

THE RISE OF THE CUSTOMER CHANNEL

OMNI-CHANNEL IS OUT OF STYLE



RETAILER: DI BRUNO BROTHERS, WAYNE, PA

DXC LEADING EDGE

INDUSTRY STRATEGIES | RETAIL CURATION 2023
– SEASON ONE



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WHAT IS THE CURATION?



What is the Curation?

Six trends that will shape the next 18 months

- Rise of the customer channel
- New supply, new demands
- Tech debt as business risk
- Data for ESG and sustainability
- Talent management requires new thinking
- Retail media: The new frontier

Appendix

On strategy: Wardley Maps
What is DXC Leading Edge?

I love retail.

Retailers. Shopkeepers. Merchants. Displays. Clerks. Associates. Cast members. All of it.

A curation is a collection of concepts, ideas, owned and loaned works that come together to inform, educate and inspire an audience.

So, in this format, I curate a set of emerging ideas drawn from the news, media, retailer interviews and expert discussions. Not all ideas will be equally valid for all readers. And that's acceptable.

The goal is to provoke thought and consideration. There is no right or wrong. I collect angles and anchors. Most of the discrete topics have influence on other topics. For instance, platforms, ecosystems, ways of shopping, checking in, checking out, hiring, buying and interacting are all evolving, and so too should our perspective.

The goal is to bend toward the customer, not to bend the customer to us. To be modern in our approaches – and our metrics and measures of success. We aim to be sustainable while recognizing that a sustainable business implies business continuity as well as sustaining humans and the environment. Stores are still very relevant, and micro-moments matter.

We offer you new ways to have structured strategic debates through Wardley Maps built by experts, and examples drawn from across the real world.

It's the conversation we have and our shared experience that matters.

Thank you so much.

Cristine Gonzalez Wertz
RESEARCHER / WRITER



Market uncertainty can slow progress, but retail's most **ambitious leaders move forward**



Inflationary pressures slow tech investment

CIOs focus on key initiatives: automation, data & transparency

Connected commerce in the customer channel



Progress core initiatives
Flatten tech debt
Modernize to support customers across journeys

Supply and distribution are still weak links

Fully loaded costs now need to include time to market, transport, carbon

Smarter supply decisions include new factors



The CIO and COO align on tech for new visibility into vexing challenges

As social pressure intensifies, gains emerge for people and planet

Better inventory solutions

Better ESG and sustainability



Solve multiple problems
Optimize end to end
New target operating models

SIX TRENDS THAT WILL SHAPE THE NEXT 18 MONTHS



- What is the Curation?
- **Six trends that will shape the next 18 months**
 - Rise of the customer channel
 - New supply, new demands
 - Tech debt as business risk
 - Data for ESG and sustainability
 - Talent management requires new thinking
 - Retail media: The new frontier
- **Appendix**
 - On strategy: Wardley Maps
 - What is DXC Leading Edge?

1 **Rise of the customer channel**

2 **New supply, new demands**

3 **Tech debt as business risk**

4 **Data for ESG and sustainability**

5 **Talent management requires new thinking**

6 **Retail media: The new frontier**

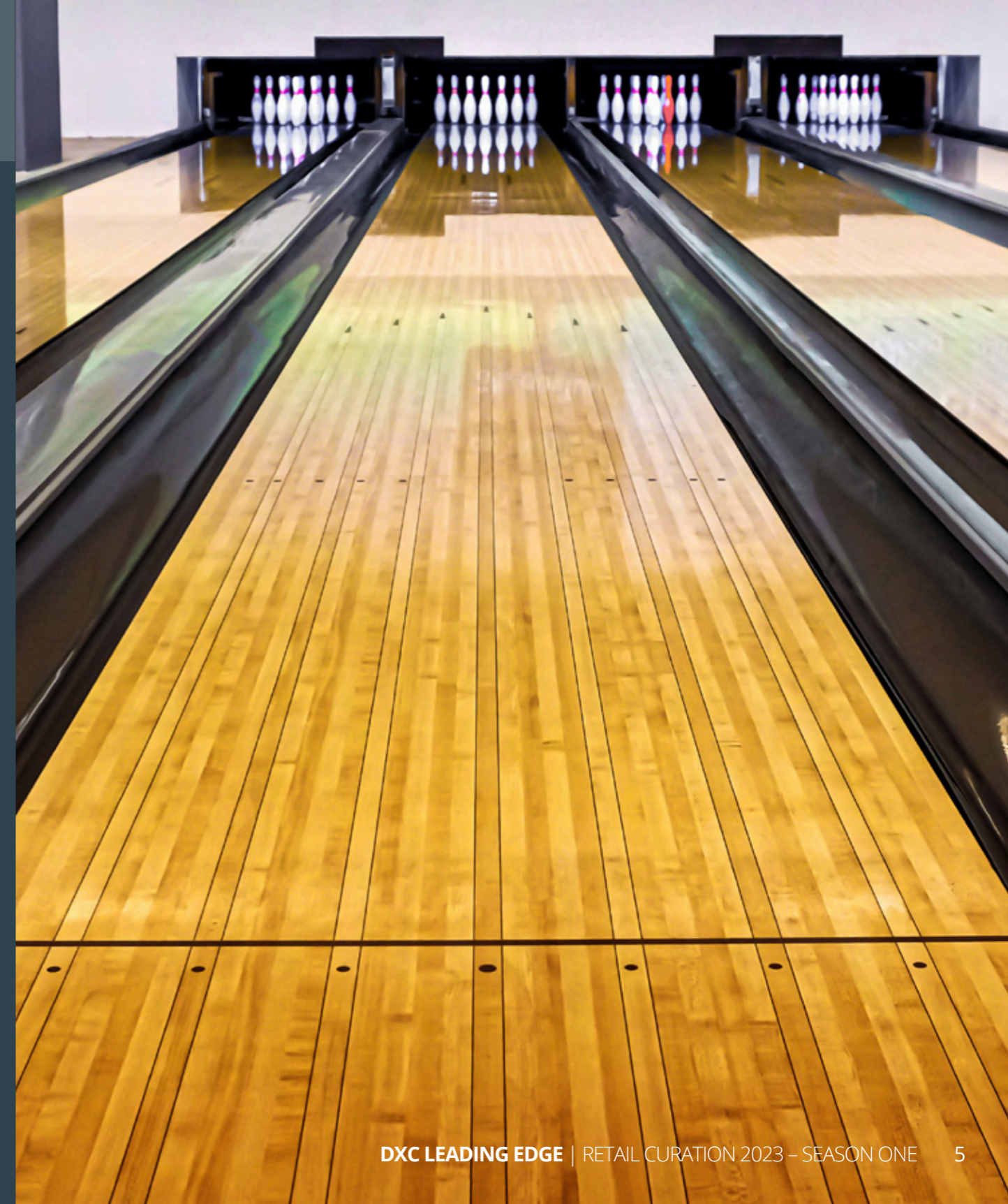


1 Rise of the customer channel

Omni channel has nothing to do with the **customer**

Customers don't see channels –
they see tasks and transactions.
Why can't we?

(It's because we are tied to staying in the old lanes, because
it's easier to measure and we think we know the metrics.)

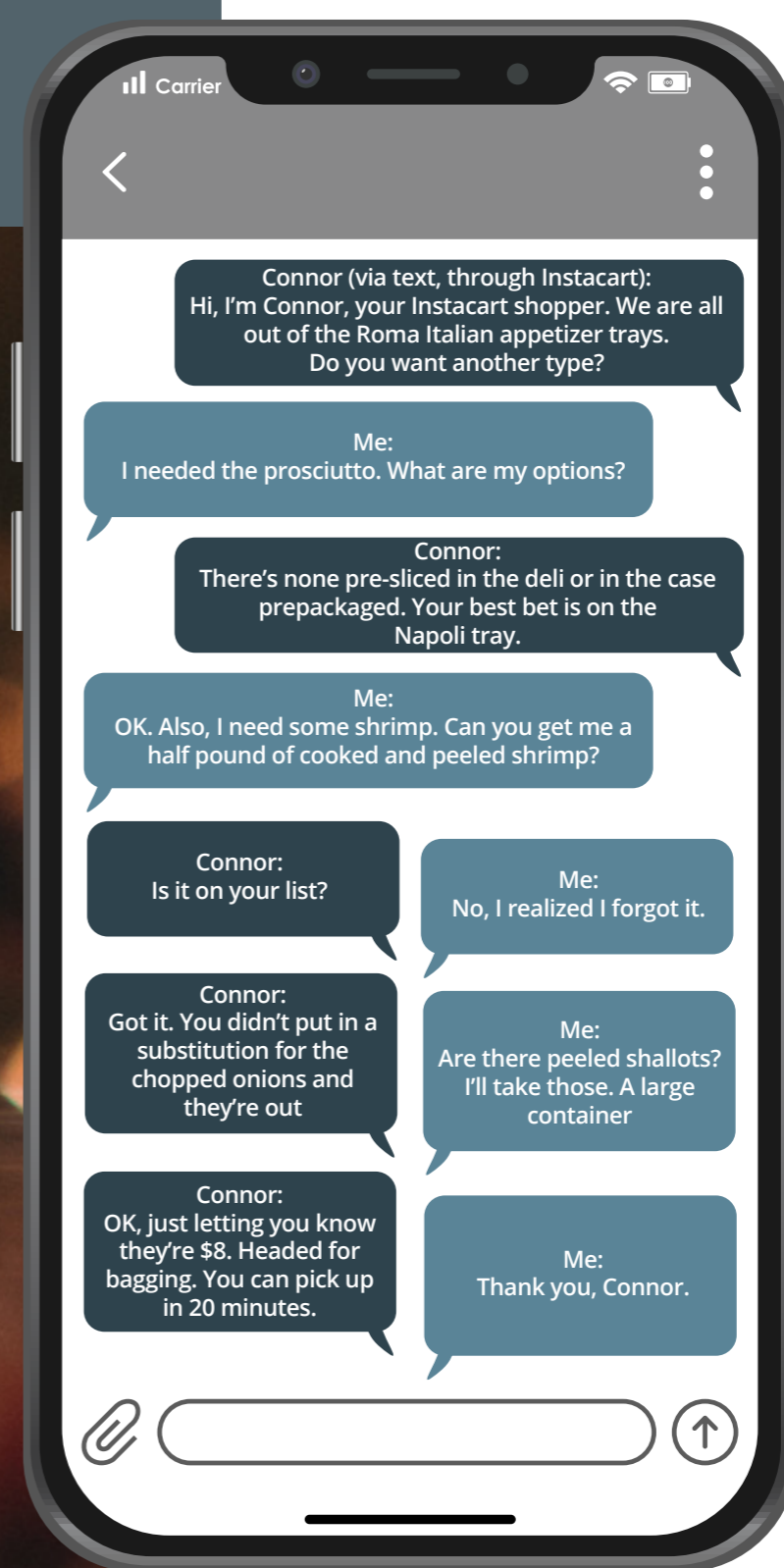


1 Rise of the customer channel

Wegmans Lancaster, PA
December 23rd, 2022 11:55 AM

A completely true story

- ✓ Ordered online
- ✓ Updated through mobile
- ✓ Transacted in store
- ✓ Picked up at store



Also worth mentioning that Connor managed not to remind me that shortages are to be expected on December 23rd.

1 Rise of the customer channel

“Takeaway please”

- Stores are more than warehouses with easy parking; store-based fulfillment is not a replacement for a store. Yes, I know those world-class consultants said this was great but, please...

Refocus the journey around customer needs and happiness.

- Metrics that ignore interactions across channels will inevitably guide leaders to suboptimal decisions.

- ~~– Dollars/sq inch~~
- ~~– Dollars/sq ft~~
- ~~– Orders closed in channel~~

Stop using them, please.

- When technology funding is aligned to a channel not the shopping journey, it limits creativity and ROI.

- **Plug tech into each journey in a measurable fashion – did it work, did it not? To what extent?**
- **Build capabilities like Lego® blocks.**

2 New supply, new demands

Why
your **supply chain**
suffers so much

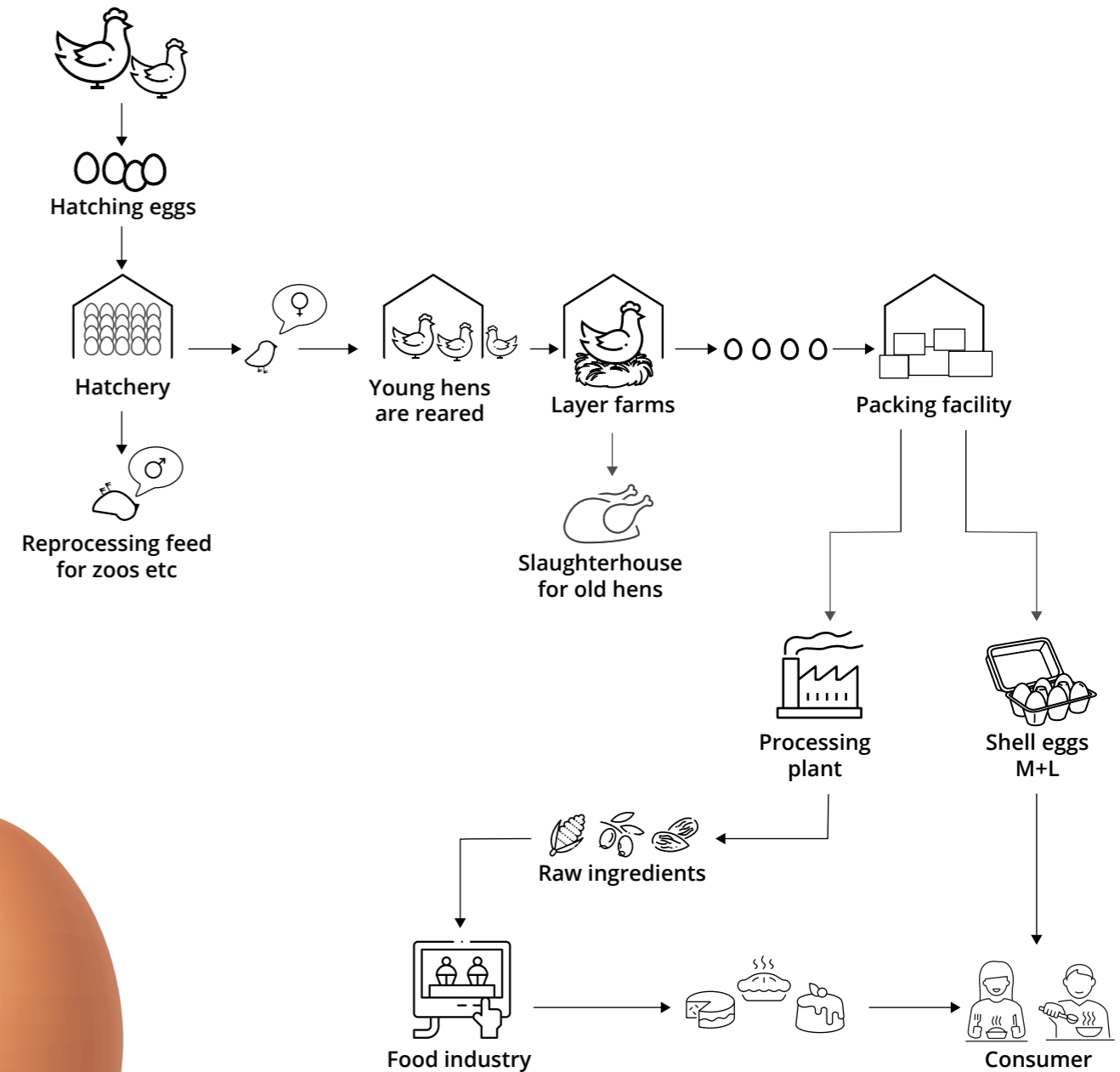
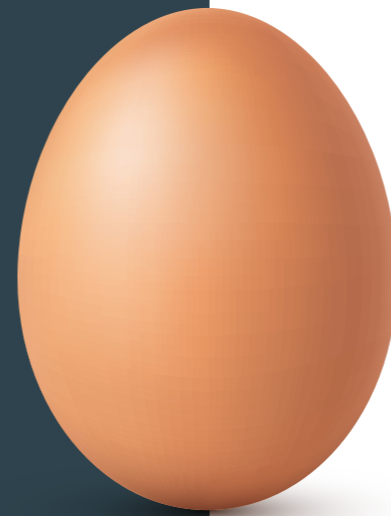
One up, one down mentality

Lack of shared understanding

Not built for current or
future generations

2 New supply, new demands

A cautionary tale:
It took one year to
adequately document the
supply chain of *an egg*

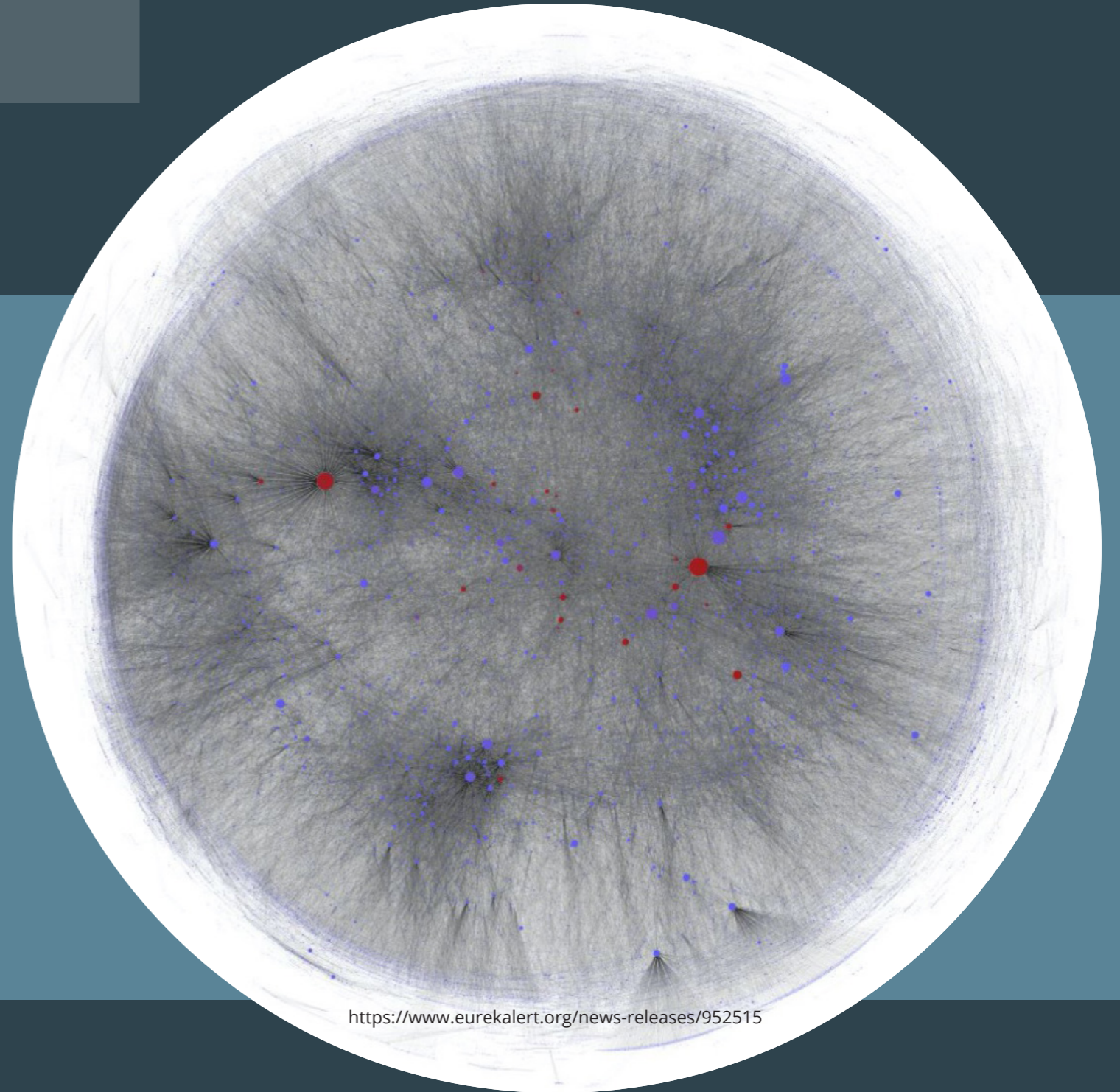


2 New supply, new demands

We have no clue how at risk we are: the supply chain of Hungary

“About 23% of the national production could be adversely affected if firms cannot adjust their supply relations by finding new suppliers and customers fast enough.”

“Almost 75% of the national systemic risk is concentrated in 100 high-risk companies.”



<https://www.eurekaalert.org/news-releases/952515>

2 New supply, new demands

Jon R. Moeller
Chairman, President
and Chief Executive
Officer, Procter & Gamble

Investor Day:
17 November 2022
(from the transcript)

Met
with...

Doug McMillon
CEO, Walmart

Rodney McMullen
CEO, Kroger

In their
warehouses

Craig Jelinek
CEO, Costco

Top 3 issues for retail CEOs
centre on supply.

“Supply and being the best at it matters. We’re reorienting our supply chain to one that provides greater agility, flexibility, scalability, transparency and resilience...”

2 New supply, new demands

“We’re calling this Supply 3.0, the next generation of supply chain, an end-to-end synchronized, sustainable and resilient supply chain amplified by data analytics and enabled by an organization at the leading edge of transformation, mastery and leadership.”

Jon Moeller, P&G

2 New supply, new demands



Lighting up new ways of thinking

Slow fashion

The unbrand

Rise of the artisan class

Zero-distance supply chain

2 New supply, new demands

Slow fashion

Exemplars

ALOHAS
Indochino

Hallmarks

- Preorder
- Pre-sales
- Influence
- Control

Desirable outcomes

- Better forecasting
- Fewer overstocks
- Improved materials management

The screenshot shows the Indochino website homepage. At the top, there's a navigation bar with 'INDOCHINO MADE FOR YOU' and menu items like 'Get Started', 'Suits', 'Clothing', 'Accessories', and 'Sale'. Below this is a search bar and utility icons. A banner section highlights 'THE PERFECT FIT', 'CUSTOMIZABLE', and 'GET MEASURED UP'. The main promotional banner features a man in a suit and glasses, with the text 'LONG WEEKEND', 'SAVE ON EVERYTHING', 'Act Now to Save 15% Sitewide', and 'Use Code: GET15'.

The screenshot shows the ALOHAS website homepage. The top navigation bar includes 'Help & FAQ's', 'GBP £', 'Language EN', and the brand name 'ALOHAS'. Below the navigation is a menu with categories like 'New In', 'On-Demand', 'Ready To Ship', 'Best Sellers', 'Last Units', 'Shoes', 'Vegan', 'Clothing', 'Accessories', and 'Shop By Edit'. The main banner features a woman's feet in black high-heeled shoes. Below the banner, the text reads 'ON-DEMAND', 'Don't let fashion go to waste.', and 'Plan your wardrobe ahead of time & enjoy up to 30% reward for supporting the on-demand system.' At the bottom, there's a 'FILTER' section and a 'SORT BY' dropdown, with product cards showing 'UP TO 15% OFF'.

2 New supply, new demands

The "Unbrand"

Exemplars

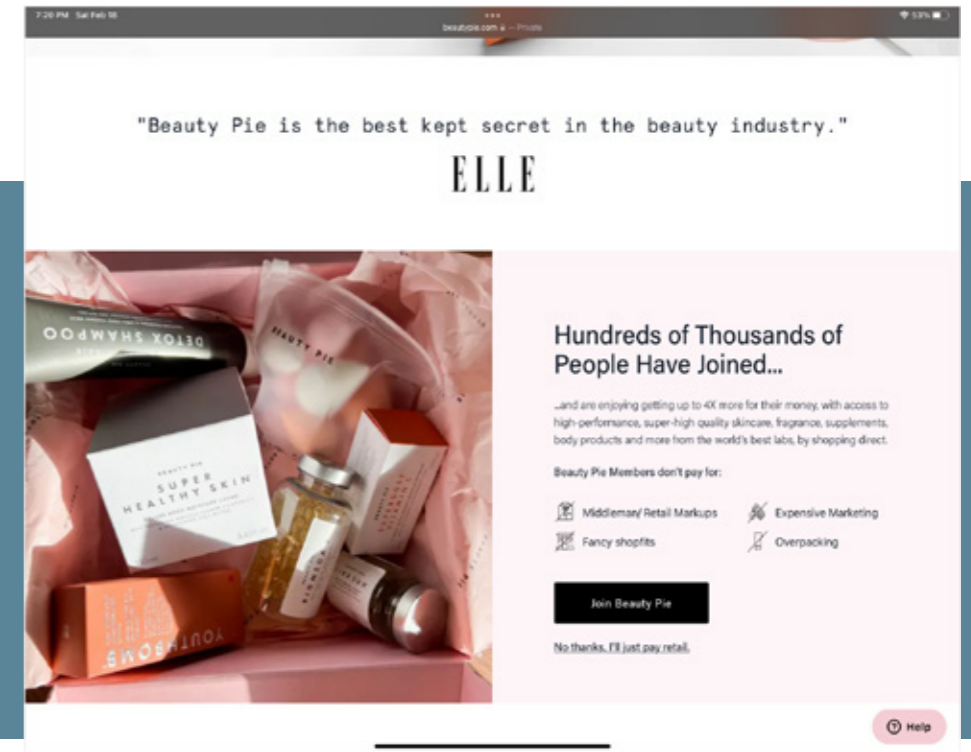
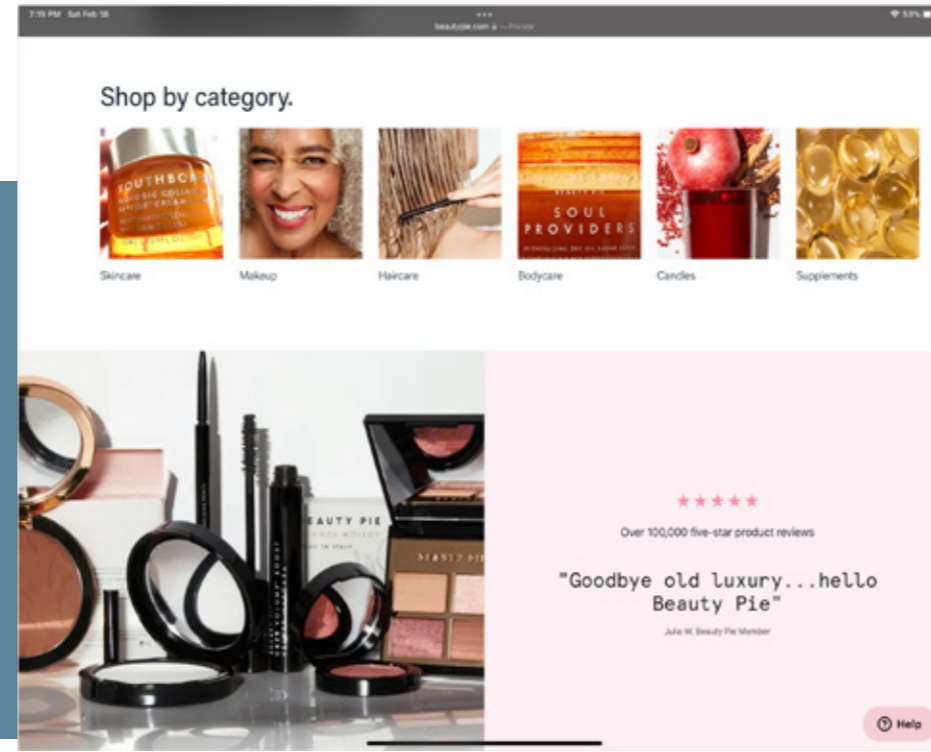
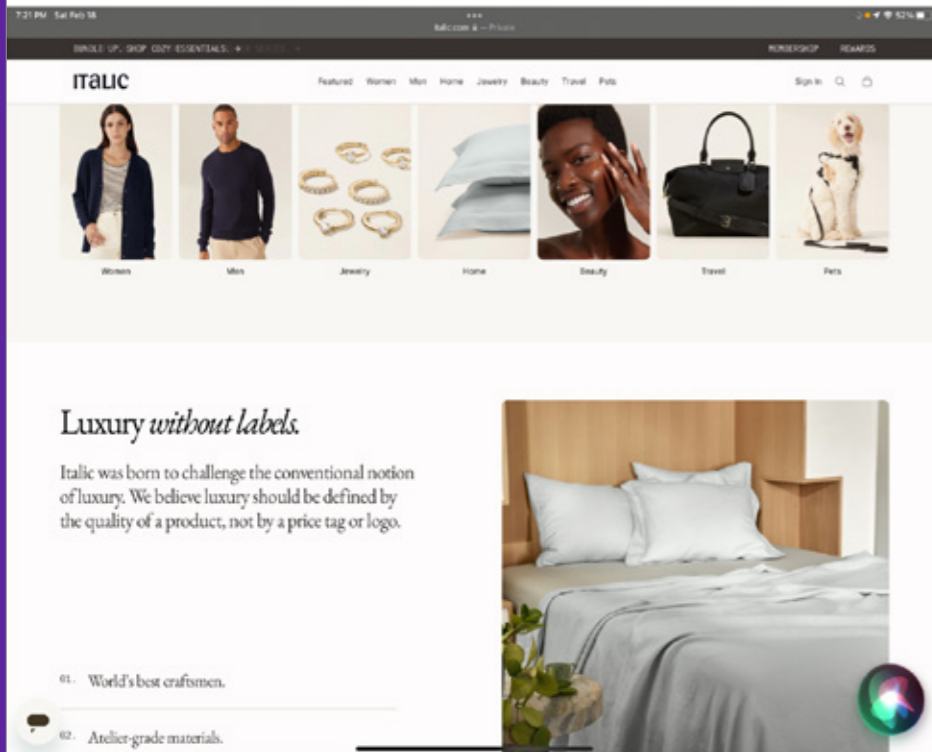
Italic
Beauty Pie

Hallmarks

- Short run
- Line fillers (manufacturing)
- Membership models

Desirable outcomes

- Direct to Customer
- Process control
- Heavy curation
- Focus on ingredients comparatives



2 New supply, new demands

Rise of the artisan class

Exemplars

- Cédric Grolet
- CARIUMA (partnerships)
- AC Floral
- Etsy
- 1stDibs

Hallmarks

- Experiences
- Cultural relevance
- Connection
- Exclusives
- Responsive

Desirable outcomes

- Monetization
- Sponsorships
- Relationships
- Media +
- It's personal

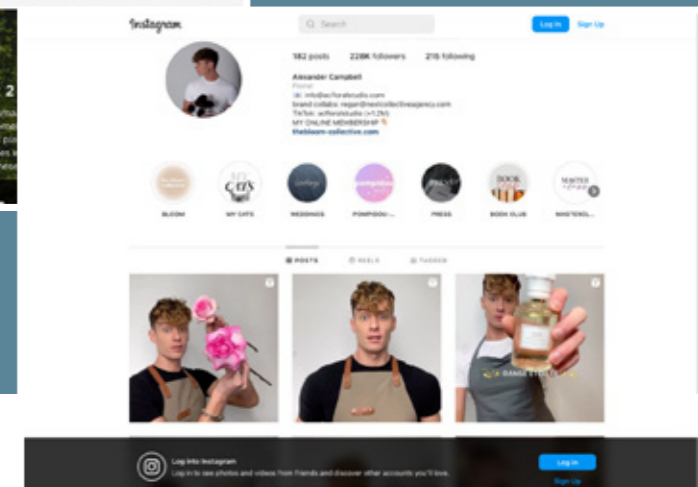
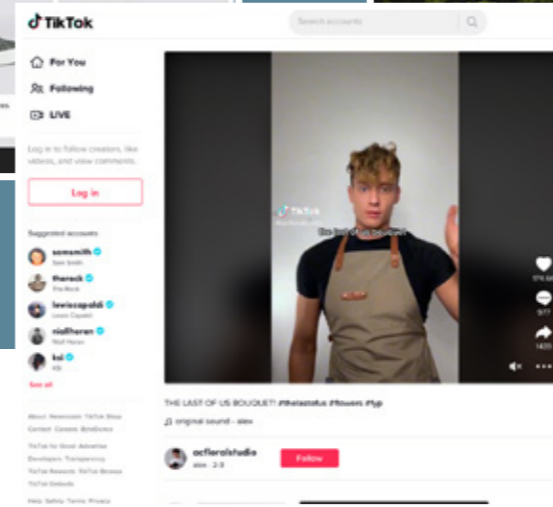
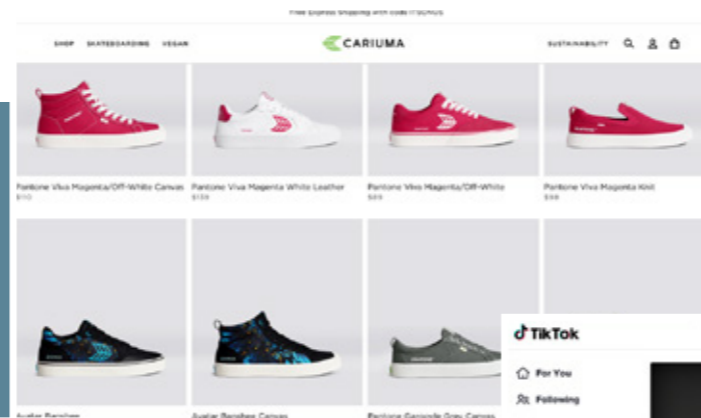
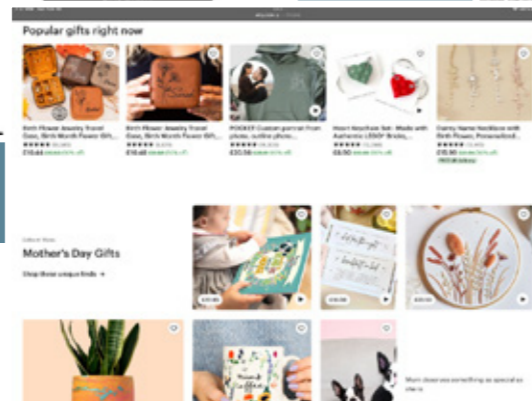


CÉDRIC GROLET AT THE BERKELEY

Step inside Cédric Grolet at The Berkeley – and into the mind of a true visionary. This landmark location, overlooking leafy Hyde Park, is the renowned pastry chef's first patisserie outside of Paris. And a true feast for the senses.

Each artfully crafted creation is as visually beautiful as it is delicious to eat. Arrive at breakfast for made-to-order morning scones, warm cookies and rich, roasted coffee to go. Get in for Grolet, his hand on patisserie perfection. Go get up close and personal at the Chef's Counter, where art meets innovation.

Shifting with the seasons, hallmark trumps it all: creations to sit and savor for click and collect feature the delicate vanilla flower and classic Paris-Brest. Meanwhile sweetly sculptured illusion cakes slice open to reveal a surprise. Each looks almost too good to eat. Almost.





2 New supply, new demands

CRISTENE

Thanks for making the planet greener with us! When you purchased your new pair, you also planted two trees in the Brazilian rainforest. Obrigado!

The CARIUMA Team

 CARIUMA®

 CARIUMA

GOOD-LOOKING. CRAZY COMFY. CONSCIOUSLY MADE.

WE'RE HERE TO SHOW YOU A GOOD TIME. SO PUT US ON AND TAKE US OUT.

100% made with:
Recycled Polyester,
Recycled Rubber,
Organic Cotton, Oils
LCA

2 New supply, new demands

Zero-distance supply chain

Exemplars

- Floret Flowers
- Daylesford Organic
- Gotham Greens
- Salt&Light

Hallmarks

- Local cachet
- Community engagement
- Abbreviated transport but greater coordination
- Consistency challenges

Desirable outcomes

- Small business and community benefit
- Potential tax benefits
- Consumer support
- Shorter runs, more turns (or so they say)



2 New supply, new demands

“Takeaway please”

- Traceability for the complete supply chain is the goal.
 - Continuously collaborating with your suppliers is key.
 - Innovate, pilot and evaluate. Repeat.

- Going local changes cost, mix and availability metrics. Creating flexibility in the system is critical for success.

Wedding yourself to your market means acting like a partner; different benefits mean new ways of marketing.

- Customer education seems hard – all outreach is. But it’s needed to take pressure off front-line employees who may bear the brunt of customers while adjusting.

3 Tech debt as business risk

IT leadership in retail...

Are: "Concerned about tech debt."

83%

Are: "Actively working on a supply chain modernization project."

74%

Agree: "market challenges and disruptions are placing pressure on our IT infrastructure and applications."

55%

Say: "Tech debt impedes our ability to transform or innovate."

31%

How important are these outcomes of modernization?



3 Tech debt as business risk

Most important considerations (top 3 for retail)

Percent of respondents selecting

Cost-reduction benefits

e.g., operating expense reduction, reduced labor spend through automation and work elimination, infrastructure and managed services cost reduction

71%

More architecture flexibility

e.g., improved agility in operations (fast scaling), reduced complexity when integrating with external partner systems and applications

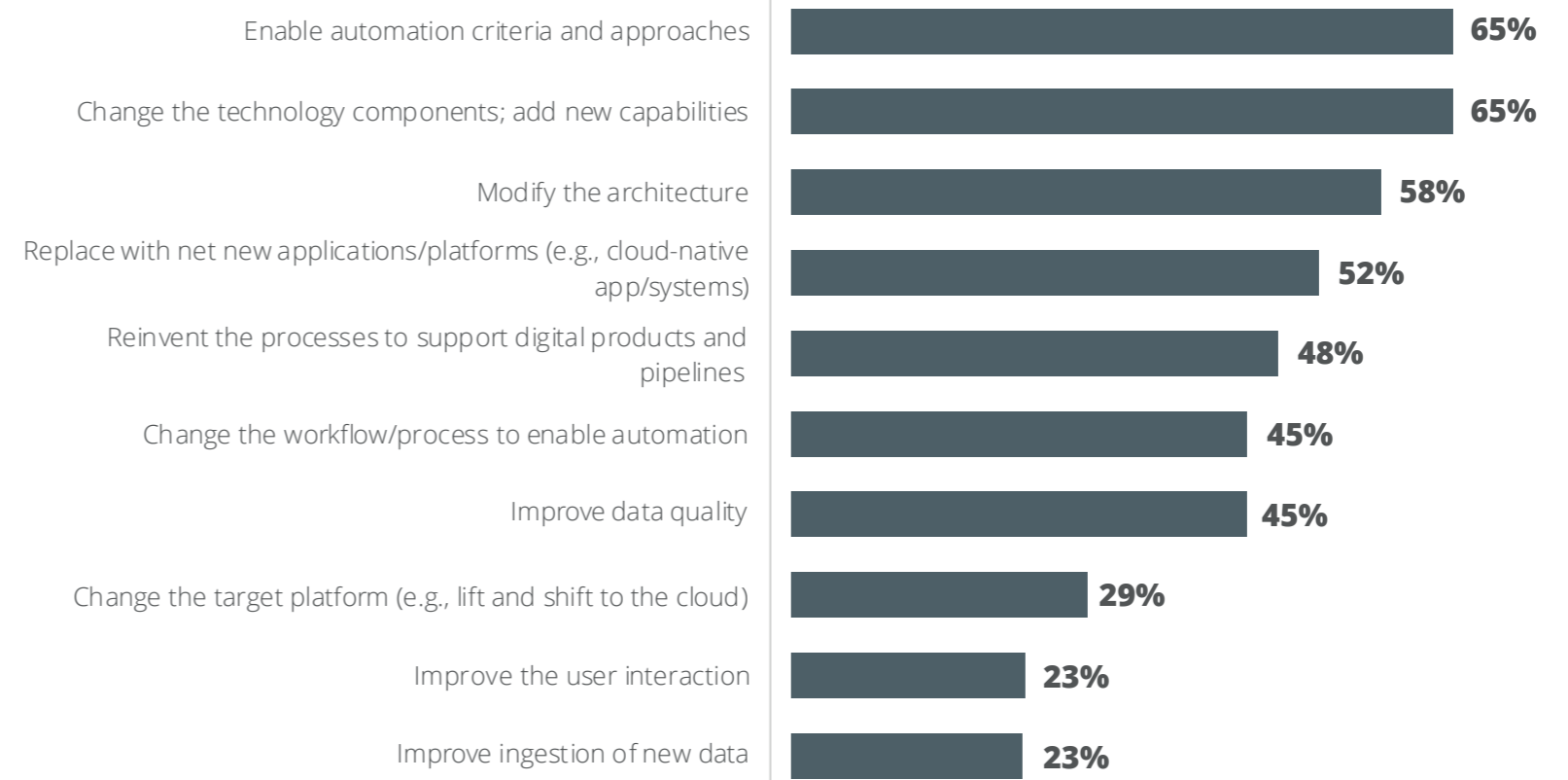
69%

Increased business agility

e.g., increased digital ways of working, enhanced ability to work with partners using different applications/systems

67%

Which of the following projects are included in your modernization efforts?



3 Tech debt as business risk

The ability to develop new features for employees and customers depends upon the flexibility in the underlying systems and the target operating model for delivery

Micro-moment development and experience management

Profiles, personalization, preferences and persistence, including accessible solutions

Fulfillment traceability and multi-system optimization

Cross-channel, cross system distribution



Check-out preferences and next-generation payments

Check-in preferences including loyalty, couponing

Store interaction and media detailing (recipes, nutrition, areas shopped, requests)

In-journey optimization, automation and rules management

And let's not forget the metaverse... maybe

3 Tech debt as business risk

“Takeaway please”

- Understand your “why”. Focus on specific outcomes.
Go beyond cost benefit. Doing away with systems you’re maintaining for little benefit decreases TCO – so your “why” should reflect a customer- or employee-oriented agility goal.

- Consider using a prioritization tool or scoring approach for tech debt. Tools can help move teams beyond “pet projects” and loudest voices to identify key dependencies and paths to value.

- Building agility serves platform business models and derives from new target operating models. Working toward both ends allows more flexibility overall. [Check out our platform culture field guide.](#)

4 Data for ESG and sustainability

Sustainability and ESG: >>> not the same thing

The theatre of sustainability

Putting the social in ESG for retail

Moving to science and data

From measurement to action

4 Data for ESG and sustainability



The theatre of sustainability

*“We put a row of very visible EV chargers in front of the store while we aid the average US consumer in throwing away **81.5lbs of clothes every year.** It’s time we really faced sustainability and ESG head on.”*

<https://earth.org/statistics-about-fast-fashion-waste/>

4 Data for ESG and sustainability

Putting the social in ESG for retail

A Calculation of the Living Wage

Written by Dr. Stephanie Moser and assistance from Chet Swalina on 05/19/2022

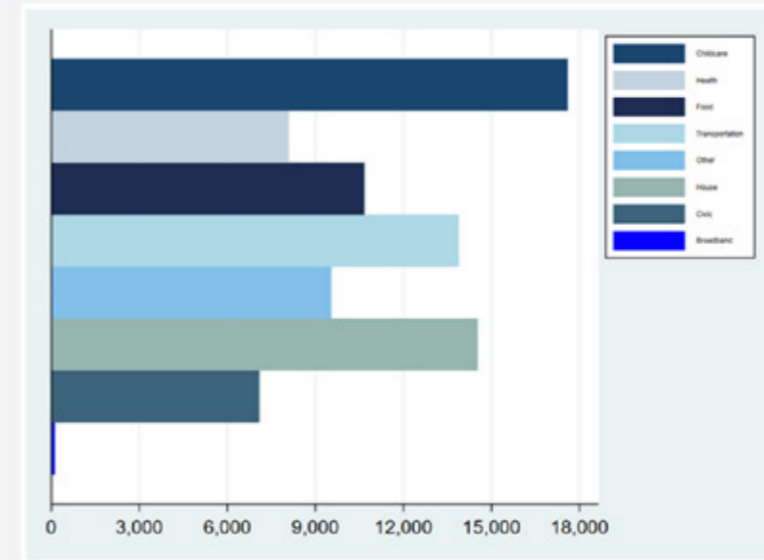
Checked for accuracy on 5/6/2022; Numerical values are consistent with living wage 2021 estimates published on 5/12/22

While the minimum wage sets an earnings threshold under which our society is unwilling to let families slip, it fails to approximate the basic expenses of families in 2021. Consequently, many working adults must seek public assistance and/or hold multiple jobs to afford to feed, clothe, house, and provide medical care for themselves and their families.

Establishing a living wage and an approximate income needed to meet a family's basic needs would enable the working poor to achieve financial independence while maintaining housing and food security. When coupled with lowered expenses for childcare and housing, the living wage might also free up resources for savings, investment, and the purchase of capital assets (e.g., provisions for retirement or home purchases) that build wealth and ensure long-term financial stability and security.

An analysis of the living wage (as calculated in December 2021 and reflecting a compensation being offered to an individual in 2022), compiling geographically specific expenditure data for food, childcare, health care, housing, transportation, and other necessities, finds that: The living wage in the United States is \$24.16 per hour, or \$100,498.60 per year in 2021, before taxes for a family of four (two working adults, two children), compared to \$21.54, or \$89,605.51 in 2020.

The minimum wage does not provide a living wage for most American families. A typical family of four (two working adults, two children) needs to work more than two full-time minimum-wage jobs (a 98-hour work week per working adult) to earn a living wage. Single-parent families need to work almost twice as hard as families with two working adults to make a living wage. A single mother with two children earning the federal minimum wage of \$7.25 per hour needs to work 235 hours per week, the equivalent of almost six full-time minimum-wage jobs, to make a living wage.



The living wage varies based on the cost of living and taxes where families live. “Social” & “Governance” in retail must define how and when we get to a meaningful wage discussion.

In retail, only 15% of US-based employees achieve a living wage.

4 Data for ESG and sustainability

The EWA: love it or hate it; many still need it.



Aite Novarica surveyed **Earned Wage Access** users in 2021, and found that of retail employees...

21%
Had a
payday loan

57%
Had late bill
payments

95%
Reduced payday
loans with EWA

88%
Had less trouble
with bill paying



“If I had the capability to pay people for their earned wages every single day, I would,” said Abby Ludens, chief talent officer at Comoto. “40% of eligible (hourly) workers opted to enroll, and **those who withdraw wages are doing so to pay for the necessities.**”



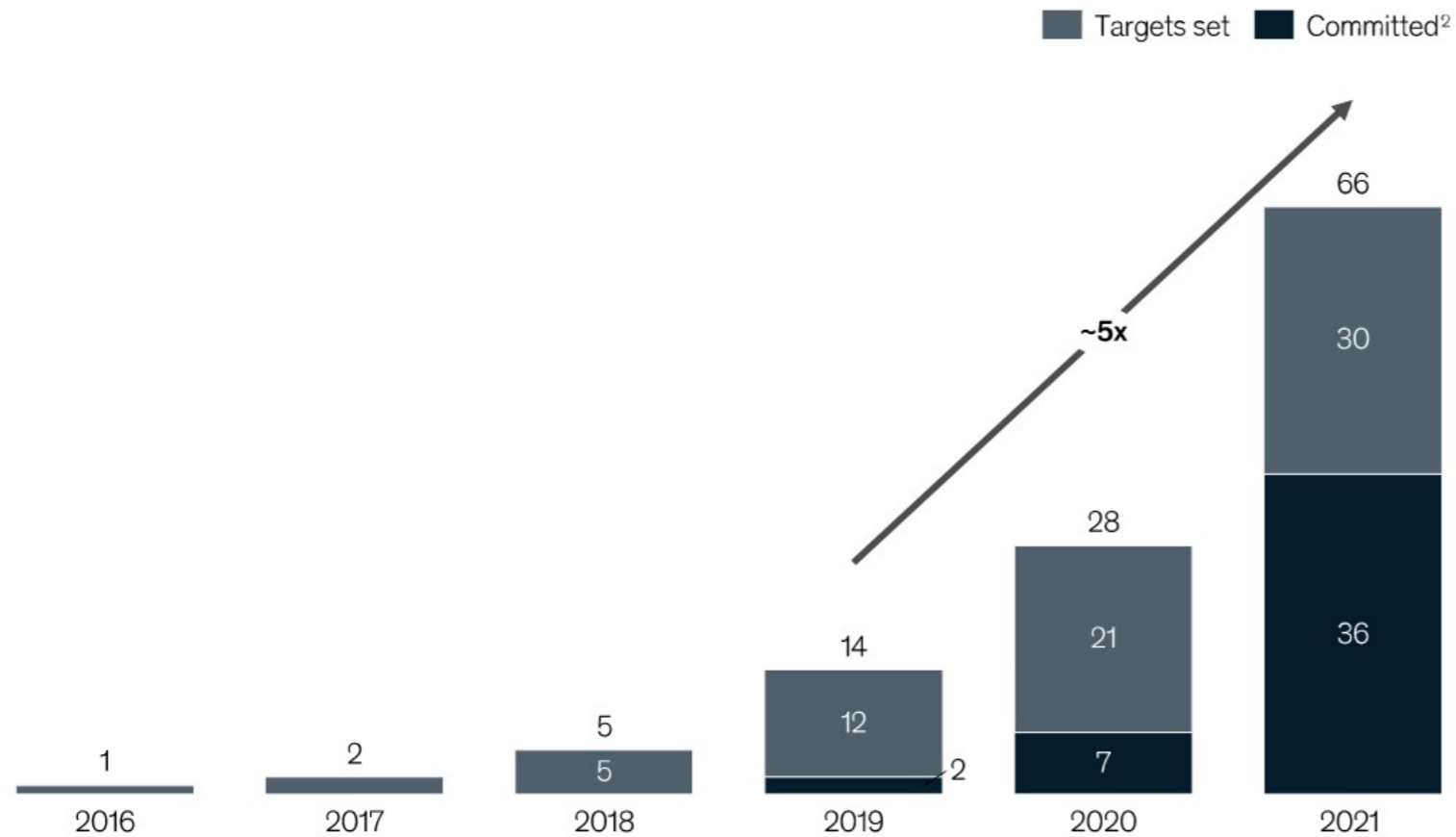
“The top three reasons: **food, bills and for transportation.**”

4 Data for ESG and sustainability

Moving to science and data tying goals to science makes progress more transparent (but not easy)

Science-based carbon emission targets are increasing, along with understanding

Global retailers¹ setting science-based targets each year, # of companies



Scope 3 emissions: 80% of the total carbon footprint for many companies and as much as 98% for home and fashion retailers

Expect to increase at least 10 to 15% in annual capital budgets for compliance, and up to 8% in COGS in select categories within 5-10 years

Cold chain, embedded elements and hazardous waste/contaminants will incur additional handling/reclamation redress

¹ Defined here as what the Science Based Targets initiative (SBTi) calls "retailing" and "food and staple retailing" companies.

² The SBTi refers to "committed" as having submitted a letter establishing intent to set a science-based target. Targets must be submitted and approved within 24 months of committing.

Source: Science Based Targets initiative

4 Data for ESG and sustainability

Nine things retailers can do to prepare:

From measurement to action

Start on emissions transparency for key product categories.

1

Decarbonize from procurement onwards.

2

Evaluate and join partnerships that address data and framework principles to strive for.

3

Join principled, earth- and human-centric conversations with regulators and legislators.

4

FIRST THINGS FIRST: Take accountability

5

Understand consumer preferences around price, packaging, access and availability.

6

Advocate for green investors, board members and executive placements that support sustainability.

7

Work across the entire supply chain to create traceability, transparency and change where needed.

8

Focus on greening not only products but also – and especially – packaging including overwraps and shipping.

4 Data for ESG and sustainability



Tesco suppliers to use online swap-shop to cut costs and reduce waste

30 November 2022

More than 3,500 Tesco suppliers can now cut production costs and reduce waste by selling or donating surplus stock or products to other suppliers who can make use of them.

Tesco Exchange is a new online marketplace that matches suppliers who have too much of a product, for example, crops, by-products, ingredients or packaging, with other Tesco suppliers that need it. It is expected that savings in production costs will ultimately benefit customers too.

In the same way that consumer marketplaces work, suppliers can advertise surplus stock for sale on Tesco Exchange, post requests for things they need and agree sales between each other. They can also set alerts for when items they need are posted.

Work across the entire supply chain to create traceability, transparency and change where needed.

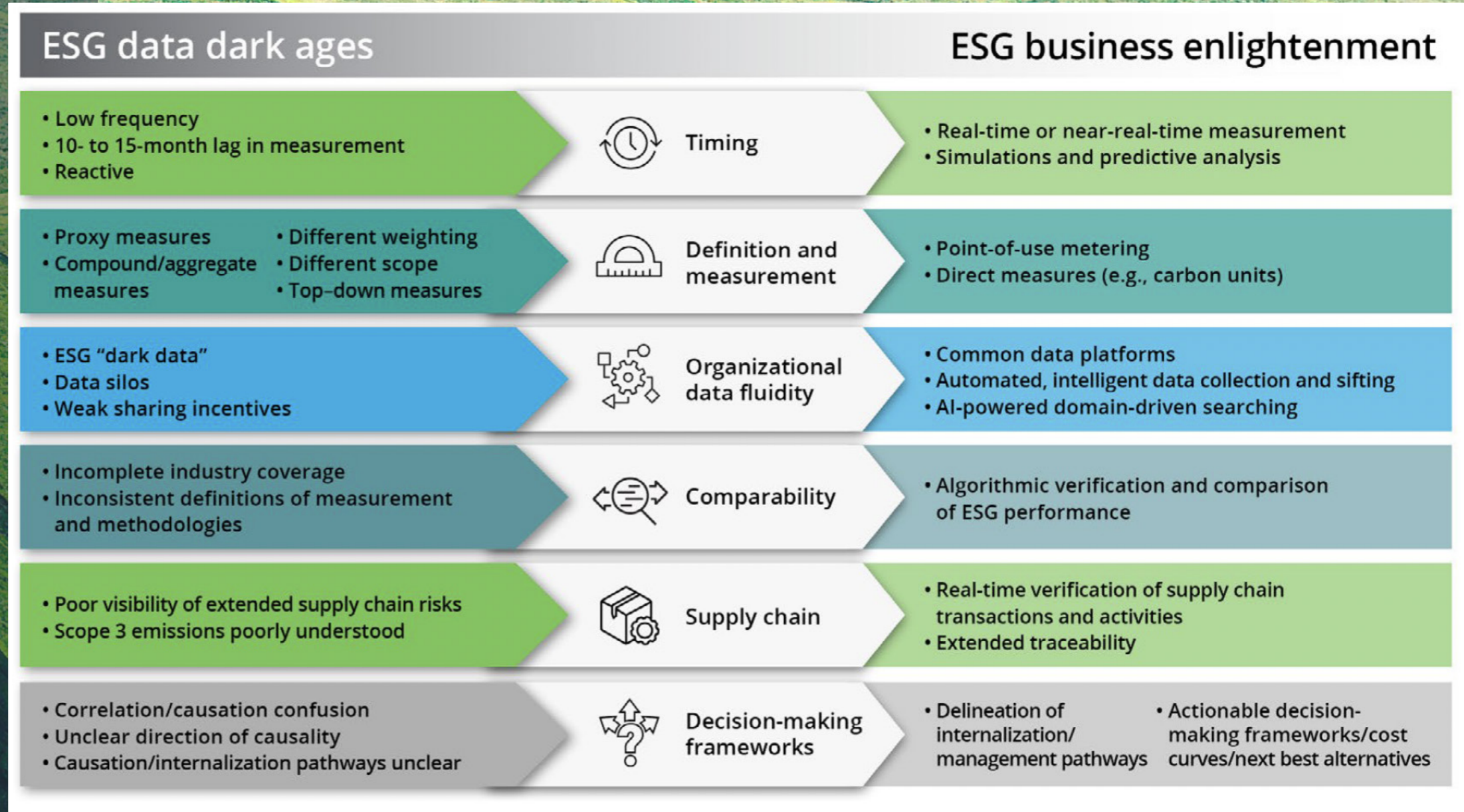
We don't have a lack of efforts; what we have is a lack of coordination and visibility that allows benefit expansion.

4 Data for ESG and sustainability

From our new report on ESG:
Driving better insights for ESG decision makers


DXC Leading Edge gathered insights from experts to explore the role of data and tech in reaching ESG goals and driving better business performance. This collection of ESG executives, experts and thought leaders sheds light on how improved data strategies and next-generation technologies might play a role in providing meaningful, actionable insight to help reach ESG goals and encourage wider business commitment to ESG initiatives.

Learn how improved data strategies and next-generation tech can enhance ESG decision making.



4 Data for ESG and sustainability


Making ESG data count for reporting and making progress



Data fluidity

Increasing organizational data fluidity

The starting point is to increase ESG data fluidity within the enterprise itself.



Measurement speed

Moving to real-time measurement


Harness technology that yields more fine-grained data



Supply chains

Building trust and traceability in supply chains


Learn how to accurately identify the sourcing for raw materials, the destinations for waste, and who's working at different factories and plants.



Risk mapping

Mapping physical asset risks

Use climate intelligence to enrich ESG decision making and mitigate the impact of physical risk from climate change.



Data availability

Democratizing ESG data

ESG challenges require a share approach to data gathering, analysis and dissemination.



Outcome-driven frameworks

Adopting better frameworks

Businesses need good analytical and decision-making frameworks to turn data into insights that drive



4 Data for ESG and sustainability



[Home](#) [About](#) [Menu](#) [Volunteer](#) [Donate](#)

As an aside...
Also consider how lifting communities creates a rising tide that lifts all boats.

Coffee FOR A *Cause*
BUILDING ESTEEM AND EMPLOYMENT
FOR ADULTS WITH DIFFERING ABILITIES

[Our Mission](#)

4 Data for ESG and sustainability

“Takeaway please”

- It goes without saying that making retail more sustainable is a triple win for retailers, the planet and people.
 - Early preparation will make later phases easier and build organizational muscle memory.
- Every c-Suite executive has a role to play in moving forward on sustainability and ESG, especially the CIO.
 - Fixing the ESG problem – lack of data, data consistency and lack of frameworks – is imperative.
- The benefits that accrue to the organization – especially around supply chains – go well beyond sustainability.
 - Working to build ESG programs around employees and partners will drive business improvement.

5 Talent management requires new thinking

According to the US GAO...

as many as

47%

of employees are at risk of losing jobs because of automation.

“Workers with lower levels of education and who perform routine tasks – think cashiers or file clerks – face the greatest risks of their jobs being automated.”

<https://www.gao.gov/blog/which-workers-are-most-affected-automation-and-what-could-help-them-get-new-jobs>



5 Talent management requires new thinking



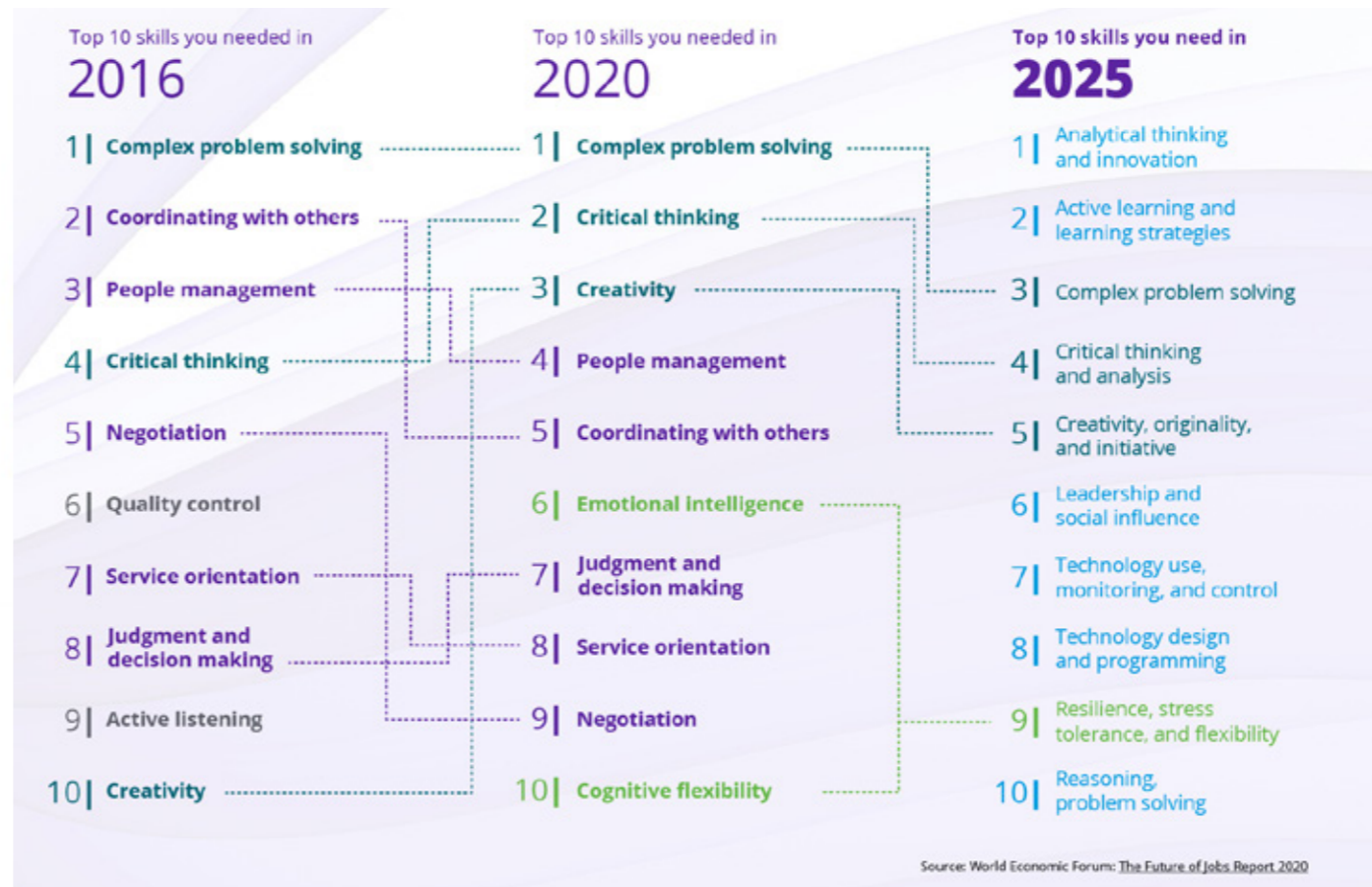
Talent,
experience
and next-gen
work:



<https://dxc.com/us/en/insights/perspectives/dxc-leading-edge/talent-experience-and-next-gen-work>

DXC LEADING EDGE

How are you helping your people develop these next-generation skills?



5 Talent management requires new thinking

Apprenticeships

As a means of attracting potential employees, providing a path to higher wages offers long-term benefits for retention and experience.

Alternative schooling

Students earn a diploma, an industry-recognized associate degree, and gain relevant work experience.

Digital credentialing

A global skills passport provides employers with validation of a person's skills while increasing opportunities for attaining new skills in new ways.

Promotion pathing

Online education leader Coursera.org has over 300 retail aligned classes, providing a foundation for futures.

Employee elective

The Starbucks list of approved degree and certificate programs, for which the company will reimburse employees some or all costs, is 10 pages long.

Skills for living

Walmart has developed a comprehensive model that attracts talent across multiple vectors and focuses on opportunity creation for associates and valued stakeholders.

5 Talent management requires new thinking



Talent, experience and next-gen work:

DXC LEADING EDGE

5 WAYS

to do more with and for your talent in 2023 — making it flow

Committing to talent flow

HR officers and their teams have been through a staggering amount of change and demonstrated great commitment to their employees and their companies.

The pressure is not off yet. Expectations abound around where, when and how work happens. When we open the aperture on talent, we need to continuously tune our models.

Here are five areas to focus on in 2023:



5 Talent management requires new thinking



DXC LEADING EDGE



6 Retail media: The new frontier

A retail media network is an advertising infrastructure that comprises a collection of digital channels (e.g., websites, apps) that are offered by a retail company to third-party brands for their various advertising purposes.



**Cozy up: Get up to \$20 off
your Grubhub order***

Activate Grubhub+ and save >

prime | GRUBHUB

6 Retail media: The new frontier

We now have two big 2021 advertising revenue numbers to work with – \$2 billion for Walmart and \$1 billion for Target – and the reality of the growth of retail media has not only set in, but is off and running.

It's 0.5% for Walmart (on \$572 billion), but that's not really the point.

Company Platform Clients News and Events Resources

Walmart Connect

Generate sales and marketing ROI with Walmart campaigns

As the world's largest retailer, Walmart stores, websites, and mobile apps reach over 90% of U.S. households every week. Skai™ helps you realize your brand's growth potential to stand out, capture demand and drive sales on Walmart's high-traffic properties while giving you insight into the customer mindset. Drive advertising growth with Skai's™ advanced optimization, analytics & automation solutions.

6 Retail media: The new frontier

Brick & Mortar US Retail Media Networks

Channel	Avg/Monthly Unique# Online	In Store/Avg Monthly Visits	Loyalty Program	SSP (SS)	DSP (SS)	Marketplace	Same Day Delivery	Stores	Store in Store
Walmart	110m	960m	Walmart+*	private/API	The Trade Desk	Walmart	Plus	4,742	—
Target	100m	56m	Circle App	Criteo	Agnostic	Plus	Shipt	1,931	Ulta, CVS
Kroger	30m	252m	Club Card Boost*	PromoteIQ	Agnostic	Mirakl	Instacart	2,700	Bed, Bath, & Beyond (online)
Best Buy	104m	—	My Best Buy Total Tech*	Criteo	No	No	Instacart	1,036	—
Home Depot	183m	132m	Pro Xtra	PromoteIQ	No	No	No	2,300	—
Macy's	180m	14.8m	Star Rewards	Criteo	No	No	No	867	Toys R Us (online)
Ulta	39m	—	Ultimate Rewards	Criteo	No	No	DoorDash	2,690	Target
CVS	107m	135m	ExtraCare Care Pass*	Criteo	No	No	Instacart	9,809	Target
Walgreens	36m	168m	myWalgreens	Criteo	The Trade Desk Open AP	No	Shipt, Instacart	9,021	—

Sources: Direct from retailer, Statista, Numerator, SimilarWeb and retail earnings call statements

*fee based, SS=self-service

Digital Retail Media Networks

Channel	Avg/Monthly Unique#	Loyalty Program	SSP (SS)	DSP (SS)	Marketplace	Same Day Delivery	Demo (F/M)	Ads Launched	Stores	Key B&M Partnerships
Amazon	200b	Prime*	private/API	Yes	Yes	Yes	60%/40%	2012	529	Kohl's Rite Aid
Instacart	—	Plus*	private/API	No	n/a	Yes	80%/20%	May 2020	—	Kroger/All
eBay	180m	No	private/API	No	Yes	No	49%/51%	May 2015	1.5	—
Wayfair	39m	Professional	private	No	Yes	No	60%/40%	Feb 2019	2	—
Chewy	46m	No	No	No	No	No	60%/40%	n/a	—	Petco

Sources: Direct from retailer, Statista, Numerator, SimilarWeb and retail earnings call statements

*fee based, SS=self-service

"Walmart is seeking to combine in-store and online/app-based shopping as seamlessly as they can, including in-app enhancements to guide in-store experiences (like product location and checkout), and adding web-based reviews and ratings to physical product shelves in the store."

6 Retail media: The new frontier

In RMN, the market is moving so fast that the attributes that influence decisions will change with unprecedented speed.

<https://finance.yahoo.com/news/fresh-market-leverages-firework-launch-140000939.html>

Importance of Select Attributes When Deciding Which Retail Media Networks to Use for Advertising According to US Consumer Goods Advertisers, Nov 2021

scale of 1-5

1. Traffic scale (reaching a large enough audience)	4.35
2. Traffic quality (reaching the right audience)	4.32
3. Audience targeting capabilities (audience attributes/segmentation)	4.28
4. Advertising relevance	4.27
5. First-party consumer insights data (audience, advertising, category, and shopper insights to inform marketing tactics and strategy)	4.24
6. Access to in-store/omnichannel purchase data	4.24
7. Return on ad spending (ROAS)	4.23
8. Reporting metrics and key performance indicators (KPIs); including breadth/depth of measurements, customizable dashboards, ease of monitoring, etc.	4.22
9. Platform ease of use (e.g., self-serve capability, etc.)	4.15
10. Closed-loop sales attribution	4.06
11. Variety of available ad formats (e.g., sponsored products, display, video connected TV (CTV), in-store media)	3.98
12. Advertising load (number of ad impressions consumers are exposed to per page or search result)	3.90
13. Off-site targeting capability (via third-party publishers)	3.81

Note: respondents were asked to rate 13 different attributes on a 5-point scale according to their importance in deciding which retail media networks to use for advertising, with 5="extremely important"

Source: Insider Intelligence, "Retail Media Networks Perception Benchmark 2022," March 2022

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InsiderIntelligence.com

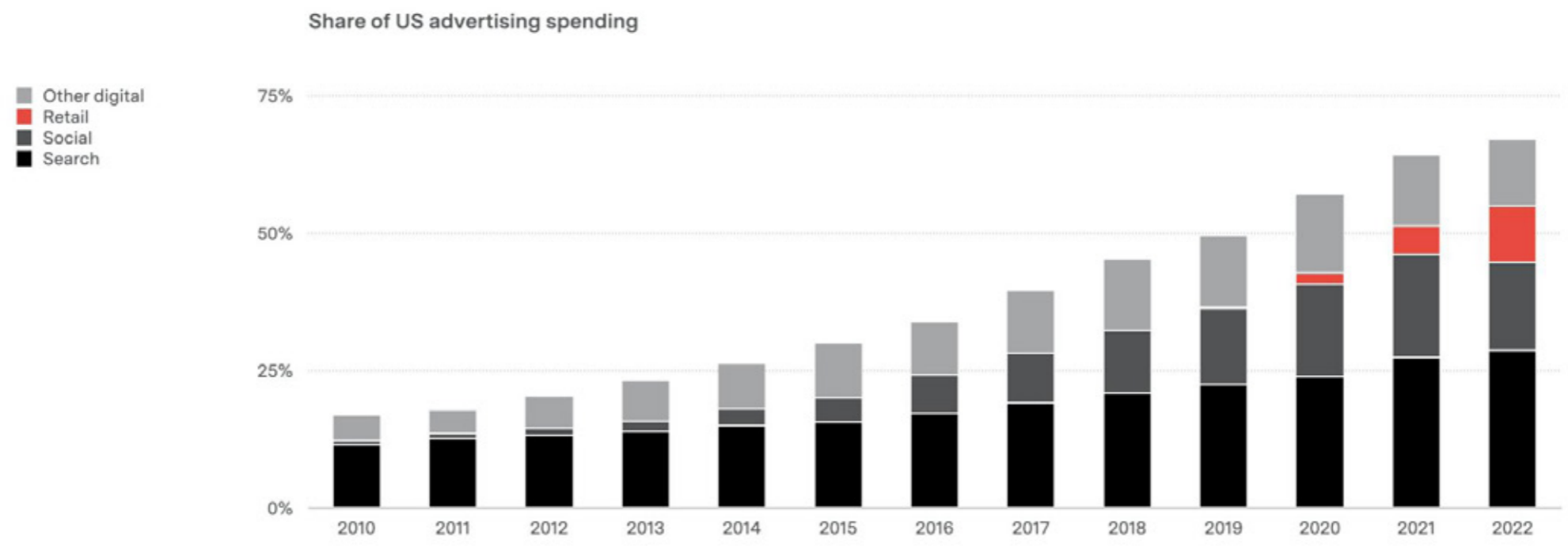
SAN MATEO, Calif., Feb. 16, 2023 /PRNewswire/ -- [Firework](#), creator of the world's leading video commerce platform, today announced the evolution of its longstanding partnership with specialty food retailer, [The Fresh Market](#). The expanded partnership will see The Fresh Market utilize the Firework video commerce platform to launch the U.S.'s first-ever Shoppable Video-Live Commerce (SVLC) retail media network (RMN).



6 Retail media: The new frontier

Retail media

Retail media may have taken 10% share in 2022



Source: Zenith, GroupM

Benedict Evans -- February 2023 39

<https://www.ben-evans.com/presentations>

APPENDIX



- What is the Curation?
- Six trends that will shape the next 18 months
 - Rise of the customer channel
 - New supply, new demands
 - Tech debt as business risk
 - Data for ESG and sustainability
 - Talent management requires new thinking
 - Retail media: The new frontier

Appendix

On strategy: Wardley Maps
What is DXC Leading Edge?

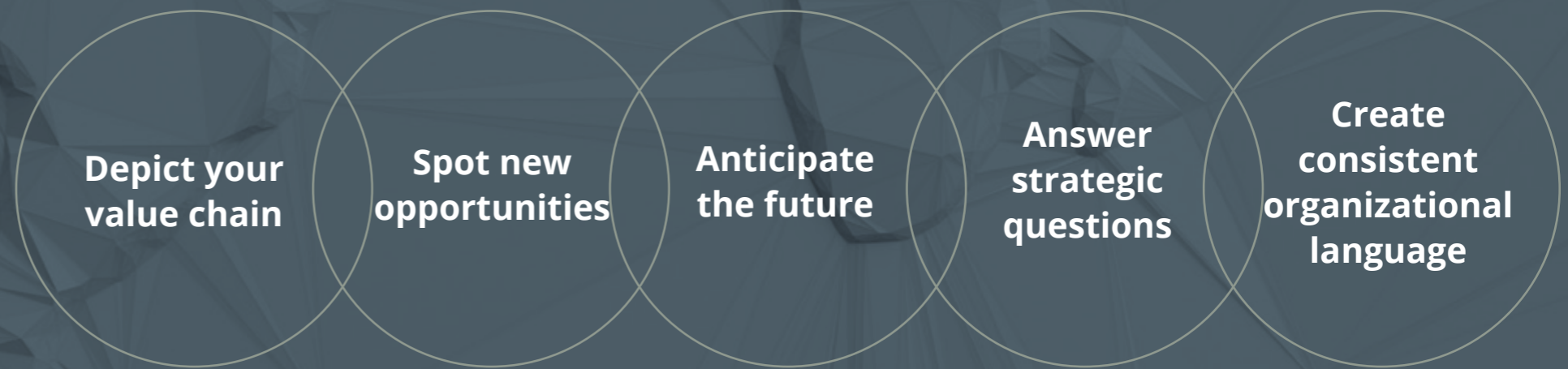
On strategy: Wardley Maps

When we determine topics for the curation, we examine areas where retailers can develop a strategic edge. We do that with Wardley Maps, using them as a key tool in anticipating the future.

By visualizing an organization's value chain and interactions, these maps reveal the evolving landscape, empowering teams to co-create and game out future scenarios. With Wardley Maps, leaders define winning strategies, align their teams, and stay ahead of the competition.

Developed by Simon Wardley, this powerful philosophy and toolset provide clarity on business direction and tactical insights, from outsourcing to team structures and company culture. Scale, industrialize, and embrace the new and novel with Wardley Mapping.

With a glance, a Wardley Map allows you to:



Mapping works because it establishes context and relationships among the elements. “Place” has meaning on a map.

The act of placing an item encourages debate about its relationships and connections to other items.

It replaces discussions of “pet projects” with needs-based opportunities that become visible paths.

Not everyone must agree but alignment about desired outcomes is easier, as the landscape is better understood.

Condense and prioritize

Identify the topics (trends, tech, influences) of significance and those of emerging importance for an industry.

Build a landscape

Use a map canvas to work down from stakeholders to needs to dimensions, to reach easily understood granular functions.

Define routes of interest

Identify the connections between the elements, understanding the flow of one item to the next. Identify changing continuums.

Determine strategic priorities

Determine how value flows across the map, and cluster components/dimensions into opportunities. Debate and determine strategic value.

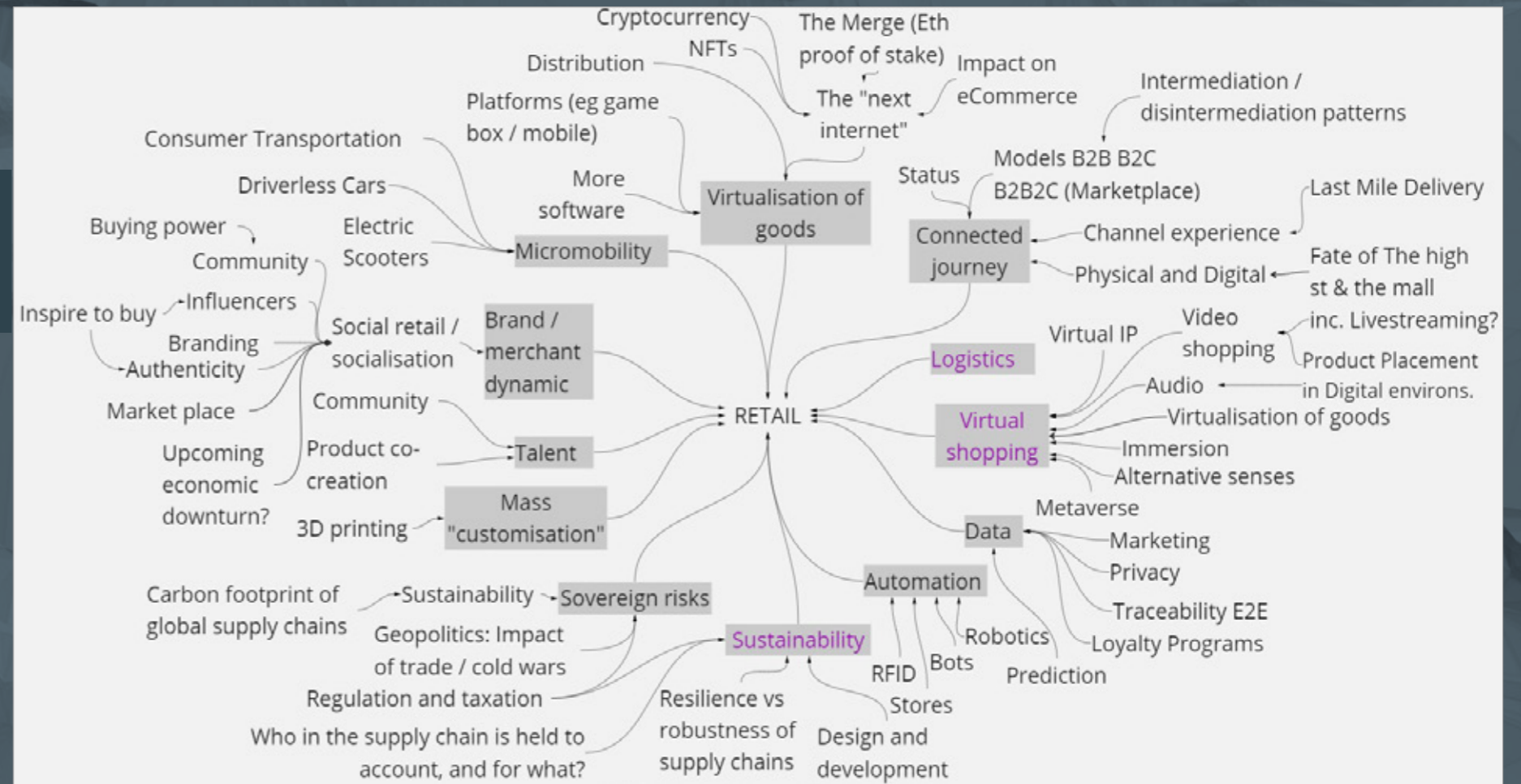
Review the marketplace

Understand the differing market perspectives that exist around selected priorities. How well understood are they?

Create a forward plan

Highlight the vital aspects of the plan that move conversation to action. Focus on consumable messaging for the Board and stakeholders.

STEP 1: CONDENSE AND PRIORITIZE

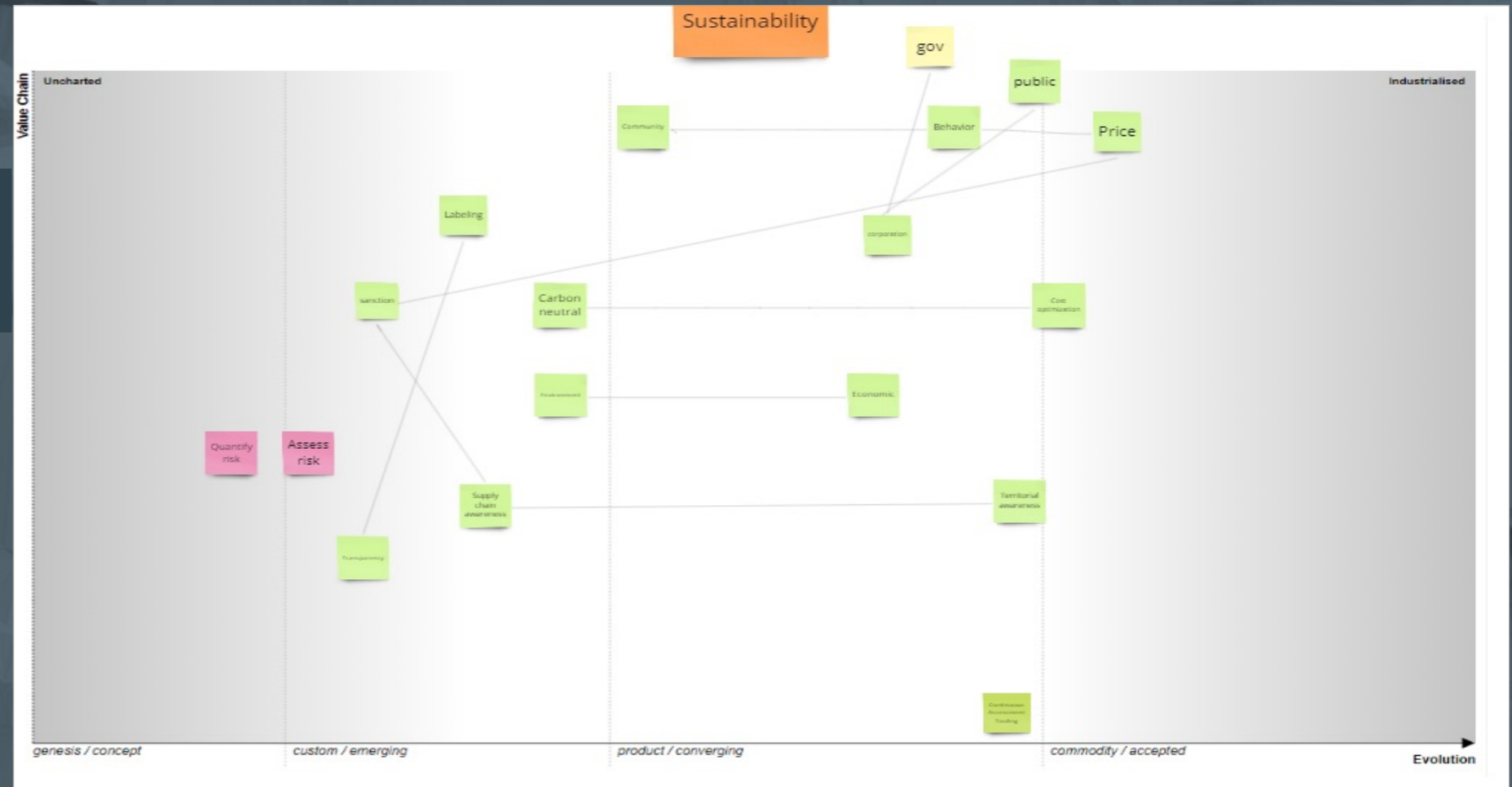


Experts and stakeholders articulate concepts that are influencing the market and strategy now, including extant, current and emerging influences.

Create logical groupings reducing micro-trends toward broader descriptions. Some options may not be an exact fit; some may require "two jumps" to get to a level of aggregation.

Reach a **collective decision** on a tighter group of trends or concepts to move to mapping. Three is a good starting point. In the example above, sustainability, virtual shopping and logistics were chosen.

STEP 2: BUILD A LANDSCAPE



In Wardley Maps, the y-axis represents visibility to the user. Like a traditional value chain, the higher the component, the more the user can see it (e.g., a web page might be at the top, while a database or a server might be near the bottom).¹

Participants work down and across, noting the maturity of components added to the map, and understanding where items are connected. At this stage, each added item begins to clarify dependencies and areas that are experiencing change.

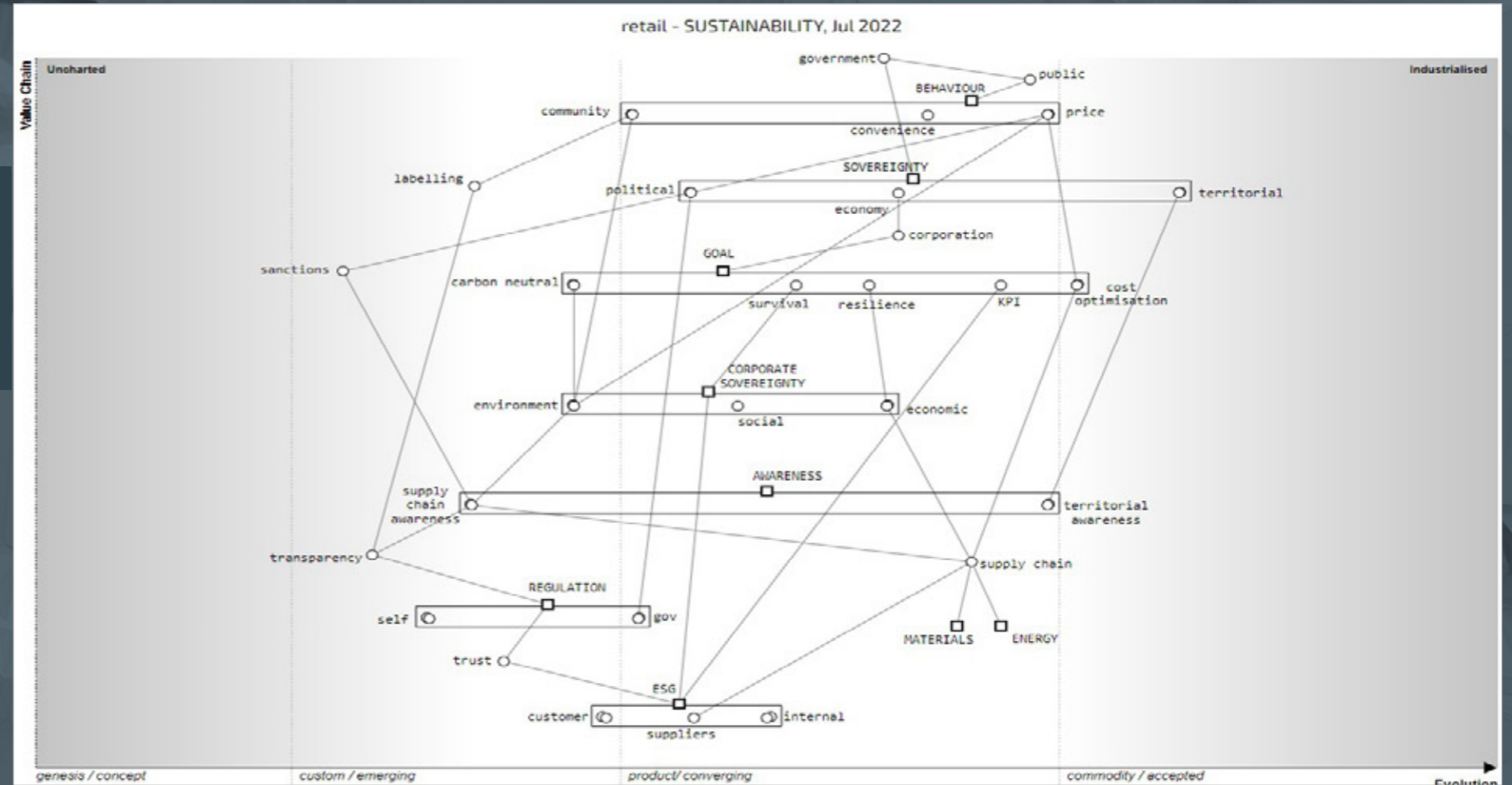
Wardley templates are available in multiple online outlets. The DXC Leading Edge team often relies on the [version in Miro2](#) for our public-facing exercises.

1. With thanks to: <https://itrevolution.com/articles/how-to-wardley-map/>

2. <https://miro.com/templates/wardley-map/>

Please note this map has been recreated as a sample as an original was not available from the team

STEP 3: DEFINE ROUTES OF INTEREST (SUSTAINABILITY, JULY 2022)



The x-axis contains four stages of evolution: Genesis, Custom Built, Product, and Commodity. These represent the maturity or shared understanding of the component. Connectors are then added to show relationships. Pipelines – the boxes – show clear, continuous evolutions of components.

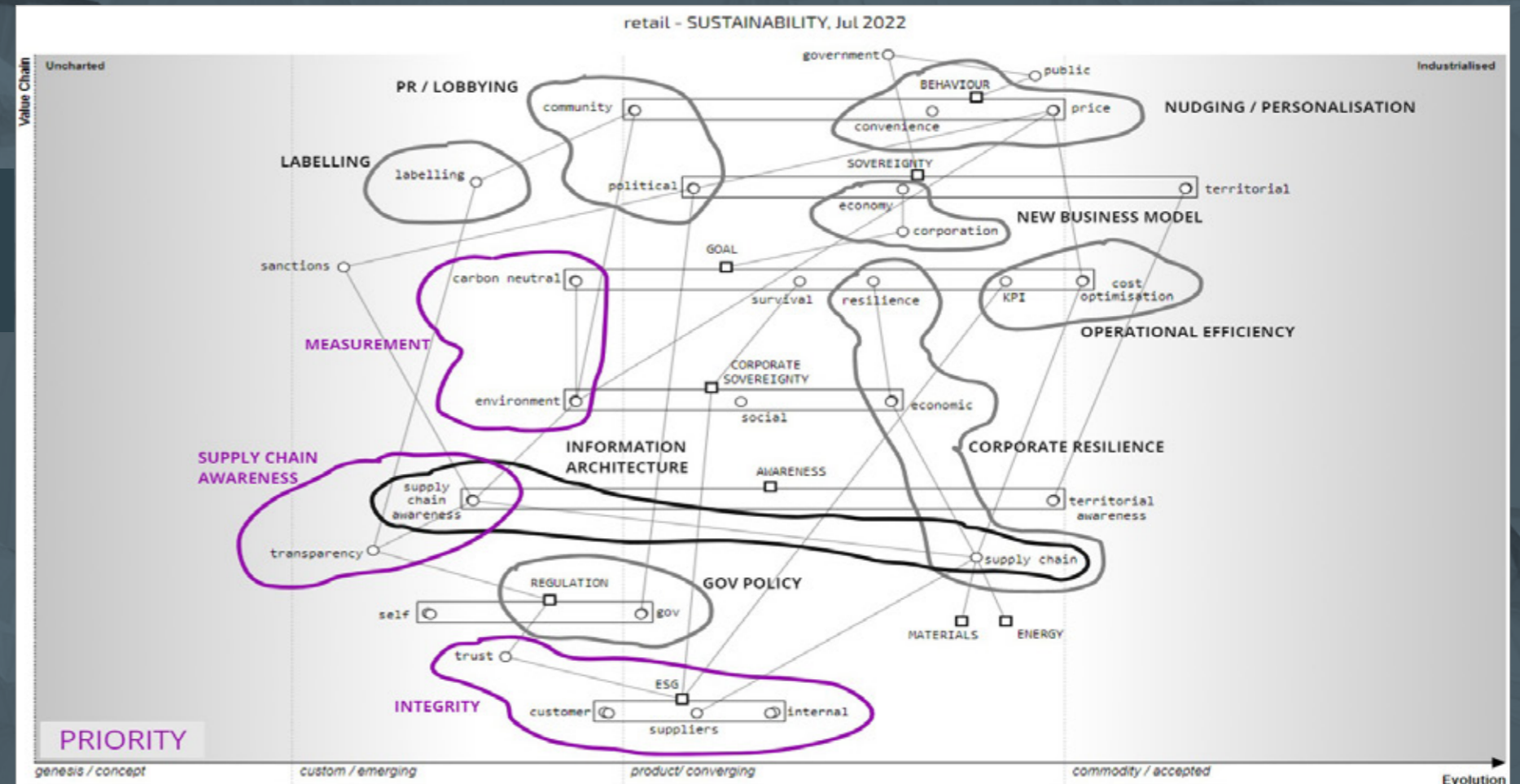
As a next step, begin to pressure test the map to explore how well it handles known situations and challenges. How does it explore risks and tradeoffs? Does it bring in key dynamics around people, technology, and culture?

Understand that ALL maps are contextual; NO map is fully correct. They are also not wrong. Maps are subject to interpretation.

All maps are influenced by their cartographers.

1. With thanks to: <https://itrevolution.com/articles/how-to-wardley-map/>

STEP 4: DETERMINE STRATEGIC PRIORITIES



Here we want to examine the landscape for opportunities. Specifically, this is not about improving process flow but determining areas where there is the potential to address unmet or emerging needs.

In general, a map may have 8-10 opportunity areas flagged.

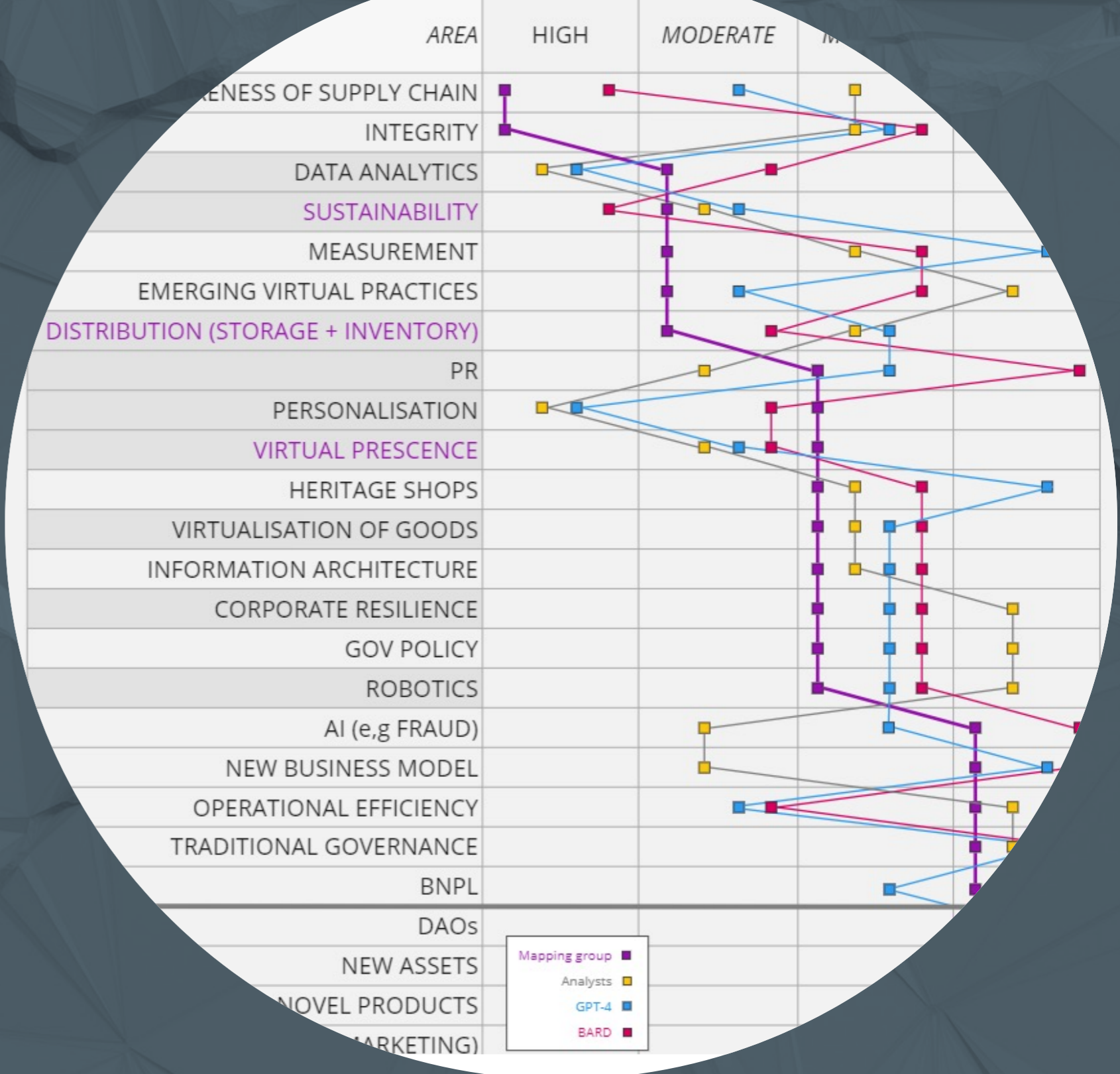
These opportunities may differ over time and change with context, and should be examined for biases.

Next, prioritize the top three initiatives (the purple outlines).

The black outline reflects supply chain visibility which runs across maps and has dependencies in the three selected priorities.

STEP 5: REVIEW THE MARKETPLACE

As with any strategy, examination and pressure testing are needed, as well as experimentation and validation. For the Wardley Maps DXC produces, we often compare Expert maps to analyst and media teams; we may also test new approaches such as publicly available Large Language Models (OpenAI's ChatGPT and Google's Bard) and Marketing Intelligence Engines such as AlphaSense.AI



STEP 6: CREATE A FORWARD PLAN

We apply the six-box to multiple purposes, and tweak the text appropriately for each. For Wardley Maps, the six-box journey looks like this:

Box 1: What's new in your thinking?

Box 2: What complicates your journey?

Box 3: What's missing?

Box 4: Pivoting toward solutions

Box 5: What does success look like?

Box 6: What actions are needed to advance?

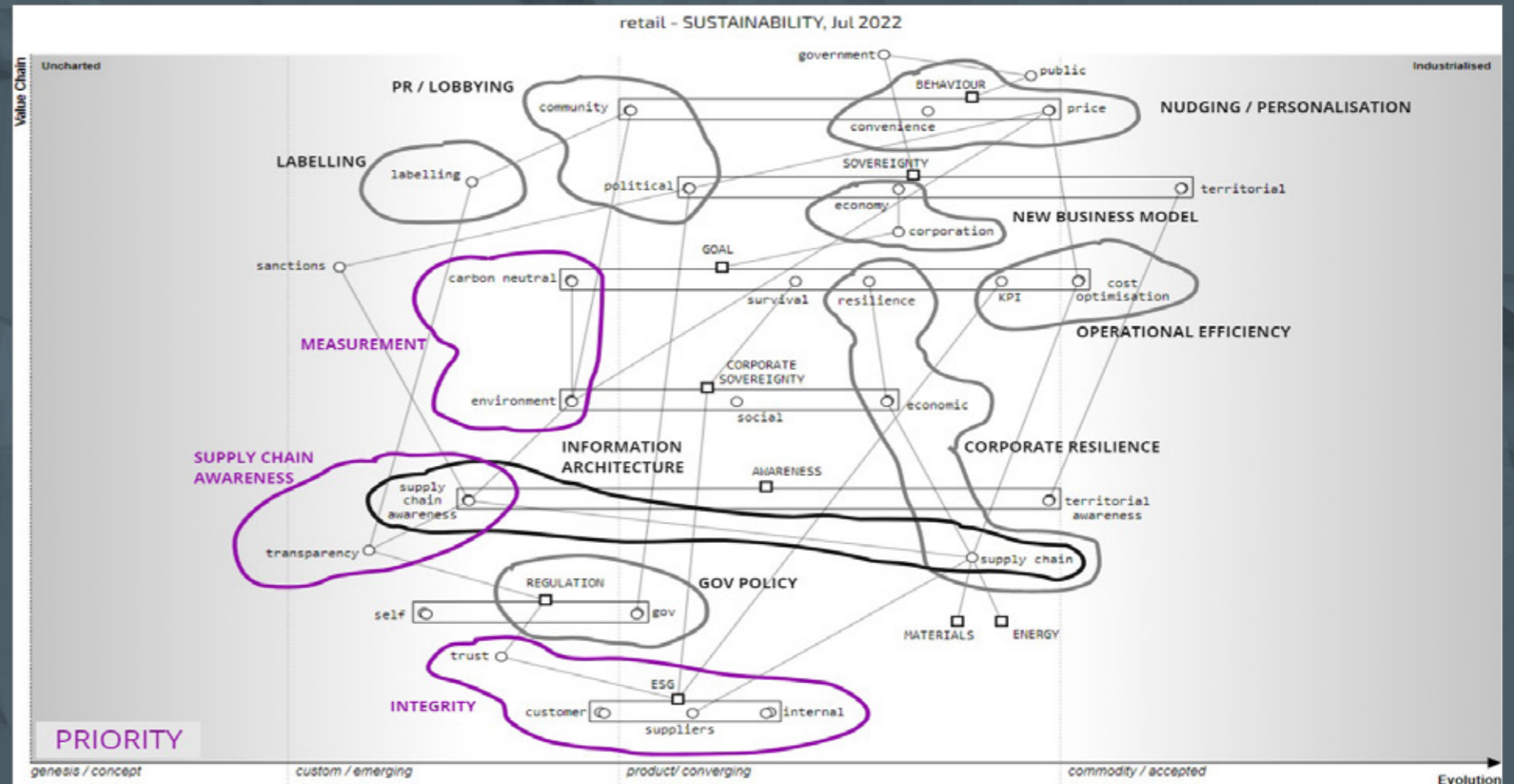
<p>KEY MESSAGE INTEGRITY MATTERS</p>	<p>KEY MESSAGE INCREASING AWARENESS OF SUPPLY CHAIN</p>	<p>KEY MESSAGE METRICS THAT DRIVE SUSTAINABLE DECISIONS</p>
<p>KEY CHALLENGE CHALLENGE OF SHARING (collaborate effectively before regulation forces you)</p>	<p>WHAT GOOD LOOKS LIKE AVOIDING SCANDAL WHILST EVOLVING</p>	<p>ACTIONS Dare to share. Share your supply chain knowledge publicly and transparently. Share what you don't know.</p> <p>Act with integrity, avoid spin and transparently admit mistakes.</p> <p>To ensure sustainability and accountability, prioritize evolving metrics, incorporate scientific expertise, value transparency, and welcome feedback.</p>

MAP 1: SUSTAINABILITY

SUPPLY CHAIN AWARENESS: Needing to trace the full provenance of what is sold + operations + locations will be incredibly challenging.

MEASUREMENT: The situation is fluid, there is no consistency but there are expectations, which leaves *room for confusion but also for leadership and opportunity*.

INTEGRITY: The ability to escape scandal, avoid greenwashing and *build a trusted community is valuable on tangible and intangible fronts*.

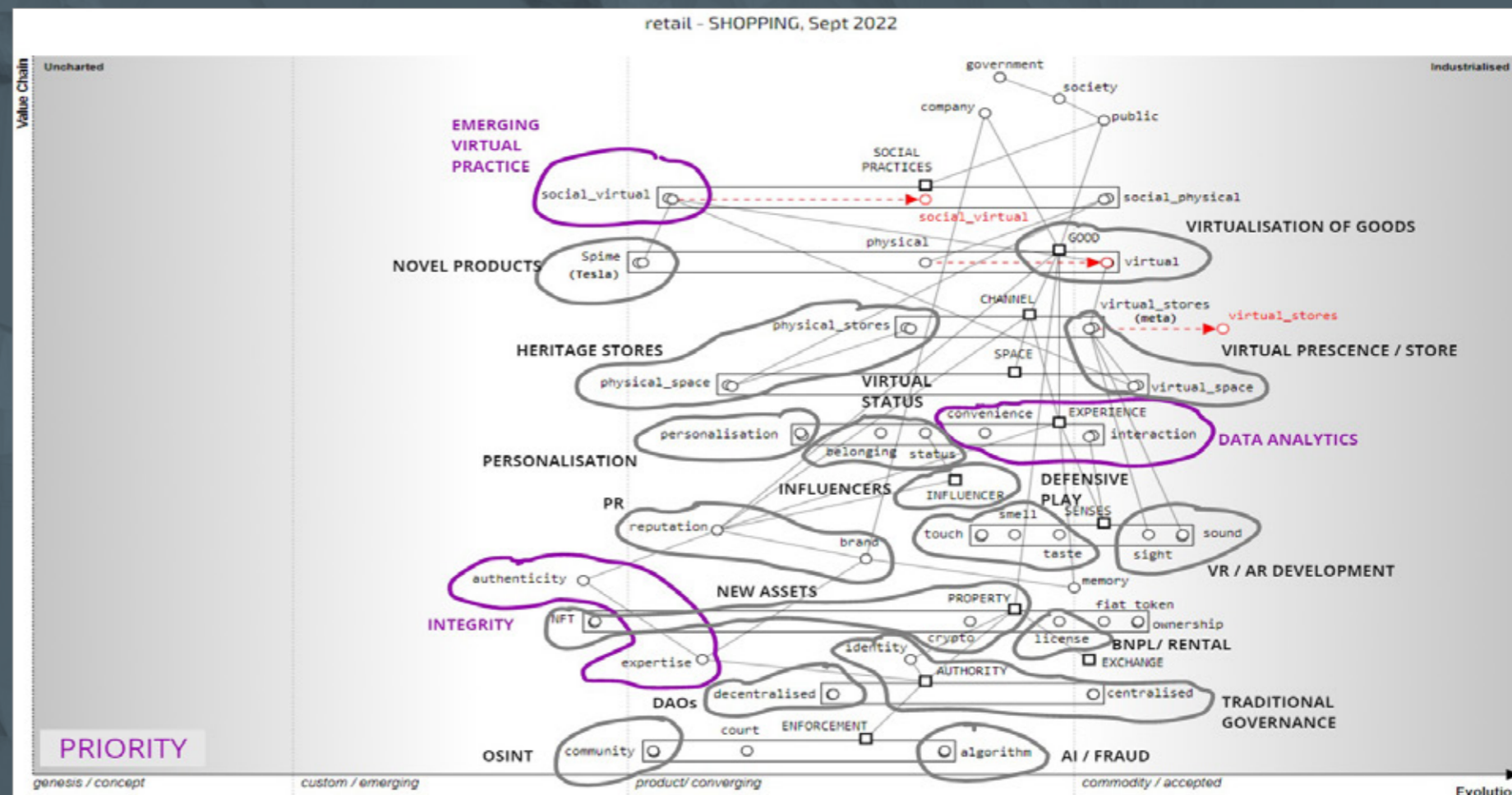


MAP 2: NEW SHOPPING EXPERIENCES

EMERGING VIRTUAL PRACTICES: Most retailers operate on a solid, well-trodden playbook. Virtual rewrites those rules. It requires *new principles and practices that govern people, process and technology in virtual spaces*.

DATA ANALYTICS: Emerging areas (including retail media networks, in-gaming, online-only events) present measurement and marketing challenges.

INTEGRITY: The ability to escape scandal, avoid notable failures and build a trusted community is valuable on tangible and intangible fronts – *even when selling intangible goods*.

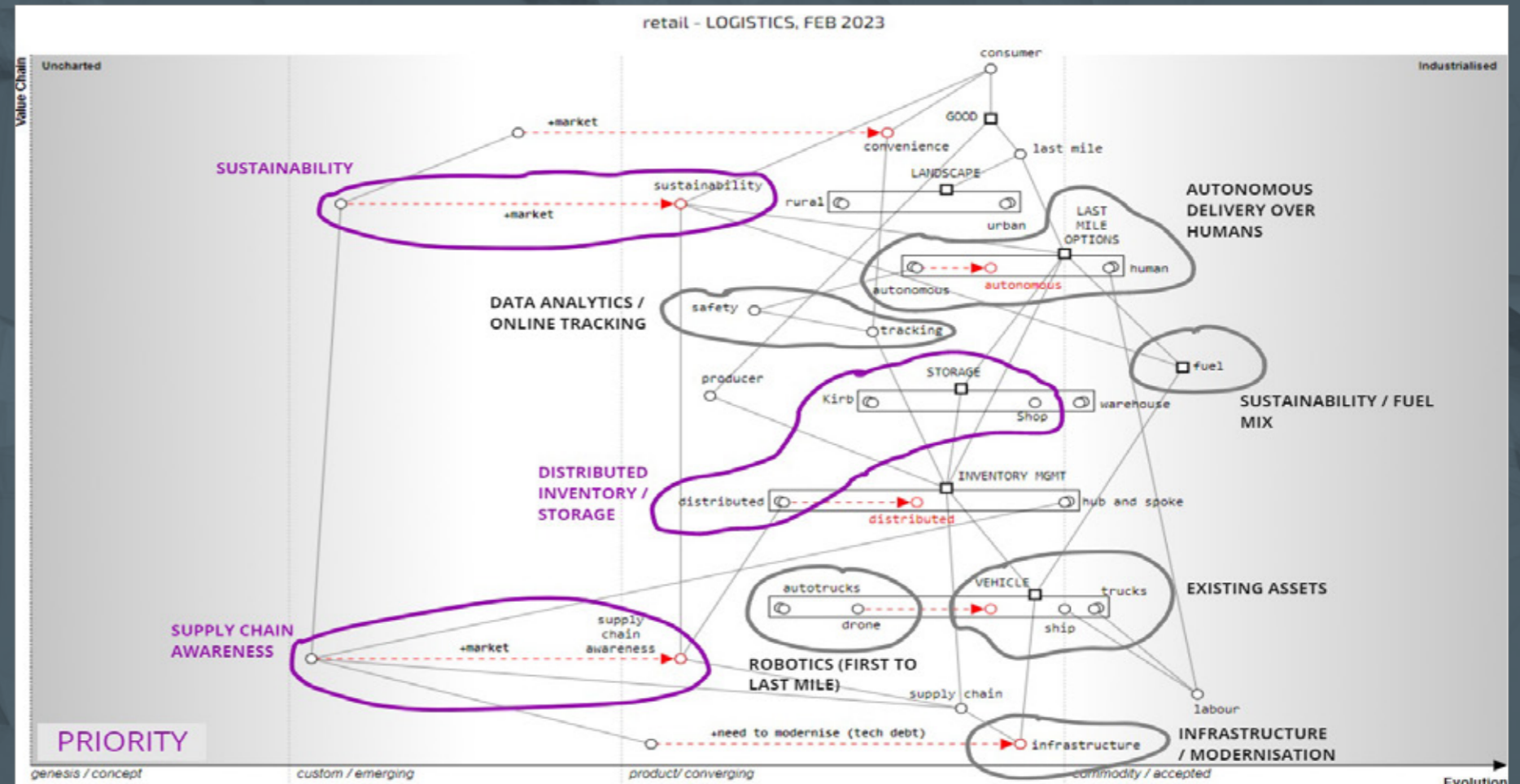


MAP 3: RETAIL LOGISTICS

SUSTAINABILITY: Retailers must meld timely delivery with green and efficient choices including vehicles, fuel, routes and sourcing. *It's a delivery and a customer challenge*

DISTRIBUTED INVENTORY: The explosion of the mid and last mile, potentially new players and ecosystems changes the playing field. *It's where scale wins, and partnering can advance bring new solutions*

SUPPLY CHAIN AWARENESS: There's a new meaning to low cost, and that cost should likely include time, distance, carbon and how much it will take to pivot if needed



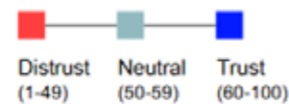
Trust is everyone's issue, but the closer you are to the consumer, the more it is "your issue."

2023 Edelman Trust Barometer

Mass-Class Divide: Income-Based Inequality Creates Two Trust Realities

Trust Index

(average percent trust in NGOs, business, government, and media)



2023 Edelman Trust Barometer. The Trust Index is the average percent trust in NGOs, business, government and media. TRU_INS. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right. 9-point scale; top 4 box, trust. General population, 27-mkt avg., by income. *Sweden is not included in the global average.

Income quartiles were determined separately for each country based on the distribution of household incomes among respondents from that country.

2023 High income (top 25%)

64	Global 27
90	China
85	Thailand
84	Saudi Arabia
82	Indonesia
82	UAE
76	India
73	Singapore
70	Kenya
66	Malaysia
64	Mexico
63	U.S.
62	Nigeria
62	The Netherlands
60	France
60	Germany
60	Ireland
59	Italy
56	Brazil
54	Australia
54	Colombia
53	Canada
52	S. Africa
52	*Sweden
51	UK
49	Spain
48	Japan
47	Argentina
44	S. Korea

2023 Low income (bottom 25%)

49	Global 27
71	China
70	India
68	Indonesia
64	Saudi Arabia
63	Kenya
63	UAE
56	Mexico
56	Nigeria
55	Malaysia
55	Singapore
48	Brazil
48	Thailand
47	Canada
46	France
46	Italy
46	The Netherlands
44	Colombia
43	Australia
42	Germany
42	Ireland
41	S. Africa
41	*Sweden
40	Spain
40	U.S.
37	Argentina
35	UK
29	Japan
29	S. Korea

15pts trust inequality globally; double-digits in 21 of 28 countries

Greatest income-based trust inequality in:

Thailand	37pts
U.S.	23pts
Saudi Arabia	20pts
China	19pts
Japan	19pts
UAE	19pts



Consumers and Employees Pressure Business to Stand Up for Them

Percent who say

2022 Edelman Trust Barometer Special Report:
The New Cascade of Influence

I buy or advocate for brands based on my beliefs and values

GLOBAL 14

63%

2022 Edelman Trust Barometer Special Report:
Trust In the Workplace

Having societal impact is a strong expectation or deal breaker when considering a job (avg)

GLOBAL 7

Among employees

69%

- Business reflects my values
- Has a greater purpose
- Meaningful work that shapes society
- Opportunities to address social problems
- Stops specific business practices if employees object
- CEO addresses controversial issues I care about

2022 Edelman Trust Barometer Special Report: The New Cascade of Influence. Belief-driven consumers. General population, 14-mkt avg. Please see the Technical Appendix for full explanation of how belief-driven consumers were measured.
2022 Edelman Trust Barometer Special Report: Trust in the Workplace. EMP_IMP. When considering an organization as a potential place of employment, how important is each of the following to you in deciding whether or not you would accept a job offer there? 3-point scale; top 2 box, important. 7-mkt avg. All data is filtered to be among employees who work for an organization or corporation (Q43/1). "Societal impact" is an average of attributes 12-17.



Trust is everyone's issue, but the closer you are to the consumer, the more it is "your issue."

WHAT IS DXC LEADING EDGE?

DXC Leading Edge is a team of experienced practitioners who create progressive thought leadership backed by primary research, immersive events and practical interventions focused on business transformation needs.

RESEARCH

Forward-focused research

Our research agenda is executive focused and supports a 3-year forward view. Some areas, such as trendwatching, may encompass 5- to 10-year horizons.

STRATEGY

Strategic industry mapping

Strategic Wardley maps are created by the team in collaboration with industry and functional experts to deliver vital insights on core business challenges.

ENGAGE

Customer engagement

We provide roundtables and workshops that bring customers together to discuss challenges, develop new routes to market, get meaningful insights and develop new relationships.

ADVISE

Strategic advisor

We provide personalized support to priority customers. We act as a critical friend helping to navigate through their challenges.

About the authors



Cristene Gonzalez-Wertz is a senior researcher and advisor for DXC Leading Edge. She has experience in a breadth of industries, especially electronics, manufacturing and utilities. She applies an innovation mindset to sustainability and human-technology interaction research. Cristene brings a love of data and interaction design to business stories that span use cases and industries. She is an avid media consumer with her own podcast, Retail Done Right.

Prior to joining DXC, Cristene spent over 10 years at IBM's Institute of Business Value (IBV). Connect with Cristene on [LinkedIn](#).



Dr. Andrew Czuchry Jr, PhD is a senior managing partner for DXC, working with global Fortune 500 executives to help anticipate and solve their most complex transformation challenges at the intersection of business and technology. He actively serves as an effective catalyst for creating positive results on the leading edge of growth. Andy and his teams have been honored to win national awards, win corporate awards, publish in peer-reviewed journals, and earn patents for innovation. Prior to DXC, Andy most recently

served as the Global Head for the Digital Advisory Practice of Enterprise Studio by HCL Technologies. Connect with Andy on [LinkedIn](#).

Learn more at
dxc.com/leadingedge

Get the insights that matter

dxc.com/optin



About DXC Technology

DXC Technology (NYSE: DXC) helps global companies run their mission-critical systems and operations while modernizing IT, optimizing data architectures, and ensuring security and scalability across public, private and hybrid clouds. The world's largest companies and public sector organizations trust DXC to deploy services to drive new levels of performance, competitiveness, and customer experience across their IT estates. Learn more about how we deliver excellence for our customers and colleagues at [DXC.com](https://dxc.com).