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Featured interview >>

CONSUMER FOCUS — ISSUE 5

CHEILworldwide

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President, Shopper Marketing & Retail Operations at Cheil Worldwide

Cheil Worldwide, the agency responsible for the world's first virtual grocery stores, recently appointed **Simon Hathaway** as European President Shopper Marketing & Retail Operations. He was most recently CEO of SaatchiX EMEA having led the agency from its inception. Andrew Openshaw caught up with Simon to talk about his role at Cheil as well as his predictions for the future of ecommerce and retail. >>

Tell us a bit about your role at Cheil – what have you been brought into the organisation to achieve? Or how will it differ to what SaatchiX are doing?

I'm responsible for delivering world class shopper marketing at Cheil. Cheil has some of the best retail execution capabilities of any agency I've seen but it has been slow to build the strategic tools that many traditional shopper agencies have. At the same time it has been innovating in digital retail and is most famous for the Tesco HomePlus work. I'm here to bring those two things together to deliver digitally integrated shopper marketing solutions for our clients, based on insight and tools that are relevant to a very different retail landscape. On the surface it's a very similar job to the one I had at SaatchiX but without P&L responsibility for every office; look beyond that and it's very different as it is our ambition to build the next generation digital shopper marketing agency. Delivering that will be

a significant step in achieving our ambition to grow our client portfolio and reduce our reliance on the relationship with our founding client, Samsung.

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A few years ago, Cheil Worldwide began moving away from its 'one client' reputation and began growing and diversifying its brand. What have been the key milestones since then?

I think the award achievements demonstrate how we have grown as an agency. This year at the Cannes Festival of Creativity we won 12

awards across five categories and two were for Samsung. That is a significant milestone and contributes greatly to our reputation, creating many opportunities with new clients. In Europe our most significant win this year is with Deutsche Bahn where we are working with them on their digital offering and mobile campaigns. That was a significant pitch and we had to beat many well established agencies to secure the business. I'm also very proud of some of the work we are doing with smaller clients, Pinko is a great example. We have been handling the local store Facebook pages for the Italian fashion retailer and for one of its

brands – Uniqueness – we worked with them to set up a temporary pop-up store during London Fashion Week. People often think that Cheil is structured around Samsung but it's not anymore.

You're an Executive Advisory Board member at Reevo – explain to us how brands can seek to exploit social commerce platforms like Reevo?

I think we all now understand that the online review is a significant influencer in how people shop today, certainly for bigger ticket items. The Reevo model is interesting as it's the only branded review provider for brand

and retailer websites and unlike its main competitor, it doesn't allow clients to remove reviews posted by consumers. Having genuine consumer content enables brands to build trust and credibility with balanced reviews and this is showing through in the results. The average increase in revenue through online transactional sites that adopt Reevo's managed service is 18%. I also see great value in the insight that their social commerce tools can deliver. Perhaps most interesting is their 'ask an owner' service which enables a shopper to ask an owner questions about a product they wish to buy. The insight we identify in these conversations can help brands shape product communication and ensure that they are giving the shopper the right information at the right time in the shopping process.

The Homeplus Subway Virtual Store has been a 'high profile' and successful Cheil campaign. What are the next steps in developing this concept for your clients?

We don't actually work with Tesco anymore but that concept has subsequently been rolled out to locations across South Korea; it was also trialled in Gatwick airport over the summer. What I love about this work is that it is driven by the same business challenge I've seen with clients for many years: the fact that 'Mum doesn't have time to shop anymore'. Traditional agencies would have immediately looked at how to improve shopability – how to reduce the time spent searching for products to create more time to shop. Instead, we took the store to places where mum has time to visit. We created virtual, easy to use stores in places that were convenient for her. That's always going to be a challenge for retailers and it's no surprise that the technology is being used by other retailers now too. Carrefour has just announced it will test a similar solution in Paris and we're using the same technology to power ideas with other clients.

In South Korea we're now working with E-Mart, a competitor to Tesco. We created a solution for a specific business problem it had – it wasn't delivering any sales during lunch time. We created a shadow QR code that acted like a sun dial and only became visible during certain times of the day (around lunch time).

In South Korea, QR codes are everywhere and are a very popular way to engage shoppers. Combining the virtual store technology with a very engaging mechanic enabled us to deliver promotional offers that drove sales at specific times of the day.

Beyond Homeplus, where do you anticipate innovation in ecommerce will evolve?

"The Reevo model is interesting as it's the only branded review provider for brand and retailer websites and unlike its main competitor, it doesn't allow clients to remove reviews posted by consumers."

It really all depends on how quickly more people start using smart phones and 4G. In South Korea, for example, if you look at a queue of people waiting to be served in a café, they're all staring at screens. And not just phones, it's generally large tablet devices. Everyone is carrying one and they're all completely absorbed in them. They even have QR codes in taxis which you activate to pay for the journey. This level of adoption hasn't happened in Europe yet but the 'connect generation' will surely change that as they have grown up with phones; they don't know a world without mobile devices. So the evolution will continue to be about how mobile influences the purchase and then using your phone to make the purchase. It will become a fundamental part of how people shop. Today ecommerce is winning at the 'point of transaction', challenging the retail space that was the 'point of purchase'. The store itself isn't completely obsolete either, research has shown that people who always buy their groceries online will still visit the store fairly regularly to see what's new. So stores are becoming more significant as the 'point of experience'. Of course that is not without risk and there is a lot of work being done to combat 'showrooming' and ensure the retailer wins the sale whatever the channel.

Will some markets miss out steps in the evolution of retail? I.e. No out of town retail parks, but successful independent local stores and mail delivered solutions.

Yes I think so. The rural to urban trend will continue to drive people towards mega cities where old retail models will seem less and less relevant. In the US for example, Amazon now promises same day delivery in some areas which is a direct challenge to convenience. If you go to India you can see these huge malls that have been built which contain a mix of UK, US and Spanish retailers, yet a mile down the road you now have a mass of Mom and Pop shops. Would those retailers have set up inside those malls today, knowing the

world that we are moving into? People are still trying to answer these questions. On the other hand, in emerging markets like India, you have a growing, affluent middle class which has never had access to 'aspirational retail worlds' before and they are enjoying the experience. These types of stores are still very relevant for them. But as mobile and ecommerce capability becomes more prevalent in those countries, how long will the fascination with brick and mortar retail last?

Deloitte recently published some figures suggesting that retailers should consider reducing their physical assets by to up 40% if they want to challenge in the new digital age? How far do you agree with this?

Many retailers do need to reduce real estate assets but that figure does seem aggressive. It all depends on what model is relevant for your brand. If, for example, you're Primark and your objective is to deliver fashion items that are cheap to buy, on the high street, then it makes sense. If you're a more specialised, out of town retailer then ecommerce is perhaps the way to go. Deloitte are on the right track but for many retailers, having a large number of stores does still make economic sense.



Shadow QR Code in South Korea

What role do you envisage brick and mortar stores playing in the future?

They will provide customers with the best kind of individual experience of the products and the necessary service they require to make their purchase decisions. I think the Burberry store on Regent Street is a good example of this in action. Another store which has been clever at creating an 'individual experience' for customers is the Levi's flagship store on Champs Elysees and I love how they've created a hidden away mezzanine for their Vintage clothing range. The escalator is easy to miss, so nicely separates the mass-market products from an area for 'denim geeks' who are looking to spend significant money on a pair of jeans with genuine heritage. Apple is obviously renowned for its stores, built on a fantastic brand and products that people want. But I believe the secret to the success of its stores is simplicity. Apple can give great customer service because they sell so few products and most importantly, only have two operating systems – so there is not too much for those 'geniuses' to learn. At the same time, it will be important to stay true and relevant to

your brand. TK Maxx for example is a fashion retailer that perhaps doesn't offer the best shopping experience but its customers always leave feeling great because they found a bargain.

Cheil have a global concept of 'Search+Shop+Social' – could you explain what this is?

The path to purchase is no longer a simple, linear model but rather a complex set of connections which formulate an individual's shopping behaviour. Search, shop and social however are essentially the three constants in the shopping experience. The store is still important – it still fits into the FMOT (first moment of truth) model – as many products are more complicated today and customers tend to require further, first hand information, prior to making their purchase. Search is where the shopping journey most often begins. Google obviously plays a central role here but increasingly consumers are using Amazon, as their search is a more relevant product search, or even Twitter. And social is gluing everything together, people are

using social media sites such as Twitter and Facebook to seek out recommendations and product reviews.

In your opinion, are clients equipped to develop their ecommerce strategy internally or will agencies like your own lead the way?

Clients will continue to develop their own capability in ecommerce. Retailers will not hand over the running of their stores to a third party and I don't think we will see them do this in ecommerce either. Where they do want help from agencies and consultants is to fuel innovation. I see some great technology being developed, but making it applicable or relevant to the shopping experience is what makes it transformational. That is where agencies, entrepreneurs and developers will lead the way because that is where they are focused and they are always that little bit more inquisitive.

Where do you think the talent and knowledge to leverage emerging

technology in ecommerce lies? Up and coming graduates, agency talent or can clients grow their own?

I believe it exists in all three. Clients invest a lot in their people now. A good recent example of this was at Kraft Foods in Latin

diverse and challenging results. Great agencies nurture talent too and those that manage to keep a start-up culture are often most successful in encouraging idea generation, then developing and honing those ideas. Mint Digital in London, for example, took on some design grads from Goldsmiths College to

create The Foundry – an internal R&D team which seeks to commercialise employee generated ideas. A recent product is 'Olly the Smelly Robot', a USB connected device which you can customise to release various smells whenever you get an email alert or 'mention'. Imagine the

America where they 'hot housed' groups of employees, agency partners and external agitators to work on solving various business issues. They deliberately mixed people with different personalities and backgrounds to get

possibilities for pizza companies. Ideas like this could only emerge out of a culture that puts ideas and innovation at the heart of the business. There is also a lot of very bright but perhaps slightly naïve talent coming out of the

universities. They understand the technology perhaps better than anyone else because they have grown up with it, but struggle with the commercial and application side.

Ten years ago 'Retailtainment' was a buzz-word – is 'Social CRM' or 'Social Ecommerce' the new buzz?

There is certainly a lot of buzz around social commerce today, but Retailtainment is still relevant and it is ironic that social media is a key source of entertainment for people today. The big Buzz-word I'm hearing people talk about now is 'omni-Channel', which is great. For too long the industry has been focused on multi-channel when the shopper did not care, they simply moved seamlessly between platforms to achieve their shopping mission. That's why we are building campaigns that seamlessly integrate SEARCH + SHOP + SOCIAL.

Nigel Wright Researcher becomes Adecco CEO

Børge Nyborg is a researcher at Nigel Wright. He has an MSc in Applied Economics and Finance from Copenhagen Business School and previously held an internship at Crossmark, a leading consumer goods sales and marketing services company, in Australia. >>

Back in May, Børge became famous when he won a national competition to become CEO of Adecco Norway, during the summer. He was selected from 1500 other applicants. For one month in August he led the Norwegian arm of the global staffing business, which has an annual turnover of 3.5 billion Norwegian kroner, 600 permanent employees and places over 8,000 people in jobs,

every day. During his four weeks at the helm, Borge led meetings, reviewed Adecco's budget process, drafted a business case for a potential acquisition and also attended conferences and meetings in Poland. In the fall, Børge will travel to UNC Charlotte in America, where he will complete his double Master's degree in finance at The Belk College of Business.



Børge Nyborg

Nigel Wright events programme

We regularly host **networking dinners** in all major European cities providing senior leaders a place to extend their networks and discuss industry trends and developments. Business leaders' dinners typically take place once or twice per month across all of our European territories and are intended to provide executives from the FMCG and the wider consumer sector an opportunity to establish connections and discuss topical issues. Details of some of the events we have hosted this year are below. >>

Food, Drink, Health and Beauty event in London

A dinner in March attended by 14 senior executives from the UK's Food & Drink and Health & Beauty sectors at the Regency Room at the York and Albany, Gordon Ramsey's chic European restaurant in Camden Town. Guests included CEOs as well as Marketing, Brand and Commercial Directors from leading consumer brands.

HR Executive dinner in Madrid

An informal networking event in September at Restaurante Kabuki Wellington in Madrid, attended by HR Directors from some of Spain's leading consumer companies including Grupo Siro, Heineken, Mars, L'Oreal, Kellogg's and Samsung.

Food industry trends seminar in Stockholm

In March we co-hosted a food industry trends seminar with the Food & Friends advertising agency, in Stockholm. Food & Friends President Lennart Wallander led a two hour discussion on 'Trend spotting in food, drinks and meals' which included an analysis of organic foods, pastries and pastas as well as

changing consumer habits and retail spaces. The event was attended by senior executives from the Nordic consumer industry.

Executive networking in Amsterdam

In June 2012 the Nigel Wright Benelux team hosted an executive networking dinner in the Exclusive Sandton restaurant "de Nederlanden" near Amsterdam. Guests included twelve senior decision makers representing various consumer

brands including TomTom, Samsung, D.E Masterblenders 1753 and Trind Cosmetics.

Swedish Grocery Gala in Stockholm

In September, Nigel Wright Group sponsored the Category Manager of the year award at Sweden's fourth annual Grocery Retail awards. The event which took place at Cirkus in Stockholm was attended by senior executives from Sweden's grocery retail sector. Nigel Wright Managing Consultant Rebecca Eileryd presented the award to Maths Brisdaahl of baby food manufacturing business Semper who was recognised for his deep knowledge, vast experience and creative business acumen.

Other events that have taken place in our overseas territories this year include a **Directors Dinner in Paris**, a **Danish Client evening in Copenhagen** and a **Shopper Marketing seminar in Oslo**.

