of the business are critical for successful integration. They defined considerations for four integration archetypes where the operational unit's involvement in ownership and investment in an innovation project happens from them initiating it or by being introduced to the project at an early, mid or late stage. In the first archetype, the new venture unit would serve as a creative support team and provide some early funding for projects initiated by functional departments. The second archetype saw these units as idea labs that initiate projects and deliver sales pitches to the functional departments to secure early buy-in, co-incubation and funding instead of the other way around. Longer term projects with less clear outcomes may be started by a new venture team who seeks early guidance within the firm but then spends 6 months developing ideas toward a proof of concept that may be used to confirm continued interest from business units. A transitional home such as an "emerging business units" department may be created as a final archetype for projects that won't be integrated until late stages (up to 4-6 years) but after the new ventures team hands off to move on to other projects. Each of Chen's and Kannan-Narasimhan's (2015) archetypes provide different timing, challenges and guidelines to integrating new innovations with the core business.

When it comes to making decisions to invest in innovation, Gans and Sterns (2003) suggest this should be based on the best commercialization opportunities and incumbent firms are sometimes better off investing in partnerships or acquisitions than internal R&D. In the case of retail organizations that may not have an R&D department or new ventures unit, this may be particularly relevant. In terms of where partnership investments might be made, Barbero, Casillas, Wright and Ramos (2014) looked at four types of incubators – basic research, private incubators, economic development, and universities – and found that basic research centres funded by multiple companies in a sector performed best at product and technological innovation.

The research above suggests that external innovation labs can be successful with direct involvement by senior leaders with responsibilities for core operations, that acquisitions of commercially viable innovations or investing in partnerships may be the best course of action for established firms, and that partnering through research centres that include multiple companies within a sector may be best suited to developing new product and technology innovations. Each of these areas are particularly relevant to large retailers who engage in all three but their perspectives and ability to succeed in these endeavors are understudied compared with those in other sectors such as manufacturers and technology firms.

2.6 – Talent: Who is Involved in Innovation and How

In addition to financial resources, systems and practices, Edge and MacLaine (2015) suggest that innovative firms depend on having the right people to make everything work - from executives to managers and skilled talent. They suggest firms that encourage innovative behaviour among employees tend to see benefits in recruitment, retention and engagement along with the productivity and growth that comes from successfully implementing new ideas. Edge and MacLaine (2015) also claim that continuous employee learning opportunities are critical and may take the form of self-directed learning, discussion groups, lunch and learns, mentoring programs, and more.

With respect to the use of technology by employees, Koellinger (2008) suggested that investment in Internet technologies may not have a direct link to profitability but does enable innovation if put into the hands of the right managers and skilled workers. Such investments also tend to occur within stable organizations rather than those in decline and Kang, Solomon, and Choi (2015) note the reciprocal nature of an innovation climate where new employees and leaders may be influenced and choose to join an organization with a clear culture of innovation and available resources such as IT systems and the presence of other skilled workers. Interestingly, Angerer, Foscht, and

Liebmann (2003) found that employees at retail organizations were reported as the top source of new ideas followed by competitors, partners/suppliers and lastly from customers. Again illustrating that innovation in retail differs from other industries, they found that very few retailers looked to universities as sources of innovative ideas and talent while more than half of their industrial counterparts do.

With respect to ambidextrous organizations and the talent side of that equation, O'Reilly and Tushman (2004) note a major challenge is finding leaders who are adept at handling both sides of the business. Expanding this structural concept to a manager's mindset, van der Borgh and Schepers (2014) looked at how retail sales managers could be ambidextrous in the way they provided direction to associates or allowed some level of autonomy. They found that older associates at an electronics retailer were able to maximize profits when given autonomy under ambidextrous managers to recommend new or older stock and match a customers' needs; however, younger associates benefited from more feedback and direction particularly to focus on the new products as they tend to have a natural inclination to learn about and promote the latest gadgets This concept of individuals taking an ambidextrous mindset and applying it to different situations that involve selling rather than creating new products or services adds another element to talent management within an innovative organization.

The above research makes the case that talent is an important part of an innovative firm – from identifying skilled talent and leaders, to investing in tools that enable employees to be creative, to providing a balance of training and direction with some autonomy and promoting these factors to continue attracting top talent – the case can be made that having a strong talent strategy is critical. There appears to be a gap however in connecting the research finding that retailers report getting their best ideas from employees while others suggest that acquisitions and partnerships with vendors are primary sources of innovation for retail innovation.

2.7 – Sustainability and Innovation

Developing sustainable new products and business processes can be an important consideration for innovative projects. While Nidumolu, Prahalad, & Rangaswami (2009) point out that many corporate executives incorrectly view sustainability as a cost factor that only fits into corporate social responsibility initiatives. However, their research suggests that a sustainability focus can drive both top-line and bottom-line results through organizational and technological innovations that may lead to cost savings, new product lines, or even new business models.

With respect to retail, Wilson (2015) noted an earlier study found that the world's top retailers were considered weak on sustainability models; however, Wilson's own research into the case of Mark's & Spencer in the UK determined that their triple bottom line (i.e. economic, environmental and social) approach to sustainability created a competitive advantage for their business. In studying the approach to sustainability within the fashion industry, Pedersen, Gwozdz, & Hvass (2018) found that "business model innovation, corporate sustainability, and financial performance are associated with more deeply rooted values in the organization" and "identified a correlation between organizational values and financial performance". As well, Arcese, Flammini, Lucchetti, & Martucci (2015) studied 10 cases in the food sector and found that merging open innovation and sustainability could lead to, "a reduction of environmental impacts, healthier and safer food for an increasing population… [along with] a reduction of some company costs and time to market."

These studies suggest that incorporating sustainability values into a retail organization may be relevant to innovation projects aimed at increasing profits as well as reducing costs, developing new business models, and creating a competitive advantage in meeting the needs of consumers.

2.8 - Gaps in the Literature

The importance of innovation in maintaining strong companies and economies is generally accepted and supported by the research reviewed. Firms across all industries have different options for types of innovation to pursue, strategies and structures to put in place, considerations for finding and retaining talent and which employees could be responsible for managing innovation projects, core operations or balancing the demands of both.

Retailers have unique innovation opportunities such as creating integrated experiences for customers and leveraging untapped assets such as all the data they collect about those consumers through point of sale, social media channels, CRM systems and more.

Several studies above indicate that innovation can mean something different to retailers than to businesses in other sectors yet, while executives acknowledge the importance of being innovative, their actions and words are sometimes counter-intuitive as suggested by Ahmed (1998). Thus, this study will explore how industry observers with a broad perspective and regular interactions across dozens of retail clients perceive innovation within the Canadian retail industry as a topic that has rarely been addressed by academic studies.

Prior research offers some broad context into the roles of senior leaders and talent strategy, internal knowledge sharing opportunities, the ability to define relevant boundaries and vision for innovative projects while looking past perceived barriers, and opportunities to collaborate with external partners among some of the contributors to an organization's approach to innovation. As well, Reynolds & Hristov (2009) noted external barriers specific to innovation by retailers that may include the cost of financing, talent shortages, government regulations, and a need for secrecy. On that last point, Prahalad and Ramaswamy (2003) suggest that appropriability, or the need for secrecy, matters more to retailers that are simply stocking boxes of product on shelves rather than those creating great experiences in the mold of what Pine & Gilmore (1998) recommend.

With all the above in mind, this study seeks to answer the question of ***what sector-specific and internal obstacles or opportunities might retailers consider that could enable ongoing innovative initiatives and the development of an innovation mindset***? In answering this central research question, the objective of the study is to outline a series of obstacles and related opportunities retailers in Canada face with respect to their approach and ability to innovate effectively.

3.0 - Research Methodology

This chapter will outline the philosophy, methodology and specific research method employed during this study.

3.1 - Philosophy and Method

This study takes an interpretivist view with the belief that perceived internal obstacles and approaches to innovation, in general and within the retail firms specifically, may result from many fluid factors and actions rather than an absolute truth. As such, it employs an inductive strategy toward identifying categories of obstacles and opportunities that emerge from the research data collected (Thomas, 2006), which may contribute to a foundation for future theory building.

To determine and better understand the perceived obstacles to retail innovation and how different firms within the sector might relate or respond to them, this study uses Grounded Theory (or GT) originally developed by Glaser and Strauss (1967) as re-examined by Glaser (1992). Cresswell, Hansen, Clark & Morales (2007) note that GT is a qualitative research method intended to develop, "a general explanation (a theory) of a process, action, or interaction shaped by the views of a large number of participants". When determining an appropriate number of participants, Goulding (1998) suggests against a common misconception that 12 is a suitable minimum and instead describes the method as a process of constantly reviewing and analyzing the data as it is being collected with verification being determined at the point when no new ideas or categories are being suggested by additional participants.

Unlike other approaches to qualitative analysis, this study aims to develop broad themes and categories that apply to the retail industry in Canada rather than the experience of an individual retailer's approach to innovation as may be more fitting to a Phenomenological approach (Thomas, 2006). A study that employs discourse analysis may be suitable to the topic, yet with few public retail firms in Canada, the availability of relevant data and texts is somewhat lacking.

As GT has developed over time, different schools of how to apply it have emerged. Cresswell, Hansen, Clark & Morales (2007) note that the Charmaz approach to this constructivist method assumes multiple complex realities and, “places more emphasis on individuals’ views, values, beliefs, feelings, assumptions, and ideologies” to understand possible connections between categories within the data. Charmaz & Belgrave (2012) suggest that Grounded Theory is well positioned to develop abstract analysis, particularly through in-depth and open-ended interviews directed by the researcher.

Given that the research question for this study attempts to understand a complex set of perceptions that may be held internally at various retail firms, this approach was selected for the method of research design. However, Charmaz & Belgrave (2012) noted that interview participants may sometimes shape their answers or the direction of the interview itself to suit their interests or justify actions. Thus, a decision was made to interview individuals with a breadth of experience who maintain active roles in the retail industry and a particular interest in the area of innovation, yet who currently serve in roles that are external from any single retail organization.

3.2 - Data Collection and Analysis

3.2.1 Collection of the Data

To begin the process of data collection, an initial interview script of 11 open-ended questions was created to explore the unique aspects of retailer perspectives on innovation and some of the contradictory findings of prior research when compared with industry observations. The questionnaire and method of contacting prospective participants was approved by the university ethics review board.

An initial list of “experts” were identified through the researcher’s own network, as well as those who are recognized publicly by the industry as frequent keynote speakers at trade conferences, in the media, and for corporate seminars. These individuals were contacted by e-mail about the possibility in participating in the study. This process of theoretical sampling of individuals with specific knowledge and experience continued throughout the study when the participants or data might suggest new directions, as is consistent with a grounded theory approach (Goulding, 1998).

Participants included a total of 14 senior executives, partners and founders with considerable industry experience at international and boutique retail consulting firms, trade associations, shopping centre management, and technology providers (as outlined in Appendix 3). Individual names have been removed to protect the privacy of both the speaker and their organization and will be identified below by a participant number based on the order in which they were interviewed.

Individuals were contacted personally by e-mail through an existing network of industry connections, referrals, and several “cold calls”. The positive response rate was 78% as a total of 18 individuals were contacted before concluding the study. In determining an appropriate number of participants, Goulding (1998) notes a general misconception that 12 is often considered a suitable minimum when the more appropriate number is determined when participant answers become repetitive with little new information to add to the study.

Each of the participant interviews were digitally recorded and stored on a secure server before being manually transcribed by the researcher to get a closer appreciation of not only the words but also the context of what each participant had expressed during the conversation.

3.2.2 Analysis of the Data

Early in the interview process, open coding began where the researcher looks to group the data by categories or concepts as they emerge (Charmaz & Belgrave, 2012). At first, this suggested that perhaps elements such as size or type of retailer, degree of vertical integration or dynamism within a sub-sector may be important to consider and incorporate into future interviews before eventually identifying other factors such as legacy and leadership challenges.

This manual process continued for selective coding as new ideas emerged and prior statements were repeated by first highlighting key parts of each conversation in the digital transcripts and re-assembling them by category with a participant number identifier to protect the privacy of the original speaker. A final list of selective codes and subcategories was derived from the initial open codes before being re-grouped into a table of 7 larger themes that connect obstacles and opportunities within each.

This manual process of coding and analysis allowed the researcher to delve into the data with a more intimate understanding of which participant made each comment and in what context. While the use of electronic analysis tools was considered, John & Johnson (2000) note some concerns that software packages can sometimes lead to “a focus on quantity instead of meaning” and “distancing of the researcher from the data”. They also noted that such tools provide efficiencies when dealing with large quantities of data, yet in this study with 14 participants, the volume of data was not an overwhelming amount for the researcher to review manually.

Beyond the potential academic contribution that these themes and categories may serve in future theory building, a tool for practitioners was proposed (Appendix 1) in the form of a Retail Innovation Canvas with sequential steps and boxes for retailers to consider when deciding to embark on innovation initiatives.

4.0 - Results

This section presents highlights from the interview data grouped into seven broad themes. The results of these findings will lead to the identification of relevant themes that help explain some of the key barriers and opportunities retail executives might consider to avoid blind spots and overcome obstacles for innovative initiatives within their organization.

4.1 Participants

These industry experts (outlined in Appendix 3) were asked a series of 11-open ended questions about the state of innovation in the Canadian retail sector and how to better define the critical elements of "innovation" from their perspectives - including but not limited to innovation in customer experience. (See also: Appendix 2 - Interview Questionnaire.) The questions were designed to address some of the apparent contradictions between what the literature suggests about innovation in theory and practices by which retailers actually approach new initiatives. Each of the interviews of approximately 1-hour in length were conducted in person or by telephone/skype.

4.2 Interview Data

The data revealed several important considerations, potential blind spots, and major themes that retailers may immediately recognize yet wish to review against prior assumptions about their own internal processes, practices and beliefs. These themes will be explored further in the discussion section of this paper and are presented here as follows: i) *Legacy Issues, ii) Nature of a Daily Business, iii) Risk Avoidance, iv) Leadership, v) Sharing Culture, vi) Unseen Technology,* and *vii) Consumer Focus*.

To set some context for the interview, the first question serves to allow participants a chance to offer their thoughts on what innovation means from a retailer's perspective and explain if they agree or disagree that retailers approach experiential innovation differently than innovation in other sectors. One of the consistent comments from several participants indicated that there is often confusion across the industry and within individual retail organizations about how to define innovation in general, as also noted in the literature above.

Participant 5 suggested that retailers often say they are innovating when really, they are only introducing minor or incremental changes to current products and practices.

> "*There's too wide a definition, or too many definitions...innovation means the introduction of something new - a new idea, a new method or a new device, and here's the problem - I hear retail executives say all the time "we've got all these innovation projects going on" and ... they're talking about iteration. They're iterating with their products or their services or their technologies that they already use.*"

Hristov & Reynolds (2015) do suggest that innovation by retailers is in fact frequent and incremental though might define 'iteration' as less than 'incremental' advancements. However, retailers misusing the word "innovative" was raised as well by Participant 13.

> "*...there are individuals who say 'we are investing heavily in innovation' but they never quite define what they mean by innovation - they might say 'we're launching an app next month' and you go ok that's innovative because you're the first store to ever have an app or because it fundamentally changes the customer experience or why is it innovative?* "

Likewise, participant 12 remarked that retailers don't often approach innovation holistically with a view to customer engagement and use the term far too broadly in her experience.

> "*...having a digital screen in store and thinking that is innovative...are you kidding me? It's a television with product information on it...*"

However, participant 10 offered a more nuanced suggestion that some retailers have been driving innovation in many ways but get overlooked if the solution is not seen as particularly "sexy".

> *"... the mistake is that we throw all retailers in the same basket - if we look at the*

larger retailers ... they have been investing and driving innovation for decades. I think what's misleading is... the word 'sexy' is often attached to the word 'innovation' and a lot of the innovation that takes place within large retail businesses is not always sexy."

Despite the seemingly different opinions on how retailers correctly or otherwise define innovation, each participant agreed in general that there is confusion about the term and that innovative activities could mean the introduction of something new and non-trivial to the organization - whether they be incremental or disruptive to the business. Some of the opportunities or barriers to retailers in developing and implementing these types of new ideas appeared across the following broad themes.

Figure 4.1 – Word cloud of key terms noted by participants 3 to 8 times each. (Figure generated using https://wordart.com version 4.3.6)

4.2.1 Legacy Issues

One of the key constraints to innovation identified were related to legacy issues. These could include infrastructure (i.e. antiquated information technology, real estate locations, the design of physical stores,), an existing talent base with a need for changing skills, business model myopia, and in some cases the nature of retail as a localized business.

Infrastructure

Legacy infrastructure takes multiple forms and is a major consideration for any traditional retailer in their mindset and approach to both innovation and operations. At the most basic level, retailers historically have focused on building stores and warehouses to create an efficient distribution network and customer interface. Participant 10 comments that, "*until recently retailers were in the real estate business so a huge portion of their portfolio was brick and mortar*" and Participant 13 echoes, "*the retail organization lives and dies on its real estate, its distribution and its supply chain*".

Thus, new innovations that impact the customer experience through store design or the time and place of purchase force retailers to consider both potential return on investment and limitations in the types of changes that are possible among their physical assets. The idea of innovating in some ways can be too overwhelming to some organizations as Participant 6 pointed out, "*Retail execs say it "requires me to re-haul my entire infrastructure*".

In addition, Participant 7 mentions that capital expenditures, "*...have historically been on <u>new</u> bricks and mortar, renovating <u>existing</u> bricks and mortar, and now increasingly on technology and enabling <u>e-commerce</u> ...*" With that real estate and product distribution mindset, they believe only a few large companies had made efforts to innovate in other ways such as using new tools to analyze big data in non-traditional ways. Participant 14 elaborates to say that legacy I.T. systems act as a further hindrance as retailers are,

> "*trying to leverage innovative new ways to capture customer information and data to understand their customer in ways that they've never done before and often that's usually challenging because they have antiquated systems*".

Likewise, Participant 12 comments that particularly in established department and grocery stores, systems are so antiquated that,

> "*...once you start fooling around with one element it's like Pandora's box has just opened... look at [unnamed department store], they can't even get a website up right? It's the easiest thing to do, it's cheap to do and they can't even get a website up that has inventory management behind it.*"

Many of the retail examples that are held up as models of innovative businesses, both in the popular press and by the interview participants for this study, often began with a blank canvas in terms of physical infrastructure and the ability to create tailor-made solutions from scratch. Participant 4 offers one example saying,

> "*The exceptions I've seen are companies like Canada Goose who have for a long time been selling either online or through other retailers so now they're building their own bricks and mortar stores and the benefit that they have available to them is that you're working from a clear sheet of paper.*"

Similarly, Participant 1 mentions that while retailers are constantly tweaking their offering to customers and are good at testing new things quickly, having a network of stores does shape the type of changes that are typically made.

> *"...the newer retailers are dynamic and responsive because that's how they're designed...some of it is the degree to which you live in a physical box and I know I said you can do things quickly but you can't change the box that quickly.*"

Participant 8 observes about two competitors - one retailer with a large legacy infrastructure and the other that began from scratch - that,

> "*I'm more interested in what Walmart's doing than Amazon because they have to do it at scale and are fighting much tougher currents to get any*

kind of change done in an organization like that. It wasn't built for change, versus Amazon that was built on change."

People & Talent

Along with vast physical infrastructure, retailers employ large numbers of people in a variety of roles across the organization that may not be capable of quickly updating their knowledge and skill sets. Both on the front lines with associates who may have been hired to take a transactional approach to sales or on the back end with a focus on sourcing and allocating product, a shift to more experiential and data driven initiatives may require recruiting or training entirely new teams.

Participant 2 commented that unlike companies in other sectors that employ R&D departments,

> "*innovation is an appendix to retailers rather than core function... so analytics or omni-channel projects are given to someone to 'handle' but they don't have the people like data scientists or the organizational structure to easily incorporate them*."

This is one reason that Participant 8 suggests: "*acquiring is as much about the talent and digital savviness of the brand*" as a way to bring new skill sets to the retail organization.

The distinction between hiring talent for certain operational functions and the ability of a workforce to generate new and actionable ideas for innovation is one that Participant 5 makes.

> "*It starts with who are your employees? How did you pick them? What percentage are innovative thinkers?... If the best ideas are supposed to come from employees but only 2% are capable of coming up with innovative ideas, how do you know which 2%...So the first thing companies need to do if they are serious about innovation is they need to*

> *hire innovative people and that means they need to test people for how creative they are...*"

Participant 9 who regularly meets with dozens of c-suite retail executives commented that this talent gap extends to the skills and mindsets of senior leadership.

> "*I had a retailer tell me a few months ago, flat out, nobody can sell [a certain product] online and I thought oh, that's interesting, I know [a competitor] is selling more than 6% online. But this retailer that's very knowledgeable about their business says nobody can... it's temperature controlled, it's a fragile product, it can't be done. That's the kind of nonsense you're still hearing from some senior people...*"

On the other hand, having a strong workforce who are encouraged to feel a sense of ownership over the brand can be a powerful force for change. Participant 7 cited an example from a few years back where engaged employees and a sustainability challenge from senior leaders at Walmart actually resulted in a shift in the culture of the organization.

> "*they said that everybody would have to post one [idea] and people just came forward and some wanted to have 2 or 3 or 4 and became real champions for how the company could reduce their [environmental] footprint... It was a remarkable cultural change* "

At the end of the day, Participant 13 comments that innovative initiatives must be driven by people who are decision makers and understand the business holistically yet haven't become too far removed from the operations.

> "*who in the organization is empowered both intellectually and with decision making rights... Because if it's not part of the merchant team, it will not move in a retailer. Marketing can't do it because they have no operational decision making and... data analysts or consumer experience experts fundamentally don't understand the end-to-end process of the*

customer experience and ... they don't understand how the retailer actually operates.... Real estate decisions and distribution and supply chain and labour, they don't understand that and by the time you learn all that across an organization and the culture, you're so far up the executive food chain"

Business Models

Many of the legacy challenges found in a retail organization exist because of a business model that may present opportunities for new players to find a better way to sell something while making it difficult for incumbents to make the same change. As Participant 2 commented,

> "*many new retail companies have started with a founder who identified a certain business model and those people have been innovative in finding certain retail formats or offerings that appeal to consumers*."

However, retail as an industry and the consumers that it serves do not have to be limited to a single model for success. Participant 3 points out that retail presents opportunities in all directions, which may be pursued by start-ups and established businesses alike. He cites the examples of Indochino and Casper mattresses where one uses a personalized, customization model in providing tailored menswear while the other offers a one-size-fits all model with a mattress that claims to meet the needs of anyone - and both of these models have found recent success.

When it comes to identifying the best business model innovations in retail, Participant 5 believes that any solution must begin with identifying gaps or points of friction in the shopping experience rather than adopting a new technology and trying to build a model around that.

> "*Disruptive innovation and businesses that disrupt, do so in most cases by examining the customer experience within a category. Warby Parker for example...they didn't start by saying 'what could we sell using the Internet"*

> *or 'what could we sell using a virtual try-on' They started by looking at the experience in a category....They recognized that the experience was broken and then they designed a better experience and technology became one part of that in some cases but it didn't start from the technology and work backwards and that's what too many [do]*... [they] say 'this is our innovation lab, we're going to test things like virtual reality, like beacons', and they start with the technology. What they should be saying is 'we set up a lab so that we could fix our shitty experience'"

In an example that traditional retailers could potentially duplicate by leveraging their existing network of stores and breaking free from old business models, Participant 8 offers the US retailer B8ta.

> "*with B8ta ... they don't actually sell anything, they basically rent the space and then give the best experience to the products that are renting the space in their store...and then they sell that data back to the manufacturers so their revenue model has nothing to do with the traditional retail model*."

Retail is Local

One final point that several interview subjects suggested as a strong influence on the way retailers develop their own solutions is the fact that retail has traditionally had a legacy of being a local business. Participant 2 points out that retailers in Canada were not impacted by globalization until fairly recently and as a result, were focused on distribution more than innovation.

As well, with only a handful of truly global players, retailers in a country like Canada or even regionally focused businesses often succeed by understanding their local market better than anyone else. Sometimes this may lead to a sense of lagging behind when an innovation by retailers in one part of the world may need to be altered to fit a particular region. For instance, Participant 4 says, "*in the UK there's far more adoption of home delivery of groceries and that's something that for one reason or another just doesn't play as well in N. America.*"

Likewise, Participant 2 suggests that certain e-commerce options may work well in one market yet but impractical in another.

> “*The big discussion is home delivery. Canadian retailers say home delivery doesn’t work because it’s too expensive...or because we’re not at home - everybody is working. But in Florida, mostly people are home because they are retired so home delivery is more successful. You cannot just ‘lift and shift’ a solution*"

4.2.2 Daily Business

The nature of the retail business as one that is constantly testing new ideas in small ways. As a result, retailers most often approach innovation incrementally as some recent research has shown (Reynolds & Hristov 2009, Reynolds, Howard, Cuthbertson & Hristov 2007, Hristov & Reynolds 2015) and this is repeated by many of the interview participants in this study. Unlike manufacturing with regular development cycles retail depends on daily execution, which provides a constant state of feedback and not only opportunities but an expectation to tweak the offering regularly. However, this also leads to a focus on traditional metrics that may not be suitable for measuring how well innovative approaches serve customers in an omni-channel world.

Incremental & Constant Testing

One of the important distinctions made by Participant 1 in this study is about the connotation of the word “speed” in the way retailers test new ideas being associated with short term thinking as a negative point rather than long term, strategic innovation. He commented that while, “*retailers don’t traditionally have R&D departments [they] are constantly testing things in the context of an overall pricing, assortment, experience...*” and speed is a good thing in this context where constant tweaking may lead to success. He suggests that "*Innovation [in retail] is episodic rather than big bang*" by comparison to the longer term investment and development of innovative ideas that is natural for manufacturers.

In a Canadian context, Participant 2 suggests that a lot of retailers focus on smaller, less expensive innovative solutions to influence a shopper's decision to purchase. However, Participant 8 goes further than both to say that, the primary challenge is connecting short term implementations with long term plans that are easy to forget about in the face of adversity.

> "...*most are good at the short horizon stuff because that's really the day-to-day, some are good at the long horizon thinking...but the tricky part is the middle ...that's often where you drop the ball.*"

Participant 5 elaborates that,

> "*retail is a business where you put money in the till every day and count the till at the end of every day... a business that reports from the ground up every day how much money it made inherently fosters a day to day, week to week, quarter to quarter mentality that's very hard to break, so when you start talking about an innovation project on a 5-year horizon for a retailer, they go glassy eyed.*"

In a different way, Participant 13 suggests the disconnect may be in the way individuals look at specific points of innovation compared to the reality of retail. "*There is no store of the future. It's the evolution of the retail experience... because of this organic requirement to always have forward motion in retail.*"

Daily Execution

This incremental approach to innovation is somewhat unsurprising given that a retail business is typically obsessive about daily execution. Participant 13 makes the point that retail is "*365 days a year and now it's 24 hours a day but it never ever stops, just like the health services industry.*" Similarly, Participant 2 draws parallels between the execution focus of retailers and healthcare providers as compared to more research and development oriented big pharmaceutical or product manufacturers. He points out that retail execution is not just about time alone but largely focused on volume.

> "...they are very operationally focused because of the volume, retail always thinks I have 100,000 employees and if I can improve something by 1%, multiply it and save a lot of money [or] I have so many vendors and buy so many bottles of shampoo [that small cost savings can add up]. It's always this big volume that makes them think that a small operational improvement can have a big impact."

Participant 4 outlines how this execution mindset at retailers means that champions of innovative ideas must remember to link the two as, "*the way to get innovation that benefits customers approved is to show its impact and cost savings on operations.*" He continues by saying, "*an industry that is driven so much by quarterly activity that they become short sighted and explains why, compared to other industries, they are so slow to embrace the investment that is required to be truly innovative.*"

Operational challenges were described by Participant 7 as constantly occurring and forcing retailers to adjust on the fly with short term solutions on a regular basis.

> "*Retail is going from one crisis to another, it's crisis management almost, it never stops it's such a fast moving field because you do have so many different publics to manage and it's constantly changing so I do think that sometimes it's putting out fires and that's what they have tended to do vs. being a strategic initiative.*"

Or as Participant 9 remarked, "*the statement that you're only as good as yesterday's sales is a truism... that's not classic executive short term-ism, it's just that retail business is day-to-day-to-day*."

Old Metrics

The third element of this focus on daily transactions by most retailers is how traditional metrics hinder the motivation and reward for trying to innovate in ways that may not fit these old models. Despite all of the talk among retailers about being customer focused, Participant 2 states clearly that the, "*fundamental issue [limiting new ideas] is that most of the retail buyers and merchandisers are paid for merchandise-based metrics, not necessarily consumer based metrics..*."

Building on this point, Participant 5 states that,

> "*If you ask a roomful of 100 execs to raise their hand if innovation is paramount within their organization to the success and future of the business, the vast majority are going to raise their hand. It's a motherhood and apple pie question. But if the follow up question is 'Is every employee's compensation within the organization directly related or tied to their output of innovation ideas and solutions?' the hands go down because what's happening is, in most organizations you're rewarded for compliance if we're honest about it. You're rewarded for setting a goal at the beginning of the year on what you're going to do and doing that come hell or high water.*"

He goes on to compare the difference in the way that new companies like Amazon are assessed on different metrics than those of traditional retailers:

> "*Jeff Bezos can turn to his investors on a bad quarter and say "we didn't make our numbers, we fell wildly short because I invested 8 billion dollars in some innovations that didn't work out" and he's hailed as a genius. If Doug McMillon at Walmart does that they practically crucify him.*"

As someone who meets and works with Canadian retailers of all types, Participant 10 echoes the above comment that analysts do not reward them for investing in innovative ideas.

> "*I've heard on a regular basis from retailers that they are judged very differently by investors, by Bay Street, Wall Street... It's particular to retail...they are not rewarded by investors and analysts for making long term investments and you can take the perfect example of Loblaws when*

in the last 15 years, they've made extensive investments - they reinvented their internal operations and they were criticized constantly."

Participant 8 agrees that leaders and financial analysts need to change.

"*a lot of conversation has to happen around metrics, unfortunately the market analysts are still focused on comp sales and sales per square foot as the most important metric but the reality is retail isn't going to survive unless they are able to look beyond that in things that are more experiential and contextual*"

When thinking about how this change of focus toward new metrics might occur, Participant 9 recalls how retailers 10 to 15 years ago altered the way they measure, track, and manage inventory to great success and suggests this type of innovation comes "*primarily from best practices being imported from elsewhere.*"

Beyond looking at comparable metrics such as same store sales or sales per square foot, starting from the profit and loss statement is the Achilles' heel of many retailers. Participant 13 points out that it is not unusual to see somebody say, they need a 5% lift in sales.

"*[yet] nobody says to themselves 'are we trying to increase frequency, are we trying to steal share, like what are we trying to do?' No they just say 'this is what we're going to do' and they take it from a P&L conversation out as opposed to a strategic determination down."*

Some final thoughts about the need to shift metrics to more customer-oriented objectives were offered by Participant 13 who says, "*the entire organization is P&L driven and the only P&L movement beyond backend efficiencies comes by increasing traffic and to that end satisfying consumer needs*" and Participant 14 who says retailers need to adjust their approach to start with the customer.

"*So many of these organizations are thinking bottom line first and you have to think customer first, you just do...You have to go from 'making more transactions' to 'building more relationships'*"

4.2.3 Risk Avoidance

While considering the various legacy issues and factors that lead retailers to focus on operations and execution daily, it may not be surprising to suggest that risk avoidance is a prevalent characteristic of many retail organizations. This position is largely influenced by the low margins or capital available to retailers, lending them to take conservative positions more often than not and to pursue innovation in reactionary ways at times.

Low Margins / Cash Poor

Several subjects commented on the typical retailer as being “cash poor” or faced with low margins as potential barriers to investing in innovative activities. Participant 9 stated quite clearly, “*retail is so much a cost management business*” and Participant 3 offered that, “*retail moves so fast... and the profit margins are so slim, that the big focus in retailing is survival not innovation.*" This individual also compared the cash positions of retailers to tech companies who traditionally invest in innovation pointing out that one Canadian department store made the news with an announcement of one time spending of $70 million on an automated warehouse while across the border a company like Amazon spends $15 billion a year.

In the same respect, Participant 8 provided an example of just how tight margins can be for retailers as well as their suppliers.

> “*I have a friend who supplies goods to retailers and on his phone he had an app that showed when the plants were going below 99% efficiency, each unit that was going out the door was losing money because the negotiation was so tight and these are multi-billion dollar businesses earning these crumbs.*”

A Conservative Nature

Another common refrain that occurs is about the conservative nature of retailers and their approach to innovation comes from Participant 1 who says, "*retail doesn't feel different than 20 years ago.*" However, this may present an opportunity for those who choose to stand out and be unique.

Participant 2 goes on to say that retailers are aware of some of the actions they could take but do not want to be the first to try something.

> "*You will find them to be pretty knowledgeable about quite a number of things that they could do, the scope of things they could do has been studied in the past, it's just that they have a problem with the investment and failure rates of venture capital kinds of ideas. They really want it to be proven, nobody wants to be bleeding edge, especially in Canada.*"

Most importantly, Participant 5 suggests that a fear of failure at senior levels is a deciding factor that limits their innovative activities. "*A lot of executives are fearful; they're terrified of taking the risk.*" And Participant 9 claims simply that, "*They are as a trade generally fairly cautious and resistant... [And in Canada especially] it's the old joke Americans will spend a dollar to make a dime, Canadians won't invest a dime to make a dollar.*"

Reactionary / Adopters

Much of what retailers do with respect to innovation tends to be in response to a move by competitors, changing consumer preferences, or something they have seen elsewhere that can be applied to their own business. To some degree, this may be as one would expect and Participant 9 offers that, "*[one of the ways] innovation does get into [retail] companies is a new competitor comes into the market and changes the norms for performance.*" Participant 6 goes on to explain, "*it's hard to ask [retailers] to invest in the long term because the market shifts so quickly. If I look at the last 10 years, our market has shifted 4 times*".

In addition, Participant 2 points out that retail innovation happens in the petri dish of the real world rather than on a whiteboard or in a controlled environment. He suggests that, "*In general terms retailers are not conceptual learners they are experiential learners.*" However, Participant 5 cautions that retailers must expand the scope of where and how they learn about new ideas.

> "*retailers who are serious about innovation need to stop looking at other retailers... they need to go out and look at what's going on in the entertainment industry and hospitality industry. If they want to learn how to use data, they should be looking at what's going on in healthcare - not looking at what's going on in the retail industry.*"

When it comes to the Canadian context, Participant 9 suggests that this adoption approach is even more common saying,

> "*in Canada [retailers] do bring new ideas and concepts into their companies but there's relatively little fresh new thinking about how to retail that is new to the retail trade that is done in Canada... supply chain improvements were made in the US well before Canada, they were also made in Europe before Canada. The online selling space has evolved around the world much faster than in Canada*"

4.2.4 Leadership

Too Far Removed

Retail is an accessible business in that everyone is ultimately a consumer and can walk into a store or browse an ecommerce website and mobile app with ease. Thus, it may be surprising that several subjects in this study suggest that many senior leaders at retailers are out of touch with the challenges faced by their own customers and employees. Participant 12 for instance explains at length how this could be a starting point for executives to look more closely and often at their entire customers' journey and experience to determine places they might want to develop innovative ideas or even simple fixes.

> “*I don’t think leaders spend enough time in their stores... We did a project with a retailer who was in trouble and I asked how many visits the leadership went to the stores in that market and it was under two... I’m thinking really, ‘you’re not spending time here?’... More executives should go through all touchpoints, they should be on their app, making purchases on their own and go ‘oh my god that frustrates me’ or ‘why would you do that?*”

Likewise, Participant 14 offers that,

> “*The best place to hear and learn and get insights around what’s possible is to go out into the store and watch your customers and talk to them. That’s it. You observe them, you talk to understand what is real to them....”*

Participant 3 suggests that the store is one place to learn but that creating formal mechanisms to constantly listen and understand a customer’s mindset is important for not just the marketing department but senior executives too.

> “*If I was a retail CEO I’d have a focus group every month and have executives go and listen... I think what is a good idea is to have a formal listening - whether it’s just suggestion boxes, continual focus groups, crowdsourcing, looking with store videos to see what the customers are really doing, listening, looking, watching, talking, learning - if that’s formalized there’d be tremendous payback.*"

This is not to imply that all retail leaders do a poor job of understanding how their customers shop. As Participant 7 notes,

> “Y*ou find some enlightened management who spend most of their time out in the field with their ear to the ground... at [one retailer] for instance people are out in the field about 100 days a year and they’re going to stores, talking to people in the stores they’re looking into what the issues are...*”

Perhaps Participant 5 sums this up best by suggesting that leaders need to take ownership for continuing to learn and offer great solutions to their customers.

> "*[Retailers] need to try to re-instill a founder's mentality in the organization...The founder is particularly focused on the consumer, the consumer's needs, the founder often has started their business as a means of correcting what they see as a broken aspect to their industry. [Yet as a company grows] responsibility for major decisions gets pushed further and further away from the front lines.*"

Creating Cover for Innovation

Without having an R&D culture ingrained in the business, retail leaders who want to innovate must find ways to offer coverage to their people to try new things and fail often. This is difficult but necessary in an environment where sales targets are measured on a daily basis. Yet Participant 14 says that many of the c-suite executives are under pressure themselves in this regard. "*They feel that they have a very short window to maximize their path to create shareholder value and keep their jobs quite frankly.*"

Participant 13 explains the difficulty with trying to create cover for some individuals to innovate in a large organization.

> "*dollars per square foot is the way you're measured... so you need to be able to give your executives, your thought leaders in your business air cover to push forward with an innovative idea that goes beyond just doing year over year comps...But if you're in a multi-silo organization that's 1200 stores across all 10 provinces and you've got 50,000 employees it's very difficult for your compensation model to say "you get air cover and you don't*".

In one example of leaders talking a good game but not actually following through on creating this coverage for their own teams, Participant 8 relates the story of the head of innovation at one major retailer.

> “*she hears these sort of things [about the CEO being willing to fail 50% of the time when trying new ideas] but when it comes time to act on them gets very little support.*” He goes on to say, “*mindset and culture are the starting points with a leadership that understands and is ready to take the lumps that it takes to get that done*”

4.2.5 Sharing Culture

Culture is a word that is used perhaps as casually as the word innovation is sometimes but retailers in particular are well positioned to create a sharing culture as they often serve as “the innovation hub” between manufacturers, technology providers, store design firms, and shoppers. (Reynolds & Hristov, 2015)

Vendor Ideas

One of the unique elements of traditional retailers is their reliance on a vast community of manufacturers from whom they can not only source products and services but develop new ideas together. As Participant 2 makes clear,

> “*... many industries don’t really have the luxury of vendors coming to them with ideas. Retail is based on vendors coming with ideas, so they have almost outsourced the innovation of - especially their products - to the suppliers and they spend their assets more in terms of distribution, selection, fashion trends etc.*"

Likewise, Participant 9 suggests that vendors of different types can inspire innovation by retailers.

> “*if it’s a consulting firm, a services supply firm, if it’s a product or equipment supplier that has something that’s innovative or different that’s the most likely channel through which retailers will come in touch with a new idea or innovation.*”

However, an important consideration for retailers is to remember that their vendor community may know all about their own products and consumer needs but not necessarily understand how shoppers shop or how retail operations work to connect those consumers to new solution. Participant 7 explains,

> "*a lot of the people I've come across in retail tech centres who are developing solutions or technology have never worked in retail...don't really have a deep appreciation of the moving parts within retail and how the front and back ends integrate.*"

To this point, Participant 10 suggests that even though they may not get credit for it, retailers are often the ones driving the innovation and telling their vendors what they need in terms of new solutions.

> *"it is indeed the retailer who is getting frustrated and pushing hard for innovation and we've seen the perfect example in scanning, marketing, product identification, there is a huge amount of technology that's been developed around that, the customer experience, POS technology, distribution centre speed by which products are both received and shipped to multiple locations, robotics in warehousing - much of that has been driven by retailers pushing vendors.*"

Employee Ideas

In addition to vendors, creating a sharing culture among employees has the potential to lead to positive results. As Participant 1 describes,

> "*it goes two ways - if you build a good culture you will get ideas and if you ask them [employees] for ideas you'll get a good culture...so if you don't have a way for employees to filter their ideas back, it's probably a sign that your culture is not that strong.*"

Yet one of the challenges raised by Participant 3 with respect to the front lines at least, is the high number of employees who are not full time and may not be able to develop or communicate ideas. He says, "...*part of it is the structure of retail employment and the majority of people are part time, so there's a structural barrier...*" Or in the case of Participant 4 who cautions that deep or meaningful ideas are more difficult for employees to develop when all you have is a suggestion box.

> *"[from experience] I can tell you the suggestions were pretty rudimentary like 'why don't we put a sign out at the end of the road that says this way into the mall?*'

While it can be challenging to create the right mechanisms to capture employee ideas, Participant 8 laments that this is often a vastly untapped resource at many retailers.

> "*I spent 6 years with a group that had 800 independent retailers who were really small but I tried to make a case for them that probably the most untapped resource was this base of say 8,000 people [employees] who could contribute ideas...and why would we not want to tap into that, or create a platform to allow some of these people to share their ideas... instead of hiring all these consultants, there's a lot of opportunity, you just have to set the expectations properly*."

The failure to tap into or create this type of sharing culture is something that Participant 14 says sometimes starts with the mindset of senior leaders.

> "*if I think about one of my clients and how are they thinking about innovation, even something that suggests building a relationship with sales associates, so they can have associates who are fabulous and able to reach out and communicate with specific customers, that's outside their realm of possibilities and that seems pretty straight forward*"

Yet the approach of creating an external lab to develop new ideas and innovative culture separate from the business is one in which she does not have great confidence.

> "*I don't think innovation can happen in a vacuum. I've worked in an innovation lab where groups of people get sequestered... Can interesting ideas come out of that? Yeah. Is adoption great? No.*"

Participant 10 states that ideas can come from everywhere in a retail organization that has so many moving parts.

> "*This is something that has to be part of the culture which means listening to your front line employees regardless of if we're talking about stores, warehouses, dc's, your social media department...*"

Communication

Creating a sharing culture in a retail organization across stores, regional offices, distribution centres and across silos is not without its challenges. The motivation of employees to share or keep knowledge to themselves and the formal or informal systems in place to enable effective communication are key issues raised by the participants in this study. At the most basic level, Participant 2 comments that these communication channels simply don't exist in many retail companies.

> "*You may be surprised but a lot of retailers don't even have the basic ways of communicating with all their employers. Only executives, regional managers, are on e-mail... Even if they have great ideas, they're stuck... the first thing you have to do is create an infrastructure so that your departmental heads can speak to other department heads - your fishmongers can speak to other fishmongers [in different stores] to create these groups where you can have an exchange of ideas... Woolworths [in Australia for example] have given a certain level of employees within the stores smartphones and allow them to communicate with each other horizontally or vertically."*

Beyond just putting systems into place, Participant 12 offers a reminder that the scale is different from industries where a company has a single corporate office or a few regional ones. She says "it's *hard to scale it to get 1000 elements of feedback and I don't think anyone's doing a good job of mastering it*." This is a real challenge that Participant 10 sees in her numerous meetings with CEO's as they join a new retail organization.

> “*[they don’t have good systems] and I know that because a lot of the executive changes that have occurred in retail and in speaking to those new CEOs - who may not be new to retail but new to the company - one of the top 3 things that they will mention to me when I say ‘what surprised you and what do you believe is your biggest challenge and what will you be focused on?’ one is 2-way communication and they are shocked at how much everything is siloed and so much is top down and not just top down from the CEO level but from the store manager level from, the district manager level [in every silo].”*

Once the leadership challenge is met in understanding what innovation means for their organization, and communication systems are in place, Participant 5 points out that there is still the matter of being able to explain these new objectives and ideas clearly to everyone.

> "*even if the executives seem to have a coherent definition of what they mean by innovation they’re not translating that into an organizational understanding so most rank and file employees in most organizations don’t understand when they say ‘we want you to be innovative’ what that means. You know does that mean you want me to break the rules? Does that mean you want me to attack industry paradigms? Or does that mean you just want me to make our product better, faster, cheaper?*"

On the other hand, Participant 9 who speaks regularly with leaders at most of Canada’s top retailers believes that in many cases there are executives who feel motivated to keep unique knowledge to themselves rather than sharing effectively.

> “*I would say pretty close to half the [executives] I talk to will use [information from industry reports in meetings as] something ‘I know that you don’t know’ rather than sharing it and saying ‘this is what we’re hearing, what do you think? What are you seeing?’ so I’m not convinced that sharing culture is there in many organizations.”*

In another way, Participant 4 suggests that it may be important to have leaders who can span the gaps between silos such as operations and IT in communicating and building on ideas.

> "*Where I have seen success is companies that employ people who work as that bridge between the business and technology will have more success looking for new ideas, actually implementing new ideas, than someone who just has the business on one side of the table and IT on the other...*"

One final consideration raised by Participant 13 beyond having the mentality and means to share ideas is the need to have ways for employees to be able to identify what is important even though they may not see the final solution or all the implications themselves. He remarks that, "*information may come in and the people who have it either intellectually are not capable because they don't understand the breadth of how the retail operation works or they can't make a business case for it...*" so potentially important information may be overlooked.

4.2.6 Unseen Technology

One of the potential traps a researcher or retailer may fall into when thinking about innovation from a consumer perspective is the idea that the store of the future means putting lots of new technology into the hands of shoppers. In many cases however, it is at the employee level or back end systems where innovation can have the greatest impact on the shopping experience. Participant 1 suggests that despite what you might see in stores, "more of the technology will be behind the scenes".

One example of this is offered by Participant 8 who claims,

> "*the least you see technology the better, the more efficient it is. You know when they first opened Warby Parker stores I expected to see iPads everywhere and digital this and digital that but it's a very organic experience and apart from the till or maybe a sales person walking around with an iPad, that's it. So technology works best when you don't know the technology is there. It's amplifying the*

human capacities of the people on the floor."

Conversely, this same person provides the opposite example where, "*Aldo tried putting all these iPads on the floor...the customers don't want to walk in the store and start playing with iPads [the way they expected]*". And Participant 11 shared a similar example where technology for its own sake should not be the point of innovating on the customer experience.

> "*Lowe's had a holo-store to design a kitchen with a blue screen but I went to location in Burlington looking for it and the staff said 'oh we had it a few months ago but no one used it.'" Instead, the place that these technologies may serve the most good is in the hands of employees who can use them to find answers faster or show customers different examples that they may not have considered on their own.*

At the end of the day, when it comes to using innovative technology in stores, Participant 12 exclaims, "*I don't care if there's an iPad in the store. Go and checkout at [the point of sale at] any retailer and that will tell you right there how they believe innovation and technology works for them.*"

4.2.7 Customer Focus

The core issue for retailers to consider with respect to innovation is to make the shift to a true consumer focus. Traditionally starting from a product, merchandise and transactional mindset, retailers speak about the importance of customers but strategy and organizational structures are often designed with shoppers at the end of the chain rather than the starting point.

Customer Data

A customer first approach includes speaking with and observing shoppers as mentioned earlier; however, there is some nuance to deriving insights from what customers say and do rather than simply taking their responses at face value. For instance, Participant 1 says,

> "*you can't just ask them [what innovative solutions they want] because when customers make suggestions it's usually 'I saw this elsewhere - can you do this?' or they want it cheaper but don't really have innovative ideas."*

Participant 4 agrees with this saying that,

> "*If a retailer asks customers 'what would you like to see us do? What could we do better?' it's like what Henry Ford said that 'if I asked my customers what they wanted, they would have said a faster horse'. Customers do have a tendency to say or go to the most base level...*"

Collectively however, these comments when compared across a retail chain or in relation to sales and other data points may be useful in determining what shoppers are focused on and possibly where a retailer can adapt and apply ideas that their customers have seen in a different context.

Realizing that they possess vast quantities of data, retailers have started investing more in analytics and attempting to better understand their customers through insights from data. Participant 10 confirms that retailers are, "*getting much better at analyzing data. That is one thing where the top retailers are shining and that's where they were weak in the past*". Likewise, Participant 2 notes there has been a change in the types of systems retailers are developing compared to the past.

> "[Retailers] *traditionally were focused on merchandise, so most of their information systems are around merchandise - how much am I paying for it, what kind of margin did I make, how much did I sell it for - all these ERP systems were focused around merchandise and now it's changing and focused more horizontally on the consumer."*

Yet even these changes in some cases are still focused on what a shopper has purchased rather than how they shop or what they might have looked at and chosen to leave behind. Participant 8 says,

> “*when it comes to their physical assets [i.e. stores] they have very little other than door counts [traffic] and then point-of-sale transaction data but everything else that’s happening on their floors is sort of flying blind or anecdotal.*”

This is something that Participant 9 feels is particularly common among Canadian retailers as opposed to their US counterparts.

> “*Think of a really old piece of innovation called traffic counting. Canadian retailers are still reluctant to invest in traffic counting and how they manage their business without that knowledge remains a mystery to me... and even some of them who have, later take it out and say I’ve learned all there is to know about traffic counting...*”

However, Participant 11 suggests that “*Many are doing this with pinging to get a sense of where their [customer's] trip is through a store, using heat maps to get a sense of where they’re getting the biggest bang for their buc*k”. He goes on to say that the issue is sometimes that, “*Retailers have so much and just don’t know what to do with it but will want to know shoppers better and become predictive of their needs.*”

Whether retailers are making effective use of technology to collect data about their customers in store, Participant 9 believes more could be done across channels to leverage data from a retailer’s website when developing solutions for their stores.

> “*The online space is tailor made for that, the depth of data that retailers have about their online sales is so much deeper and richer than anything they have in their stores and still, for most of them, 95% of their sales are in their stores, so they’re blind on what their customers are trying to tell them in the store...I don’t think retailers in Canada have figured out how to use their website to give them insight into their store.*”

In addition to website data, some interview subjects believe that data from loyalty programs is vastly underutilized. Participant 2 notes this may be in part due to how data is shared between departments and the way merchants and retail buyers are conditioned to think about building their assortments.

> "*Many loyalty programs start with the consumer [but] they don't go right away to merchandise and don't change the assortment [based on customer wants], because [retailers] are so attached to the way they buy and buyers are kings...that's where most of the margins are generated and negotiations with suppliers are, so if you say 'hey gross margin is not that important ,what's important is the consumer response to this product' buyers don't think like that...Their metrics are more about margin, promotional discounts, rebates, etc. The consumer numbers are not coming to the buyers and merchants so that's a fundamental issue..*."

Participant 4 suggests that retailers must recognize the following:

> "…*if you are successful in illustrating that you understand the customer at an individual level, it will drive loyalty and that's a good thing. It also generates increased revenue ... that you can relate to [and match sales from] specific offers to specific customers and that's going to encourage them to want to continue to go down that path and make more investment in understanding the customer better.*"

Participant 9 relates that retailers know they have lots of data from loyalty programs and elsewhere but say they, "*haven't got the resources or people or time or money to do the analysis, so we have great information on what customers buy in our store but don't do anything with it.*" This is all the more concerning as he puts it since retailers are "*paying customers in the form of discounts to gather this information and we do nothing with it*."

While Participant 2 suggested that A.I. and machine learning may help to turn data into more personalized offers through loyalty programs, Participant 12 laments that thus far they are still impersonal. She cites one popular loyalty program as an example saying,

> "*They know exactly what I purchase every single time but I will tell you, when they serve up my offers, they don't always make sense to me. And I think that dammit you have everything I've purchased... I don't think any of them are using it in a way that creates a concierge personalized service. It is very rudimentary in terms of attachment based on prior purchase.*"

However, Participant 10 notes that gathering data and insights from consumers across multiple touchpoints is a growing area of focus for retailers.

> "*You see it more and more with private label retailers... [and] a variety who do it to better understand if their loyalty programs are responding to their customer needs, I've seen it with store design, I've seen it with the customer experience in store, with their social media platforms, reaching out to customers to understand how they can better customize the experience on their platform.*"

The next step necessary in gathering the data and making the right offers is to integrate the systems across the shopping experience as Participant 12 notes one example at the point of sale in a department store. "*I try to check out and I've got to scan my loyalty card separately even though I'm using the store's credit card that doesn't append to the loyalty card and so you think, really?*"

One final thought regarding the value of data to a retailer and the need to change from a merchandise to a customer perspective in how to collect and use this information comes from Participant 9 who suggests:

> "*Since time immemorial it was the retailer who managed the relationship. The retailer decided what to buy, put it in the window, and persuaded the customer that this is what they wanted and the customer really had relatively limited options. In a sense the retailer was relied upon to do the thinking for the customer - 'here's a new product, we think you'll like it'.*

> *Today with the Internet and with the change in the way people shop, that power dynamic has turned around completely.*"

Shopping Experience

Another area that is continually discussed among those in the industry and the subjects of this study relates to the shopping experience and how retailers are (or are not) innovating in this respect.

Participant 1, among others, notes how poorly most self-service checkouts are executed and offers that innovation should add or at least maintain convenience for the customer while realizing operational efficiencies, rather than simply focus on cost savings for the company.

> "*When companies are innovating and not giving the consumer something that's better and only doing it for their own cost benefit, you have a competitive problem...let's take call centres, if you are innovating by shortening the conversation for the customer my guess is everyone is happy because everyone's time goes down. But if you are innovating by making a complex menu and saving your agent's time but costing the customer's time, there's a bit of a misalignment there*."

In the case of re-designing stores with innovative new features, Participant 4 suggests that this be part of strategic planning, offering an example about how fixtures in store can include technology to better communicate with customers.

> "*[There is] a form of LED lighting that is by a factor of 4 less expensive from an energy perspective. If I'm renovating stores anyway, I'd want to look at something like that. Now not only is it more effective from an energy perspective but the nature of this light has the ability to communicate with cell phones... [as a grocer for instance] I wouldn't be as interested in changing all of the lights in my stores and sending messages to an individual about loyalty bonus points for baby carrots but if I could*

save ¾ of my energy costs while doing it, anytime I'm retrofitting or building a new store, I'm going to think about that..."

From a non-technology perspective, retailers may look to services and other elements to add to the shopping experience in their stores. Participant 9 for instance says,

> "*A lot of retailers are talking about experience [but] I don't know that anyone yet knows quite what that means in general terms or in terms of their store. They waive their hands a lot and talk about Bass Pro and so on but taking that and applying it to other stores is a bit of a challenge*." He goes on to say that retailers are instead, "*wrapping services around a particular product...they see that consumers are spending less and less on goods and more and more on services, so if you can wrap in to your good a service - first of all you're going to sell more and secondly, you may be able to retain a relationship...what this really starts to become is solving a problem for the customer rather than selling them a thing.*"

On the same topic of solving problems instead of selling things, Participant 7 suggests an example of what a consumer might want from a shopping experience.

> "*If I were to say to a grocery store, I'm having a lunch or brunch for 8 people, give me some ideas, show me a menu, I'll check off the ones I like, deliver them to my door and maybe send somebody to cook it...it's got to be seamless*"

In a real world example, Participant 8 mentions the online retailer Vista Print who began opening stores with next level experience for customers that is about more than just selling a product from a shelf.

> "*Why would you need a store to order business cards or promotional material [instead of buying online]?... But you go in that store and the first thing they let you touch is the different paper weights, all the different*

promotional examples, and they have these capsules you can go into for free where they have a video interface with their designers at their design shop..."

This idea of blending physical and digital or online retail, "*phygital*" in the terminology of some, is one that few retailers in Canada have done well in the past but emerging examples are starting to appear. Participant 4 cites an example that links a catalogue, website and store strategy.

> "*Canadian Tire's 'Wow Guide' that is in their 3rd release for different seasons and more than any other [Canadian retailer] they have found a way to bridge the gap between digital and physical experience...[they] try to find new ways to blur the line between the physical and digital experience.*"

A word of caution offered by Participant 6 is for retailers to remember when innovating across new channels is, "*The more innovation that happens, the more touch points, the more complex the path to purchase becomes.*"

Going a step further, Participant 5 suggests that stores be considered as a form of media or living commercial in some sense that can be an experience that may be connected with other channels but measured in ways that traditional advertising cannot.

> "*...the store is becoming media and when we talk about Nike stores and Sonos stores and all those experiential places, they recognize that the store is a powerful form of media and beyond powerful, it's also measurable. You can actually, unlike conventional media where you drop 5 million ads across a cycle and you have no idea who read the ads or who acted on them, you can actually measure the effect of the store experience on an individual.*"

One must be careful in considering how the experience helps deliver the solution a shopper is looking for as Participant 13 notes some ways that augmented reality initiatives of the past missed the mark.

> "*Google glass for instance had this idea you could give them to consumers and they could stand in front of the butcher counter and see recipe ideas and see how meat is cured - but who wants to stand 6-8 minutes in front of the meat counter when trying to make a decision about what to feed your family? That's the disconnect. They look at it department by department and sometimes category by category or even product by product and <u>they're making the consumers do too much work</u>.*"

As noted above with respect to not introducing technology for its own sake, Participant 14 notes that innovative store experiences must serve a purpose.

> "The key around innovation is [about what you can] introduce into the customer shopping experience vs the physical space that will be interesting and I don't see a lot of great work in that area - a lot of it seems gratuitous..."

She continues on with an example of how online eyewear retailer Warby Parker opened physical stores that offer an experience with a purpose and use technology only where it adds value.

> "*There's lineups still to this day with people wanting to go into an eyeglass store for heaven's sake...and the thing is I'm seeing more investment in customer experience officers and innovation officers [at other retailers] but it can't be gratuitous it has to be integrated and measurable*."

The idea of creating entertaining shopping experiences is one that Participant 12 agrees is often lacking both in store design and execution.

> "*They'll do this look and feel but don't have anybody focused on the entertainment value...so they miss the mark. Their innovation [at a grocery store] may be on developing a meal program but it's not setting*

the stage differently. [For another example] have you looked at a Toys R Us or Babies R Us store? They are 20 years behind and have lived off this big box ugly rack and stack mentality. They're not creative, they're not entertaining and everything in there is supposed to be that.... You know get a kid on a bike in a store and you have 5 associates yelling at you to put the bike away."

Participant 14 echoes this example and the public response from senior leaders who miss the seemingly obvious points about their shopping experience when trying to explain away the reasons behind their fiscal challenges.

"*We heard Toys R Us explain... 'the kids are online all the time and not playing with toys...Oh it's digital games, it's bad websites, plus it's Walmart - you know Walmart has been forcing us to lower our prices…and no actually it's Amazon…' Between all this, the one thing they didn't say was we forgot who we're doing this for. You walk into Toys R Us and it's a horrible experience... and you should walk in and feel like a place of play, a beautiful thing and that's the difference...stop thinking about [stores] as a place where you can put toys on shelves and start thinking about a different experience because Walmart can beat you on price and Amazon can kill you on everything else*"

Participant 13 suggests the key to innovation in getting the experience right is a focus on giving a shopper "permission to linger"

"*The consumer can't tell you [what they want but] if they could they would say 'I thank you as a retailer for creating an experience that is seamless because it shows respect for both me and my time.' So retailers who believe that if they can get a piece of technology and get into my life and the quid pro quo is these hurdles of entry - logging in, clicking in, clicking off, put in this code when you get home - you're increasing the stress level in my life and making it less of an attractive buying destination. Show me a seamless experience and I will reward you, not only with my wallet but* *by being a great brand ambassador and saying this is a place you should really go.*"

Community

The final sub-theme that many participants identified revolve around innovation in building communities for consumers in association with a retail brand. These shopper communities help build the relationship and trust among customers and the brand as well as between the customers themselves, helping to drive new sales and new ideas for the retailer to consider.

In fact, Participant 8 believes the notion of community is a throwback to an earlier era of retail.

> "*I think where retail started was more community driven where it was known if you go to the general store or the market, it was a place to catch up with your neighbours and there was a social thing as much as it was a necessity to go [and buy what you needed].*"

While Apple Stores are commonly cited as exemplars, in many ways unfairly given the nature of their retail format that is built around a unique product and brand, the recent re-thinking of the purpose of their physical stores is built around the idea of being a hub for a certain community. Participant 5 shares that,

> "[Angela Ahrendts] identified a new box... she's said 'look it's not about innovating within our current format, we need to create stores that are a different format and the format, the box if you will that she's chosen to colour within is the notion that she believes Apple stores need to be the hub of a community."

Participant 4 offers a recent example of an innovative program created by Loblaw that allows shoppers and the public in general to share ideas about recipes, healthy eating and more.

> "*[The Eat Together] program invites customers to take a picture of some meal they have created and post it [online] and the grand prize is that on*

> *Canada day they bring you and your family to Ottawa to celebrate - they are curating a conversation and image library of ideas that could in fact feed into new ideas for products"*

As an example that was offered during multiple interviews, Participant 13 explained in depth how Sephora is a retailer who has innovated by truly leveraging the power of community and allowing members to take ownership for shaping the conversations.

> "*The Sephora community that has been built online is one of the most effective traffic drivers to their store. And it is not a community that is driven by the brand. It's a community that exists, that has provided permission or a bit of a lifeline to come together to discuss their most personal discoveries about how they look and feel about themselves. And the ability for Sephora to figure out that there's a fundamental need for women to come together and share in a safe environment is critical to the overall brand process.* "

Participant 10 notes that it takes more than technology platforms or creatively designed stores to develop strong communities where a retailer may get valuable input from customers.

> "*The only way to do that is to be talking to your customers all the time, to be listening to them, to have platforms (social media) that are not built so you can push out to them but so customers can push in information and that is the only way to do it, there's no other way. You can have AI, incredible data, but that doesn't serve any purpose unless it's built around the ability to hear, listen, understand and adapt to customer needs.*"

Starting with the customer first in designing any community or experience is mentioned again, this time by Participant 14 who cites the example of a company called Glossier. "*Glossier is building a community base not a customer base. It's not like Shopping. At the front is the relationship and the product is at the back.*"

Yet building and measuring the value of such communities, especially if offering physical spaces in stores for them to meet, is something that tends to run up against that earlier issue of retailers being assessed by old metrics.

> "*if you think of a lululemon and some of the new stores where they're dedicating space just for people to come and hang out as long as they share their values... they're measured on square foot metrics so it's going to be tough to justify having free open space for people to congregate.*"

Participant 4 believes that shared values are at the heart of building a community around a brand saying, *"It's easier for those that can stand for something - like lululemon or even Loblaw for "healthy eating" - than just "a box of stuff" like Sears had become*." Likewise, the importance of values to the millennial generation was cited as a key consideration for retailers in building their brands. Participant 7 suggests,

> "*I would see a commitment to values as a beginning of some innovation in new retail like a Well.ca serving a customer that is perhaps not able to get out and shop and is a lot of new moms for example who want products that they feel they can trust, so I think a lot of these are going to be very much values driven in the future.*"

Finally, Participant 13 continues the connection between shared values and communities in relation to shopping saying that, "*people love to shop and are tribal by nature, so they want to be with individuals who share common traits"*

This focus on values, community and shopping experience could be a critical one for retailers who are uncertain about how to compete in the face of new technologies and online business models. As Participant 12 puts it,

> "*Amazon only cares what I've purchased to get me to do something else or to sell the data that I just aggregated to someone else... They don't care about me as an individual.... And someone who does that will be the*

one who has opportunities… who really does personalization well with truly human interaction."

5.0 - Discussion of Findings

The following section will discuss how the results from the data help to answer the central research question of *what sector-specific and internal obstacles or opportunities might retailers consider that could enable ongoing innovative initiatives and the development of an innovation mindset.* It will consider how emergent themes provide a foundation upon which future theory building may grow toward a model of interconnected variables that are specific to retail organizations and where influence may be applied in new ways to overcome traditional barriers in the approach to innovation. Beyond this attempt to lay some groundwork for future theory, a new "Retail Innovation Canvas" will be introduced as a tool with practical implications for industry decision makers. Limitations of this study and potential areas for future research will be addressed as well.

5.1 Emergent Themes and Categories

Based on the interview data, the following seven themes emerged, each containing categories of obstacles to innovation (some real and others that may be false assumptions) within retail organizations. From these findings, the researcher has proposed corresponding opportunities (see Table 5.1 below) to leverage a perceived weakness as a potential strength or to reframe boundaries to innovate by drawing organizational awareness to potential blind spots or incorrect assumptions.

1. Legacy Issues
2. Daily Business
3. Risk Avoidance
4. Leadership
5. Sharing Culture
6. Unseen Technology
7. Customer Focus

5.1.1. Legacy Issues

Obstacles

Theme #1 begins with obstacles related to legacy issues including the physical infrastructure of real estate and I.T. systems, the fixed employee base of large retailers, static business models, and the localized nature of retail. These legacy issues influence the way that retailers approach or identify potential new business innovations.

When asked to name innovative retailers, many examples named during the participant interviews reflected this obstacle as companies like Indochino, Casper, Warby Parker, and more were seen to benefit from having a clean slate from which to build new stores and systems. However, some of the examples provided, such Sephora, suggest that innovation does not only occur within start-ups or online first retailers that expand to opening physical stores.

<u>Infrastructure - Stores and I.T.</u>

While innovation catch phrases may encourage thinking “outside the box”, the reality for many retailers is that they own (or lease) and operate many boxes in the form of stores with fixed dimensions and footprints. Apart from divesting themselves from considerable assets, their challenge is often an inability to think of creative ways to re-purpose the boxes they already have.

Similarly, with information technology, retailers may perceive these systems to be fixed infrastructure that will typically be upgraded in a reactionary way - such as when technology vendors discontinue critical support for hardware or software – rather than planning and investing strategically in this area.

<u>People & Talent</u>

Another key obstacle exists on both the front lines and among senior level decision makers in the form of vast employee bases that are typical at large retailers. The development and implementation of innovative solutions often requires unique skills and knowledge, which poses an obstacle in having to recruit or outsource for new corporate talent and re-training or hiring large numbers of customer facing employees.

Business Models - Myopia

Finding new consumer-oriented business models and retail formats has led to several shifts in the retail landscape (Reynolds, Howard, Cuthbertson & Hristov, 2007), yet a potential barrier for established retailers in developing or recognizing the emergence of new models may relate to the scale and volume of sales to which retailers are accustomed. Multiple interview participants noted that the idea of e-commerce for instance, had been dismissed by many retailers for too long due to its minor contribution toward overall market sales. Their perception was often that investing in this new model to gain what was initially considered to be a small fraction of total sales allowed new market entrants and alert competitors to invest and surpass them in developing innovative systems and capabilities.

Retail localization

The concept of retail as a local business is another legacy issue identified through this study. Successful retailers understand and cater to different customer needs by geographic region rather than demographics alone. As one interview participant exclaimed, “you can’t just lift and shift” a distribution network, product or service with identical features and assume what works in one part of the country (or world) will be successful elsewhere. Yet this is often the approach that retailers have taken in the past to expand to new markets with the same offering as in traditional markets – without recognizing potential differences between the two.

Opportunities

Infrastructure – Strategic Investment

Retailers regularly invest in their stores and in fact are considered by several interview participants to be so focused on their real estate assets that they may fail to invest properly in other channels as a result. However, this typically means planning regular store re-fresh or renovation cycles that are often cosmetic and fall short of re-imagining the purpose of the store itself. One participant noted the advantages of a new smart LED lighting technology that can push notifications to a customer’s mobile device as the sort of investment that might be sensible during a regular store refresh cycle. Yet there is a perception that retailers often miss these opportunities to plan more proactively for areas they know they will have to spend on regardless and could link their investments in both stores and I.T. to innovative and better integrated strategies rather than continuing with the usual refreshes and system upgrades.

People & Talent – Promotion of Innovation Initiatives

Koellinger (2008) and Edge & MacLaine (2015) suggest firms depend on having the right talent to innovate and those that are known to invest in innovation are well positioned to attract new recruits and continue growing. This presents somewhat of a chicken-and-egg opportunity for retailers who must recruit talent with new skills to innovate yet being known as an innovative firm in the first place would better position them to attract new talent.

However, as consumer facing brands, retailers are well positioned to invest in innovation first and leverage their regular promotions and advertising to draw public attention to these initiatives more consistently - not simply for the benefit of consumers but to increase awareness and interest among potential new recruits in ways that firms in other industries may find challenging.

Business Models – Challenge Assumptions

Gans & Stern (2003) referred to the potential blind spots of big firms in general and this can apply to retailers who focus on large volumes or struggle to grow small successes in test stores into scalable new innovations (Hirstov & Reynolds, 2015). Yet this cognitive obstacle may be overcome by establishing consistent reminders throughout the organization to challenge past assumptions. As one interview participant noted, retail leaders will openly announce their false assumptions without testing them - as was the case of the C-suite executive believing it was impossible to offer certain product categories online while ignoring that fact that competitors had already begun doing so.

Retail Localization

The localized nature and relationships of many retail businesses with their customers leads to the importance of understanding regional differences in the way people shop. There are many cases of retailers who attempted expansion into new markets without first seeking to truly understand if and how those markets may be different beyond demographic factors. Knowing how customers live is key to this and the ability to overcome this obstacle is largely rooted in senior leaders being reminded of it or taking the time to ask what differences may exist. For instance, one participant referred repeatedly to the Quebec-based department store Simons, who design each store differently for the market they enter.

5.1.2. Daily Business

Theme #2 includes obstacles and opportunities related to the daily sales reporting and operational focus that is inherent in most traditional retailers, their ability to conduct frequent but smaller scale incremental testing in stores, and the fact that both internally and externally, most retailers are judged on old performance metrics that may not align with new models or an innovation mindset.

Obstacles

Incremental Testing with Daily Reporting

One of the main obstacles identified by most participants of this study was the simple fact that retail is a daily business with real-time performance reports being compared across stores and previous time periods. The suggestion in this case being that daily reporting with a focus on sales and transactions encourages short term planning and reactionary thinking that may impede the ability for longer term innovation projects to gain traction.

Old Metrics – Comparable Sales Vs Intangibles

The need to shift away from relying on old metrics - particularly those linked to the profit and loss statement - was identified as a continual obstacle for but one that may be slowly shifting for some retailers. These old metrics are typically transaction-oriented, simple comparisons of sales by store and/or period, and often linked to employee compensation that may be counterproductive to building a customer-focused experience and strategy across all the retail brand's channels.

This obstacle is further complicated as external analysts who rely on these metrics to provide guidance about the business may dissuade retail executives from deploying resources in customer experience or service innovations that are not directly linked to transactions. These same analysts might encourage innovation spending by manufacturers and technology firms given their focus on more traditional research and development projects with tangible outcomes.

Opportunities

<u>Incremental Testing - Document the Process</u>

Daily reporting of sales can be viewed as an advantage as well in that it offers an instant feedback loop for any new initiatives that a retailer does attempt. In some ways like a lean start-up approach (Blank 2013) this can position a retailer well to fail-fast with an environment that is often constantly testing and tweaking the service, product assortments, and promotions.

Reynolds and Hristov (2009) noted that individual stores provide an easy place to explore and test new concepts while controlling costs and margins, but this also presents a potential barrier when it comes to scaling a new initiative. This could present an opportunity to explore implementing more formal documentation processes by retailers that - when combined with a better understanding of individual local markets in which a retailer operates (as noted in theme 1) - may create a better path to replicate, share, and adjust small successes to fit other locations within the retail chain. This documentation may also be used to report on how a new solution may lead to benefits for the operations and merchant teams, which were identified by several interview participants that the key to implementing any new ideas.

Old Metrics - Valuing Intangibles

The key opportunity here is for senior leaders to recognize the value of customer-oriented metrics and legitimize their use within the organization, in relation to employee compensation, and externally to analysts, shareholders and other influencers. As Prahalad and Ramaswamy (2003) and Teece (2006) have reported, developing tacit advantages and experiences that are difficult for competitors to copy are important elements of innovating in an environment that cannot rely on typical intellectual property protections such as patents. Thus the incorporation of new metrics such as Net Promoter Scores, Customer Satisfaction, and Lifetime Value may be shown to be important, if not directly linked, with actual sales.

5.1.3. Risk Avoidance

Theme #3 includes obstacles that are created in an environment with low margins, conservative management styles, and the resulting reactionary or adoptive approach to innovation.

Obstacles

Low Margins

Despite some variation by product category or format, retailers have generally been perceived by participants in this study, and noted by Hirstov & Reynolds (2015), as having to operate in a low margin and constantly changing environment. Dotzel, Shankar and Berry (2013) also reported that the more resources a firm spends on its goods and services, the less it will have to invest in innovation. Thus retailers with low operating margins tend to face obstacles in their ability to invest in new ideas.

Conservative Management

This low margin environment may relate to the perception by participants that retailers tend to be overly conservative with respect to decisions on investing in innovation. As well, this conservative style may link back to the *daily business* theme (#2) as being dependent on volume sales, daily reporting and finding small efficiencies limits one's motivation to place big bets on innovative ideas. In some cases, one participant suggested that in her conversations with retail leaders, there is a general sense of fear for their own jobs that reinforces this conservative nature.

Reactionary Adopters

Retailers were generally believed by participants of the study to be reactionary most of the time. Angerer, Foscht, and Liebmann (2003) reported that retail executives claimed that their second most important source of innovative ideas is from competitors and that they generally fear tackling change. This acknowledgment of a reactionary mindset illustrates many of the same issue that participants of this study have identified.

Opportunities

Low Margins

The reality of a low margin environment itself presents a challenge, however, it could be argued that retail decision makers may use this as a justification for their conservative style when in fact, they do have the ability to invest in certain ways such as regular store renovations (as mentioned in theme 1). Thus the opportunity here is not simply to suggest a need for selling higher margin items but rather to recognize and promote awareness in the organization about the areas where regular investments are being made and determine how strategic innovation initiatives may align with these cyclical investments. The potential benefits of innovation may in turn lead to a competitive advantage that allows the retailer to improve margins through lower costs or the ability to charge a premium price.

Conservative Management

Overcoming an obstacle such as fear for one's job may rarely be in the control of that individual. However, there is an opportunity to help senior leaders develop an awareness of this issue and the potential detrimental consequences it may have on their managers failing to innovate in meaningful ways. With the ambidextrous model where managers are evaluated on responsibilities related to performance and innovation, as noted by O'Reilly & Tushman (2004) and Probst, Raisch, & Tushman

(2011), along with the above suggestion of a need for new metrics, senior retail leaders might incentivize innovation within their organization through new compensation models. The importance of creating awareness among senior leaders about this issue is illustrated by Teece (2006) who would suggest that part of innovation involves seizing opportunities, something that is unlikely to occur under conservative managers.

<u>Reactionary Adopters</u>

Being reactionary or an adopter rather than a disruptive innovator does not have to suggest a negative connotation or obstacle. In fact, Pantano (2014) raised the question about when retailers should consider being adopters or pioneers and Edge & MacLain (2015) noted that few large firms on the global stage would even be considered early adopters. Instead, the opportunity here is for retailers to take this adoption approach but instead of looking at competitors for inspiration, expand their horizons as one participant suggested by incorporating ideas they may find in other industries such as health care providers, tourism companies, and other non-retail firms.

5.1.4. Leadership

Theme #4 identifies two potentially important considerations for the decision makers within retail organizations including how frequently they shop their own brand - engaging with front line employees and other customers directly - plus their need for permission to fail with respect to developing and testing innovative solutions.

Obstacles

<u>Too Far Removed</u>

One of the more surprising suggestions by interview participants related to a belief that senior retail executives are too far removed from the customer experience offered by their own brands. While research suggests that executives claim to understand their customers (Hirstov & Reynolds, 2015) the results from this study, at least in Canada, would seem to suggest otherwise. Comments from participants included the perception that senior decision makers as a rule do not regularly shop all the touch-points and channels offered by their own company. While they may be present in those channels from time-to-time, simply visiting stores is not the same as purchasing and using the services directly to better understand the friction points and opportunities to provide innovative solutions to the challenges that their customers regularly face. As well, it was suggested that senior leaders could be spending more time speaking directly with customers or holding focus groups and adopt a "founder's mentality" to addressing the issues raised.

Coverage to Fail

As suggested above with the risk averse and conservative nature of retailers in theme 3, senior leaders are rarely given permission to fail. The implication raised by participants was that a lack of an R&D culture and the visibility of daily performance metrics often means large innovation projects may only move forward if a CEO or board member initiates things at the highest levels. While anecdotal, one participant noted a senior leader's remarks that the CEO speaks often about innovation but the corresponding resources and support to try and sometimes fail at new things was virtually non-existent.

Opportunities

Too Far Removed

Once again, this opportunity reflects the nature of the obstacle possibly being due to a lack of awareness or a leader's blind spots than a true barrier. Retail organizations already understand the importance of mystery shoppers in evaluating customer service and experience, yet a leader who shops all their own channels should instantly recognize the gaps in the process. As one participant suggested about a local department store that requires customers to scan their loyalty card in addition to using the store's own branded credit card, any leader who experiences this type of gap themselves may instantly recognize the disconnect where systems that should be integrated simply are not or where the path to purchase is unnecessarily complicated.

Coverage to Fail

As one participant stated, leaders need to be given “coverage” to try new things with the assurance that failure within parameters is acceptable. One way to accomplish this may be for boards and CEO’s to include specific language about responsibilities for innovation and related measures in the job descriptions and performance expectations for leaders and decision makers whenever appropriate.

The combination of encouraging leaders to shop their own brand while offering coverage to test - and sometimes fail at - new ideas may be a simple way to provide both the tools to recognize innovation opportunities and the motivation to try and find new solutions in much the way that Kang, Solomon, and Choi (2015) may recognize as putting a founder’s mentality back into a business.

5.1.5. Sharing Culture

Theme #5 recognizes the obstacles and opportunities that result from retailers having historically relied on vendor ideas along with the untapped potential to generate ideas from a large employee base if the proper communications channels were implemented.

Obstacles

<u>Vendors Ideas</u>

Many of the participants in this study noted what Alexander, Shaw and Curth (2005) identified in earlier research – namely that retailers have been in a position that is unique for most industries by having product and technology vendors who regularly approach them with new ideas. In some cases, vendors may have a product that can be customized to the specific needs of a retailer’s target customer and in others the retailer may be directing vendors to create new solutions that are not yet available in the marketplace.

However, this history has led to two obstacles to innovation that is common to many retailers. First among these is that the dependence on vendors and effective out-sourcing of innovation has led retailers to find that they have limited internal talent and capabilities to develop in-house solutions (as also noted in theme #1 with respect to *legacy* workforces). Second is that external partners rarely have the breadth and depth of understanding about how the various parts of a retail business really work. Thus the solutions they develop may appear to solve one challenge yet often miss the bigger picture to ensure strong integration across functions and distribution channels.

Employee Ideas

On the other end of the spectrum from vendors is a lack of systems and culture of listening to employee ideas by retailers from the bottom up. This study's participants noted anecdotal efforts by retailers in the past to implement simple suggestion boxes that proved to be ineffective in leading to new or actionable ideas. While these examples mainly succeeded in creating a "haystack" of ideas with no guarantee of finding a truly innovative "needle" among them, the vast size of retail talent pools suggests an area of untapped potential with the obstacle being to determine how to develop an effective listening culture and process.

Communication

Participants also cited the lack of two-way and cross-functional communication systems within retail chains as a common obstacle for sharing innovative ideas. As well, they noted that leadership teams may often fail to outline clear expectations about how employees can contribute to innovative initiatives and what they mean by that in the first place (i.e. doing things just a little faster, better, cheaper or identifying gaps in the brand experience in need of new solutions or attempting to break industry paradigms).

Opportunities

Vendor Ideas

While some participants noted that retailers may look to build internal capabilities by hiring data scientists and the like, there exists still a great opportunity to increase the effectiveness of vendor collaboration. Karlsson & Tavassoli (2016) suggested that the strongest positive relationship exists for cooperation with suppliers. As Reynolds & Hristov, (2015) have noted, retailers often serve as innovation hubs attracting ideas from more than just vendors. Alexander, Shaw, and Curth (2005) studied supermarkets in the UK and found that in addition to their technology providers and product suppliers, retailers were influenced by and shared knowledge through trade associations and international peers as well. Barbero, Casillas, Wright and Ramos (2014) reported that the most effective product and technical innovation to come out of incubators tended to be from centres where multiple firms from the same sector invested together. Each of these findings suggest that retailers might enhance their collaboration with vendors and could perhaps take on a more formal role as an innovation hub by building a community of strategic partners and other firms within the sector. In the words of Gans and Sterns (2003) this could serve as a form of market for ideas and may help encourage a deeper understanding of the retail business.

Employees Ideas

As noted above, Medina, Lavado and Cabrera (2005) suggest that firms with customized products tend to seek input from everywhere in the organization, while those with standardized offerings innovate from the top down. As well, Angerer, Foscht, and Liebmann (2003) found that retail executives claimed to get most of their ideas from employees. However, the participants in this study pointed out that many employees are not equipped to propose innovative solutions. Rather, this suggests an opportunity to provide better guidance to all employees, particularly those facing customers, on how to identify relevant issues such as documenting unique customer experiences, friction points, or unmet needs that could perhaps benefit from innovative solutions to be developed further up the chain.

Communication

Ruppel and Harrington (2000) studied the importance of trust, and communication for innovation organizations. This may be an important consideration if retailers were to establish employee innovation forums for sharing ideas. Perhaps an anonymous platform for posting ideas with the ability for everyone to rank these or to tag and filter out relevant concepts would help support an employee sharing culture while building trust that all ideas are valued and the tools to find the potential game-changing insights upon which to act.

5.1.6. Unseen Technology

Theme #6 relates to the balance between innovation projects that focus on putting technology into the hands of customers or back-end solutions that may help an organization and its employees to better serve their customers.

Obstacles

Consumer vs Backend Systems

One point of contention suggested by participants in this study was the idea that retailers too often add customer-facing technology with visions of what a “store of the future” may become but in a way that is little better than gratuitous use of digital screens or poorly implemented self-service solutions. Amato-McCoy (2017) reported that a recent survey of consumers had 44% suggest that the use of in-store technology like digital screens and messaging apps had little influence on their decisions to purchase. While engaging consumer facing solutions are important, so too are the behind the scenes technologies that enable a better shopping experience.

Opportunities

Consumer vs Backend Systems

Koellinger (2008) noted that the use of technology such as Customer Relationship Management or relevant systems and tools can be a good indicator of a firm’s innovativeness. While some retailers already make use of these types of solutions, there may be an opportunity for retailers to strive for better integration of digital tools, particularly those that enable store associates to provide excellent service. Providing staff with more immediate access to back end systems that contain product and customer information or tools to note new gaps and friction points observed may help to create a great shopping experience by enabling improved human interactions.

The use of unseen technology solutions and back end fulfillment or information systems already lead to efficiencies better delivery of service. Thus, several participants in this study suggested investing further in tools that may not be visible to customers but enable a retail workforce to add value as possibly a better use of resources than introducing flashy digital screens, robots, or other elements into the customer journey.

5.1.7. Customer Focus

Theme #7 includes barriers and opportunities with respect to the way that retailers may use customer data, identify friction points across their own shopping experience, while developing and catering to a values-based community of customers.

Obstacles

Customer Data

One of the first elements within this theme is partially linked with the old metrics and daily reporting issues identified in Theme 2. Retailers traditionally collect a lot of data but much of it has been merchandise and transaction-based. Where data from loyalty programs and traffic counting tools do exist, it is often used to generate promotional offers or make staff scheduling decisions rather than to influence a merchant's decisions about product assortments or change store layouts.

Additionally, online data includes an even richer combination of customer browsing behaviour and transaction information, yet these insights are rarely considered with respect to possible implications for physical stores within the same organization.

Shopping Experience

With respect to getting the shopping experience right from a customer perspective, retailers have often faced obstacles with integrating systems across channels effectively. Additionally, and as noted in Theme 6, introducing customer facing technology may sometimes appear to be there for its own sake without solving the real needs of a shopper. In other cases, innovative solutions that start with a focus on operational efficiencies but fail to properly consider the impact on customers (e.g. self-serve checkouts were noted by several participants) can have a negative impact on the shopping experience.

Community Values

Finally, the importance of an organization to identify what it stands for in terms of the values it may share with potential customers is an issue that was raised during this study. Part of the current struggle facing some retailers involves this misalignment between understanding what values customers hold dear and how retail brands can be a common point around which to build a like-minded community. Standing for something that customers value rather than simply presenting stores as another big box with products on shelves is the key which, as Prahalad and Ramaswamy (2003) noted earlier, is the main reason for a retailer to fear appropriability where competitors may easily copy that model.

Opportunities

Customer Data

Retailers have many opportunities to develop customer focused innovations and solutions by looking at data with the customer in mindset rather than just the historical records of what was purchased. Angerer, Foscht, and Liebmann (2003) noted that barriers to retailers often included a limited focus on customer needs ahead of organizational ones and the internal use of data may be another example of this. Typical point-of-sales data points too easily in the direction of product-oriented thinking but in many cases, this opportunity may be as simple as encouraging merchants and executives to ask deeper questions about customer motives rather than simply what they purchase.

Shopping Experience

Getting the balance right in the shopping experience starts with a customer-first focus that entertains while providing value. In many product categories, and with effective integration of digital technologies in the store, shopping provides customers with an element of fun or hedonic value as noted by Willems, Smolders, Brengman, Luyten, & Schöning, (2017). While the mass media pronounces “the death of the store”, Amato-McCoy, D. (2017) suggests that customers want technology to transform the store experience rather than to replace it entirely. As in Theme 4 where leaders could be encouraged to spend more time shopping their own channels, the same holds true for the teams who design stores, e-commerce sites and each customer touchpoint across a brand's channels to ensure they add value rather than a gratuitous use of technologies.

Community Values

Finally, the opportunity to build a brand that stands for something is becoming increasingly important. Several participants of this study highlighted Sephora as an example of a retail innovator including the way an online community has been built up that not only links the brand with customers based on shared values but connects them with other customers for peer-to-peer support. Another participant raised the example of Soul-Cycle - who make fitness fun and build the experience around a customer's connection with their favorite instructor – and imagined what a shoe store or other format might look like when adopting a similar model. As well, the integration of sustainability values into a retail organization's approach to business innovation can be an important driver of competitive advantage (Nidumolu, Prahalad, & Rangaswami, 2009; Wilson, 2015). To innovate effectively, retailers would be well served to think beyond value creation and include the core "values" of their customer.

Table 5.1 – Seven Emergent Themes for Barriers & Opportunities to Retail Innovation

Themes	**Barriers & Obstacles**	**Potential Opportunities**
1) Legacy Issues	**Infrastructure** a) IT systems b) Stores (location/design) **People & Talent** c) re-train/recruit for new skills **Business Model** d) Management Myopia – early stage innovations overlooked before	**Infrastructure** a) Proactive (instead of being forced into reacting) with IT b) re-imagine purpose of store **People & Talent** c) Innovation Investment attracts talent or acquisition of firms for talent. **Business Model** d) Open to Find better way to sell,

	achieving scale. **Retail is Local** e) Can't lift & shift distribution and customer interface solutions	consumer-focused fixes. **Retail is Local** e) Truly know your customer not just their demographic.
2) Daily Business	**Incremental Testing** a) Daily Reporting leads to short term tweaks. **Old Metrics** (P&L, Comps, etc.) b) Disconnect between: short & long term plans, compensation structure, strategic objectives.	**Incremental Testing** a) Establish formal documentation process & potential to scale in long term. **Old Metrics** b) Need new metrics for midterm/ bridge indicators, customer-first vs merchandise-centric., stock analysts.
3) Risk Avoidance	**Low Margins** a) Cash poor / cost management **Conservative Management** b) Executives fear for jobs. **Reactionary/Adopters** c) Response to market (customers & competitors)	**Low Margins** a) Shift from one-time investment to alignment innovation with ongoing store/website refresh cycles. **Conservative Management** b) Incentivize innovative ideas + performance. **Reactionary/Adopters** c) Find inspiration outside of retail (hospitality, healthcare, etc.)
4) Leadership	**Too Far Removed** a) Not active across own touchpoints & with customers **Need Coverage to Fail** b) No R&D culture and no room for short term error	**Too Far Removed** a) Shop own channels and those of competitors and speak to customers frequently. (Instill founder's mentality) **Need Coverage to Fail** b) Link innovation to job description and new performance indicators.

5) Sharing Culture	**Vendor Ideas** a) Dependence on vendors to bring ideas about products, technology, consumers. **Employee Ideas** b) listening culture begets or blocks ideas. **Communication** c) Internal systems lacking (bottom up and horizontal) d) Lack of clear expectations and ability to identify implications	**Vendor Ideas** a) Help vendors to better understand the retailer's big picture, shopper insights **Employee Ideas** b) recognize available resources, staff as proxy for customer listening. **Communication** c) Build employee forums or community with idea ranking filters. d) Explain desired outcomes of innovation to employees
6) Unseen Tech	**Consumer vs. Backend** a) "store of future" focused on technology in consumer hands	**Consumer vs. Backend** a) develop organic experience with digital tools for store staff instead.
7) Customer Focus	**Customer Data** a) Product/transaction based systems and mindset b) Good online data, minimal data from in-store c) Loyalty program data not connected to buyers **Shopping Experience** d) Disconnect between systems/channels lead to shopper friction points. e) Operational efficiency focused on cost to business. f) Technology for its own sake g) Too much "Look & Feel" focus	**Customer Data** a) Think shopper first not product/transactions/purchase history b) Use website insights to test in store then collect new store data c) Better use of customer data for buying / changing assortment **Shopping Experience** d) Improving physical/digital/service integration. e) Consumer-driven efficiency leads to operational benefits. f) Non-gratuitous, customer solutions g) Entertain while providing value

	Community Values h) Stores, social media focus on individual customers i) Offer more than a “box of stuff”	**Community Values** h) Create two-way communication and peer-community platforms i) Focus on values (sustainability, personal concerns of consumers)

5.2 Practical Implications

As alluded to by several interview participants, retailers tend to be driven by the P&L (i.e. profit and loss statement) and set performance targets with this as a starting point. However, in order to develop sustainable growth, a leadership team must be able to communicate objectives beyond demanding an arbitrary increase over previous periods. This means identifying whether their teams are expected to steal share, increase purchase frequency, focus on operations within a certain region, or look to break paradigms and develop new formats or sources of revenue.

With a clearly stated objective in mind, the retail team can think of the customer first. This means going beyond how one believes individuals within a consumer segment might think about certain products in a category or even about the shopping experience in their stores to instead look at how customers live and what are the friction points in their lives. Understanding customer needs, wants and behaviour beyond their purchase history and walls of the store or interface of an e-commerce website is key to developing innovative solutions to engage customers with the retail brand rather than just being a place that always has certain types of products in stock and on shelves.

One outcome of this study is a proposed tool for practitioners to use when developing innovative strategies or tactics with a customer first perspective and clearly identified objectives (See Appendix 1 - Retail Innovation Canvas).

5.3 Limitations

This study is limited in the ability to generalize the findings across cultures where industry practices and organizational structures may differ from Canada. The pool of interview subjects is limited to a theoretical sample of participants, several of whom were previously known to the researcher who were located within Canada and agreed to join the study. As well, given the nature of their schedules, some interviewees were bound to a fixed time limit and thus unable to explain all their ideas to a conclusion. Finally, participants were intentionally selected who were at the time external to retail organizations to explore broad perspectives and avoid the bias or limited scope of any individual retailer’s experiences. However, the participants themselves may have had their own bias based on the types of retailers they serve as clients or their experience working for several retail firms.

With a vast body of literature on innovation in general, consumer behaviour, organizational and agency theory, adoption of technology and more, a further review of the literature may uncover additional relevant theories to the findings of this study or to the Retail Innovation Canvas tool. As well, the suggested themes and canvas in this study have not yet been independently verified or tested.

5.4 Future Research

Potential opportunities for future research may include testing the relationships that appear to exist between some of the elements across the seven themes identified toward defining a causal-based model of approaches to innovation within retail organizations. As well, a deeper study into each of the themes on their own may lead to further insights and ability to test for validity. Further study may be warranted in attempting to understand how retailers can better determine the time and ways in which to pioneer their own innovative solutions or to instead identify and adopt the ideas of others and make acquisitions that inject new talent, tacit knowledge, and innovative concepts into the organization.

Chapter 6 - Conclusion

This study attempted to answer the question of what industry-specific and internal obstacles retailers must consider as a potential influence on their strategic approach to innovation and related opportunities. 7 themes were identified which may serve as a foundation for future theory building. These included: ***legacy issues*** in terms of talent, systems and real estate; retail as a ***daily business*** with constant transactional reporting and responses based on old metrics; the ***risk avoidance*** tendencies of managers due largely to financial constraints; ***leadership challenges*** of being too far removed from the customer journey and lack of coverage to innovative with the risk of small failures; a dependence on external partners and internal communication channels that may inhibit development of a ***sharing culture***; the potential for ***technology that is "unseen"*** by customers but that may help employees to provide a better experience; and finally the lack of a true ***customer focus*** as the starting point in decision-making and corresponding way in which data, organizational and consumer values along with communities can inform strategy.

The sub-categories identified within this study offer opportunities for future research and testing the potential relationships and relative importance of each. Possible opportunities identified for retailers included the following:

- to establish formal documentation process of incremental testing.
- to identify new metrics for midterm/bridge indicators of success that are customer-first vs merchandise-centric.
- to shift from one-time or reactionary investments in IT and stores to better align innovation spending with ongoing store and website refresh cycles.
- to incentivize both innovative ideas and performance in compensation models.
- link innovation to job descriptions and new performance indicators to provide leaders with "coverage to fail".
- to find inspiration outside of retail (e.g. hospitality, healthcare, etc.)

- to encourage senior leaders to regularly shopping own channels and those of competitors along with speaking to customers frequently (i.e. founder’s mentality).
- to help vendors to better understand the retailer’s big picture, shopper insights.
- to better recognize front line staff as a proxy for customer listening.
- to build employee forums or communities with idea ranking filters.
- to explain desired outcomes of innovation clearly to all employees.
- to consider how digital tools in the hands of front line staff rather than for use by customers may improve the shopping experience.
- to think shopper first - not product/transaction/purchase history.
- to use insights from website/online channels to test in store.
- to incorporate better use of customer data in reviewing assortments.
- to improve integration of physical stores, digital platforms, and services.
- to align each consumer-driven solution with operational benefits.
- to avoid gratuitous use of technology (ask "is this a real solution for customers?")
- to entertain while providing value.
- to create two-way communication and peer-community platforms
- to focus on values (sustainability, personal concerns of consumers).

Each of the identified obstacles and suggested opportunities for retailers may, in many cases, require a conscious shift in mindset by leaders and external analysts. This study contributes to the literature by exploring internal barriers to innovating across the retail industry within Canada and to further define what innovation means from a retailer perspective. As well, a tool for practitioners is proposed (Appendix 1) called the ***Retail Innovation Canvas*** that provides a sequential, step-based approach to developing innovative customer-focused solutions.

Appendix 1 – Retail Innovation Canvas

To improve an organization's ability to identify opportunities, the following are proposed steps in the Retail Innovation Canvas that is based on the merging of key findings from this study. This draft form of the tool is proposed as an approach to be used by individual decision makers to map a clear picture of their objectives and potential customer-oriented solutions. It may also provide structure to a team brainstorming session.

To begin the planning process on an innovative retail project, organizations may use the proposed canvas worksheet to step through each of the following in sequential order as the ideas in each box should inform possibilities for the next.

1) Objective: increase purchase frequency, steal share, break paradigms for new revenue sources, regional/national focus, etc.?

2) Customer first: how do they live, how do they shop, what are their struggles or friction points in their lives and the shopping experience we do or do not provide?

3) Possible solutions: new technology for customers/employees, training programs, new products or services, new formats?

4) Benefit to operations: staffing or inventory efficiency, shrink reduction, etc.?

5) Risk: potential impact of action or inaction?

6) Values: what do we want to stand for? what do customers care about? what communities do they belong to?

7) KPIs: what are the timelines and incremental vs. final measures of success?

While designed as a tool to assist an innovative planning process with a customer first focus, it may also serve as a form of report card or structured reflection tool during decision making processes or in the evaluation of results. Retail leaders may use the canvas to assess how well a final solution aligns with the original objectives and whether benefits to the organization have been measured or realized.

Encourage a Culture of Listening

When using the canvas, be sure to ask:

- Who? Identify senior leaders, key decision makers, managers, operational staff who can listen in different ways. (Includes shopping their own brand touchpoints.)

- How? Explain the steps employees at each level may take to observe and listen.

- What? Provide examples of what types of interactions/observations to document.

Once opportunities are identified, use the ***Retail Innovation Canvas*** to develop innovative strategies or tactical solutions**.**

Retail Innovation Canvas Worksheet

<table>
<tr><td colspan="4">1) Objective
Are we planning to increase purchase frequency? steal share? break paradigms for new revenue sources? focus regionally/nationally? focus store wide or category/product specific? (etc.)</td></tr>
<tr><td colspan="4">2) Customer First
How do they live? How do they shop? What are the friction points in their lives and/or shopping experience? Who influences them? What communities do they belong to?</td></tr>
<tr><td colspan="2">3) Potential Solutions
Technology? New services? Staff training? Product assortment/development?
Store/website/interface design?
New format?</td><td colspan="2">4) Benefit to Operations
Efficiencies (labour, energy, inventory)
Quality (decrease errors, spoilage, returns)
Productivity (space, time)</td></tr>
<tr><td>5) Risk
Potential consequences of action vs inaction?</td><td colspan="2">6) Values
Is solution aligned with values that customers care about and the brand stands for?</td><td>7) KPI’s
Primary measure(s) of success?
Timelines or stages?</td></tr>
</table>

Appendix 2 - Interview Questions

Introduction and Purpose

Innovation studies have often focused on new product development or process design but typically from a manufacturing or technology perspective. While the field of retailing is constantly changing and retailers have many more levers at their disposal than most other firms to innovate in non-traditional ways, which may or may not include new technologies, the formal study of retail innovation is often overlooked. Hristov (2008) noted that only 12 of 32,861 articles in a search for "innovation" related to retailers.

In the research that has been conducted, there also appears to be a paradox of assumptions, beliefs and actions with respect to innovation in the retail sector. As far back as Ahmed (1998) interviews with retail executives suggested that innovation was important yet they often failed to invest or create the appropriate culture.

I plan to conduct a series of interviews with select retail consultants and industry experts about the state of innovation in the Canadian retail sector and how to better define the critical elements of "innovation" from their perspectives - including but not limited to innovation in customer experience.

Initial Questions

1) The word innovation can mean many things yet the vast majority of research tends to focus on the “push” of new technology into an industry or the “pull” of market demands driving product development. *Rarely is a retailer’s perspective or experiential innovation studied. What are your thoughts about this from personal observations?*

2) Research has shown that retail *executives say innovation is important to their firms but investments don’t often reflect this. Is this changing and if so, how*?

3) One study found that retailers reported getting their best ideas from employees. Yet external innovation labs, top-down initiatives and other approaches appear to be common drivers of change / areas of investment. *How can retailers better encourage the sharing of creative ideas by their own employees or what are some examples where this is already the case?*

4) Another study suggested that firms in volatile or highly competitive markets typically see a strong ROI from long-term investments in innovation, yet *retailers appear to focus more on incremental, short-term operational improvements. What are your thoughts about the reasons for this?*

5) *Crowdsourcing ideas and co-creating directly with consumers* is growing in popularity with product manufacturers such as Lego. *As the gatekeepers to many of the touch-points throughout a consumer's journey, why are retailers not leading in this area?*

6) Public discussions about disruptive innovations in retail often revolve around technology: e-commerce, augmented reality, and mobile apps. Yet major shifts in retailing have been driven by a move from over-the-counter service to self-service formats, the rise of discounters, and experiential elements that may incorporate but are not driven by technology. *What are some examples of new retail experiences or business-driven innovations you have seen or expect to see on the horizon?*

7) A McKinsey report suggests that trying to think "outside the box" is only half right. The other half is in *learning where to draw a new box to focus your efforts*. With retailers this could mean identifying a particular metric that they can impact in new ways (e.g. getting customers to try on more items – leading to increased sales). *What Canadian retailers do you think are doing this well and how?*

8) Researchers have identified *dynamic capabilities (e.g. change management processes) and strategic flexibility* about how the business can best make money as

some keys to enabling innovation. *Are there some top Canadian retailers you believe approach their business this way?*

9) Experiential innovation is different from simply providing great customer service or demand-based solutions. It's about *offering unique, in the moment value to customers* (e.g. On Star helping you find the closest mechanic or restaurant when you're on a road trip). *How might retailers in the future improve their offering to customers in this way?*

10) *Innovations are often driven with the organization's perspective in mind* to improve efficiencies. Even when they appear to be customer-focused such as with loyalty programs, the organization often fails to recognize the key concerns of those customers. (e.g. privacy issues, true customization, etc.) *What would you recommend retailers consider to reduce blind spots or re-frame their perspectives accordingly?*

11) What do you think is *the most important issue* related to retail innovation?

Appendix 3 – Interview Participants

The participants (5 females, 9 males) were selected based on their experience and broad perspective of the retail industry that comes from partnering/consulting with many retailers across all categories. Most "consultant" roles were founders, managing directors, and partners.

	Current Role	**Edu.**	**Specialty**	**Other Relevant Experience**
P1	Retail/Management Consultant (20 years)	MBA	Grocery/Supply Chain +more	Business Media Influencer
P2	Retail/Management Consultant (25+ years)	MSc	Retail & Consumer Goods / IT / Technology Services	
P3	Retail/Management Consultant (30+ years)	MBA	Grocery / Dept Store / Specialty / Retail Real Estate +more	
P4	Vendor Partner (15+ years)	MBA	IT/Technology Services	Leadership Team: Department Stores (5 years)
P5	Retail/Management Consultant (10 years)	BBA	Retail Trends & Customer Experience	Leadership Team: National Retail Chains (20 years) & Business Media Influencer
P6	Retail/Management Consultant (15 years)	MBA	Retail Products & Consumer Experience	National Marketing Roles: Consumer Brands
P7	Retail/Management Consultant (30+ years)	BSc	International Strategy for Home Reno / Luxury / Grocery / Specialty Retail	Director on Corporate Retail Boards
P8	Retail/Management Consultant (25 years)	MBA	National Chains & Independent Retail	Leadership Team: Retail cellular provider
P9	Trade Association (20+ years)	MSc	Retail Trends & Policy	
P10	Trade Association (30+ years)	BA	Retail Trends & Policy	
P11	Shopping Centre Management (20+ years)	BA	Retail Trends & Research	
P12	Retail / Management Consultant (15 years)	BA	Apparel & Home Goods	C-Suite Team: International Retail Brands 10+ years
P13	Retail / Management Consultant (10+ years)	BA	International Strategy for Grocery/Dept Store +more	Consumer Media Producer (10+ years)
P14	Retail / Management Consultant (15+ years)	BA	Customer Experience & Design	

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