

INSPIRE | evolve

INSIGHT • TRENDS • **INNOVATION**

Inspire | Evolve 2018 SPEAKER SUMMARY

This year we hosted our largest ever annual Inspire | evolve event. The purpose of the event was to provide a space for our leadership team, valued clients and partners to connect and hear from industry experts, inspiring thinkers and innovators.

Our speakers for the day included; economic futurist, venture capitalist and serial entrepreneur, **Vusi Thembekwayo**, who was both compelling and entertaining. He challenged the audience on future proofing your business, innovation and the strategies required to get there. We then had **Jim Woolfrey** of Kantar Consulting who shared great insights into the future of retail and “new commerce” and lastly, **Jeremy Gardiner**, Director of Investec Asset Management, who delivered a fascinating overview of the current state of the global and South African economy and where to next.





VUSI THEMBEKWAYO

ECONOMIC FUTURIST, VENTURE
CAPITALIST, SERIAL ENTREPRENEUR

Leading at the edge of chaos

WHAT GOT YOU HERE, WON'T GET YOU THERE

Everything works until a point of disruption. At the point of disruption, past performance and historically successful strategies are no longer indicators of future success. Feeling discomfort is the new normal and a sign that you are hopefully making big enough shifts to keep pace with the rate of change in your industry.

THE POWER OF INDUSTRIALIZATION AND CONNECTIVITY

GDP is like turnover, but for countries. It shows economic activity. From the first to the 18th century, GDP grew at a linear rate and then there was a huge GDP spike in the 19th and 20th century. Why? Not because the global population grew at this rate- all that happened was that the world got connected.

Years ago, people farmed what they needed to sell and what they needed to consume. That farmer would go to the local markets produce center and sell their goods. The market was limited to who bought, what, when, where and at what price. Then the Internet came along and connected the whole world. Things were now able to be shipped in a fortnight from Limpopo to Australia, suddenly creating a whole new marketplace.

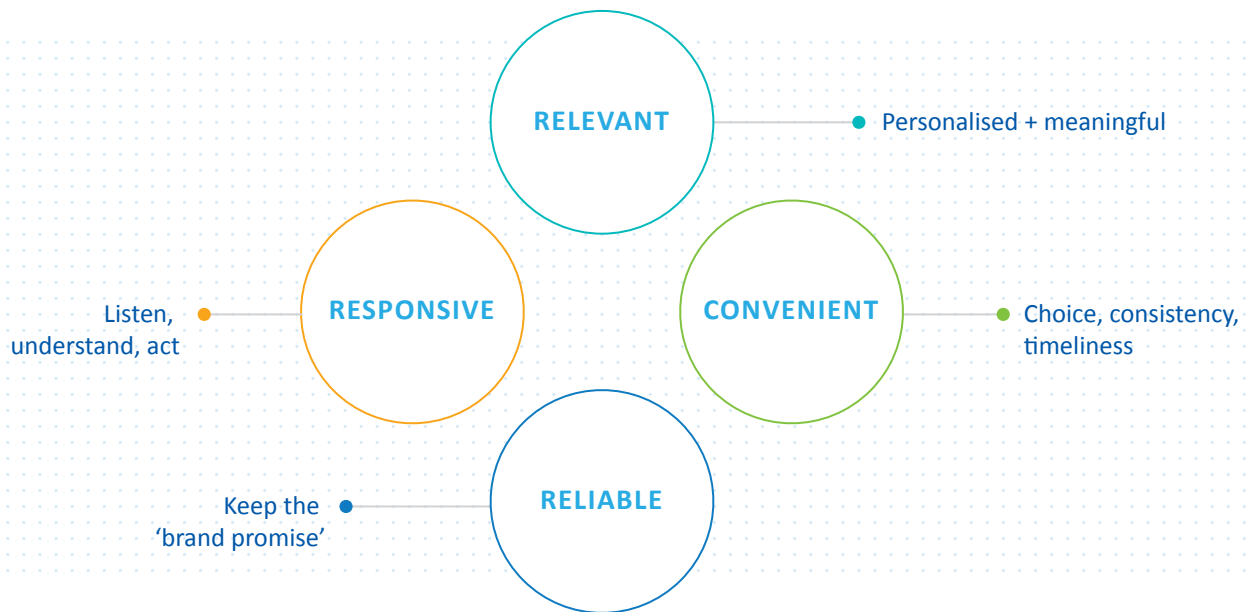
This connection of markets spiked more economic activity and global GDP went through the roof. This hyper-connectivity we're seeing today is going to continue to drive GDP into the 21st century- only ten years in and we have already done over 23% of the previous century's economic activity.

The best advantage that South Africa has is that our industries are incredibly sophisticated and industrialised. What that means is that you can quantify it, tax it, build social welfare and create an ecosystem of people. The mechanization, formalization and now connection of economies is enabling exponential growth and we're well placed to take advantage of that.

FROM CUSTOMER SERVICE TO CUSTOMER EXPERIENCE

The world is moving from customer service to customer experience. Despite the impact of technology, people are critical in creating a customer experience. Systems may enable it, but people ultimately deliver it. The delivery of customer experience is built around four elements:

Be relevant, be responsive, be convenient and be reliable.



THE FOUR LAWS OF GREAT BUSINESSES

There is no such thing as the perfect organisation, however there are elements that are consistent foundational elements across great businesses. Vusi refers to these as **“the four laws”**:

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- 1. Find the truth**
not your version of the truth
 - 2. Be the best at what you do**
not the biggest
 - 3. Vision excites people**
not numbers
 - 4. You either want to be first or you want to be right**



What we're learning today is that great business leaders get it wrong more often than they get it right, but the quantum impact of what they get right outweighs what they get wrong.

- Vusi Thembekwayo



JIM WOOLFREY

DIRECTOR OF RETAIL, SALES & SHOPPER PRACTICE, KANTAR RETAIL

Winning in the future of retail

NEW COMMERCE AND THE RETAILER OF THE FUTURE

Connectivity and digital landscapes are creating new, more personalised conversations between retailers, brand owners and shoppers, creating expectations of multi-channel, agile fulfilment methods tailored to consumer needs and preferences. These conversations and expectations are key inputs for the development of what is being called, “new commerce”.

New commerce is not just about a hand-held device – not always. It’s about smart disruptive ideas. Brick and mortar retailers who are disproportionately growing are those who:

1. Have more disruptive business models than competitors
2. Have disruptive business models in terms of how they work with their suppliers

Both, with the objective of creating more value for shoppers and consumers through speed of fulfilment and options for collection.

TRADITIONAL

Motto to consumer:

self-service savings/everyday low prices

- Supermarkets
- Hypermarkets
- Cash & Carry
- Out-of-Town supermarkets

**TRADITIONAL:
COME TO ME**

EMERGING

Motto to consumer:

everyday convenience and proximity

- Food Experience stores
- Local Food Stores
- Express Supermarkets
- Health & Beauty Specialist Formats
- Food Discounters
- Non-food Discounters

**EMERGING:
I'M CLOSER TO YOU**

NEW

Motto to consumer:

remove shopping from the list of your weekly worries by subscribing, automating, and bundling

- Ecommerce
- Digital stores

**NEW:
I COME TO YOU**

THE SHOPPER OF THE FUTURE

Shoppers have moved from digitally habitual to digitally dependent. This means that retailers and brands have to discover new mechanics of connecting and engaging with them, continuously building a conversation understanding a progressively more heterogeneous shopper looking for precision.



The more fragmented shopper of the future wants to discover, they want to play, they don't want to be marketed to – they want to find you and engage with you in their time and in their space. They will abandon you if you cannot fulfil their expectations. They are looking for experiences and the brands who can deliver this. They research first and purchase later.

These enabled shoppers of the future are leaning towards influencers at various points to find information and understand what's new and so on. What this means is that managing data at scale to understand and cater to various shopper needs will be a key differentiator in the future of retail.

E-COMMERCE

The opportunity to use well-structured data helps us identify niches and eCommerce opportunities. There is still some housekeeping to do when it comes to the confidence that South Africans have when it comes to eCommerce and what it can do in their lives. The big issue is trust and security and the ability to pay in a secure and safe way. It's a big challenge for the providers in the market and the models change all the time. If you want to play in the eCommerce space, you need to check your business plans every 6 – 8 weeks – it moves that quick. In this market, what will shape the success of eCommerce are a few factors:

- 1 **Is this the right platform?**
- 2 **Is it easy?**
- 3 **Is it the right platform**
- 4 **Does it deliver on all those things that the shopper of the future is looking for?**



In any given moment we have two options: to step forward into growth or to step back into safety.

- Abraham Maslow

THE SHOPPER OF THE FUTURE

The retailer and suppliers of the future will need to redefine success, together and redefine the metrics that measure this success. **For example:**

BRANDED SUPPLIER SUCCESS METRICS IN 2018

- Shelf space
- Gondola ends/promotional calendars
- Number of facings
- Brand visibility
- Number of placements

Activity: *The 52 week customer calendar, agreed in advance with orders to your teams that come from central sign-off*

PLANOGRAM FIRST

BRANDED SUPPLIER SUCCESS METRICS FOR THE FUTURE

- Impression to conversion ratio
- Number of occasions services/stretched
- Number of events
- Brand search effectiveness
- Percentage of consumers on auto-subscribe

Activity: *Working with retailers to connect discovery environments with the right product for the right shopper occasion - with agile and decentralised decisions*

OCCASION FIRST



New Commerce is not just about online. It's about finding the shopper where they are, whether through online, unstaffed, non-permanent and permanent fulfillment models that emphasise speed, connection and engagement.

- Jim Woolfrey



JEREMY GARDINER

DIRECTOR, INVESTEC ASSET
MANAGEMENT

A brave new world

The good news is that whilst we, as South Africa, are fixing ourselves, the global economy is in great shape. We had a global financial collapse in 2008/2009 and today we have a roaring global economy. The forecast is 3.9% for global growth this year and next year, which is huge. The economy is changing and its good news for South Africans and good news for the rand.

EUROPE

Europe is looking much better. From a situation where five years ago the world was worried one Mediterranean country was going to drag the rest of the European financial system into a hole and with it the global financial system, to having had the fastest growth in the last 10 years. All of that is good news for both Europe and the Euro.

BRITAIN

Turning to Britain with BREXIT, the former UK attorney general described BREXIT as an extraordinarily painful process of national self-mutilation. BREXIT uncertainty has led to slower growth with London home prices falling by 1.8% this year, down 2% next year and with the average Londoner paying 14.5 times their annual salary to buy a house. BREXIT will continue to have negative implications for the British economy with the upside of freeing them of the Brussels regulations and increased control of immigrant flow into the country.

EMERGING MARKETS

We are an emerging market, nothing more, nothing less. When money pours into emerging markets, South Africa does well, when money falls out of emerging markets, South Africa does badly. Assuming we don't do anything completely out of control and inflict punishment on ourselves. When people get nervous, they pull money out of emerging markets.

Emerging markets had a tough time from 2010 to about 2015 because of the global economic recovery. The world was worried, and they stayed away from the emerging markets. Then, at the beginning of 2015, emerging markets were cheap and money started to pour in. Then in the middle of last year, when the president fired the finance minister, we were kicked out of the party. Fast forward to December, the vote went the right way and we were allowed back at the emerging market party.

Of the emerging markets, there are four countries who are currently 'cleaning up their act' and showing promise:

- 1 Saudi Arabia
- 2 Angola
- 3 Zimbabwe
- 4 South Africa

Today, we have 2.2 trillion dollars in debt, which is relatively low from a debt to GDP perspective. South Africa as a country has been very well managed for the last 20 years from a financial debt perspective. That said, by not managing certain areas properly we have done a lot of damage that we are now going to have to rectify.

Confidence is being breathed into what was a dead economy. Investment, jobs, and growth will all come. South Africa is the hottest emerging market and we are moving in the right direction. Let's all enjoy feeling optimistic as we fix our beautiful country.



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