

THE TRANSFORMATIONAL CIO

Harvey Nash/KPMG CIO Survey 2018

Retail Industry Findings

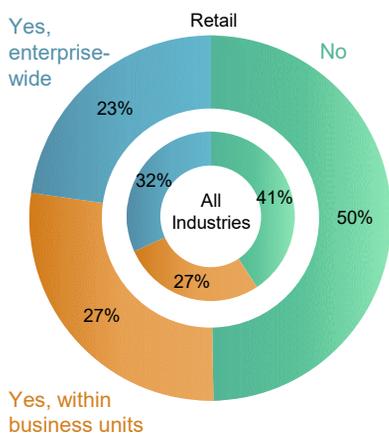


The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,000 respondents across 84 countries, representing over US\$300bn of IT budget spend.

This retail industry snapshot summarizes the survey responses of more than 200 Retail IT leaders, highlighting the areas where the retail industry findings diverged from the other industry responses.

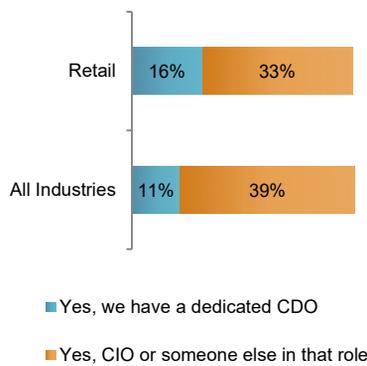
Digital Strategy

Does your organization have a clear digital business vision and strategy?



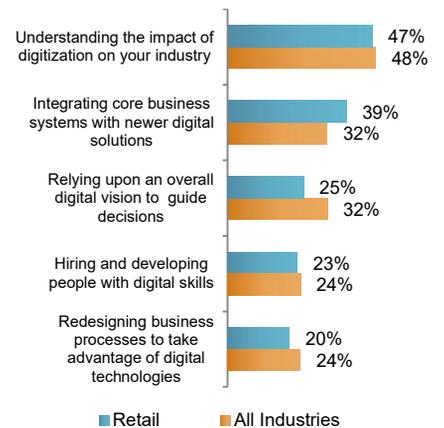
Retail companies are **much less likely to maintain an enterprise-wide digital business strategy** than companies in other sectors (23% vs. 32% for all industries), and equally likely to have one within business units (27% vs. 27%). Overall, 50% of retailers say they have a clear digital strategy.

Does your organization have a Chief Digital Officer or someone serving in that capacity?



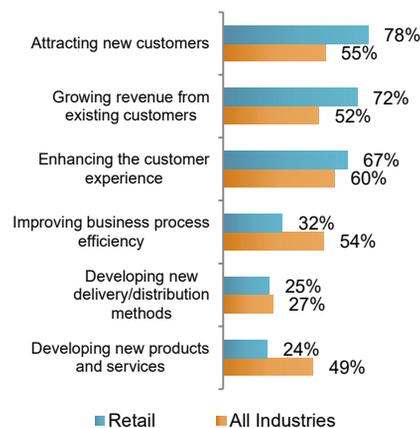
49% of retail companies have a Chief Digital Officer or equivalent, with 16% having a dedicated CDO, higher than the all-industries average of 11%. An additional 33% have the CIO or someone else acting in that role.

How would you describe your company's capabilities in the following areas? (Very/Extremely Effective)



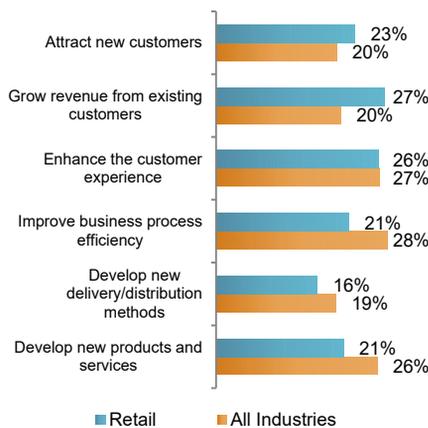
Retailers' effectiveness in key digital capabilities tends to lag other industries. Nearly half of retail companies effectively understand **the impact of digitization (47%)**, but **only a fifth feel confident in their capabilities to redesign business processes to take advantage of digital technology.**

Which are the most important goals when prioritizing digital technology initiatives in your organization?



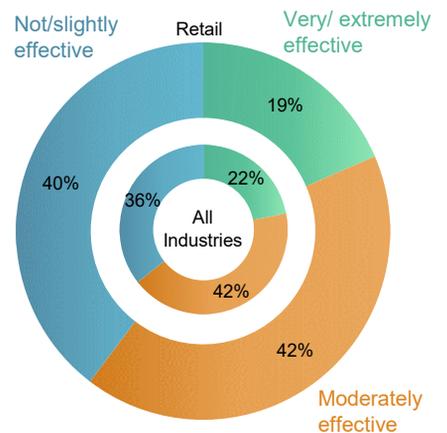
When prioritizing digital investments, **Retail companies heavily focus on the customer: attracting new ones (78% vs. 55% for all industries) and growing revenue from existing ones (72% vs. 52%).**

How effective has your organization been in using digital technology to advance the following goals? (Very/Extremely Effective)



Despite its high importance, **only 23% of Retail companies rate themselves as very effective or better at using digital to attract new customers.** They are somewhat more effective at using digital to grow revenue from existing customers (27%), also an important focus.

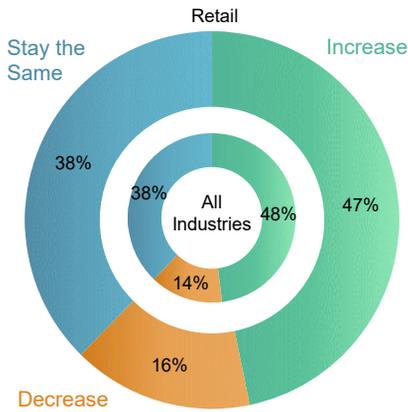
Overall, how effective has your organization been in using digital technology to advance its business strategy?



Like other industries, the majority of retailers report **low to moderate effectiveness of their digital strategies**, with just 19% saying their digital strategies are very or extremely effective.

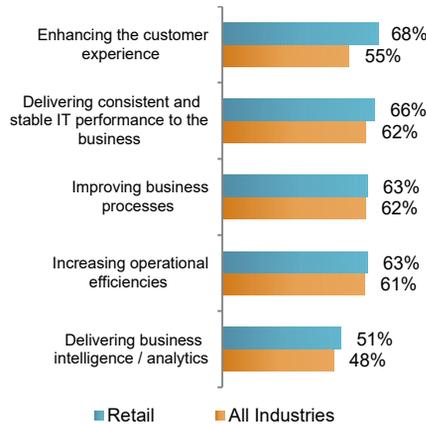
Budget/Priorities

Over the next 12 months, how do you expect your IT budget to change?



Retail companies are **slightly less optimistic about their IT budgets for next year** than companies in other industries, with 47% expecting an increase in their IT budgets, compared to an all-industries average of 48%.

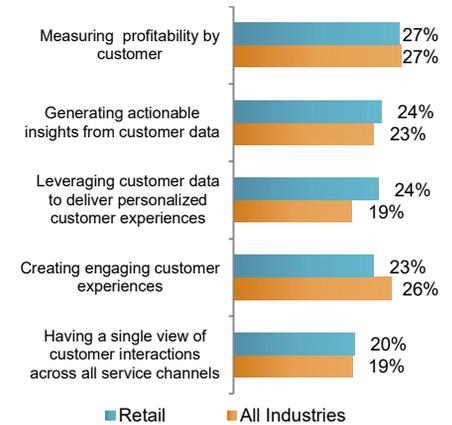
What are the key business issues that your management Board are looking for IT to address? (top 5)



Compared to IT priorities in other industries, Retail management Boards **more heavily emphasize enhancing the customer experience** (68% vs. 55% for all industries), **and delivering consistent and stable IT performance** (66% vs. 62%).

Customer Capabilities

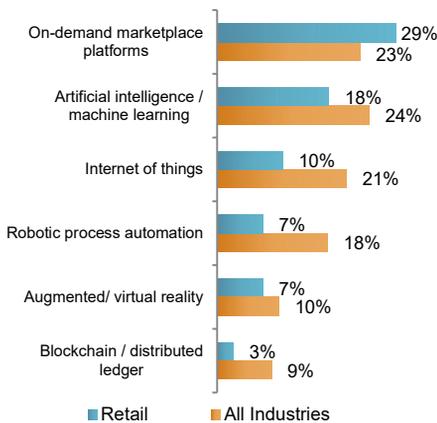
How would you describe your company's capabilities in the following areas? (Very/Extremely Effective)



Despite a relatively strong focus on enhancing the customer experience, retailers **lack effective capabilities across the five critical customer-focused areas**. 80% of retailers say they struggle with having a single view of customer interactions across all service channels (20%).

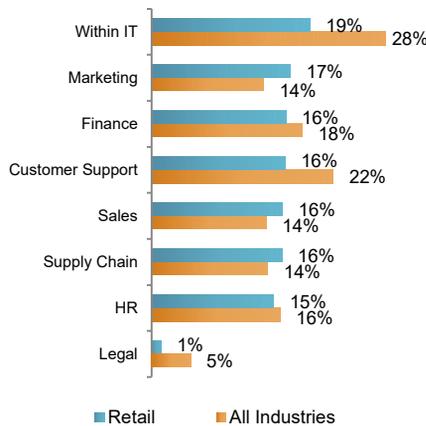
Technology & Innovation

How would you characterize your investment in the following technologies? (Moderate/Significant Investment)



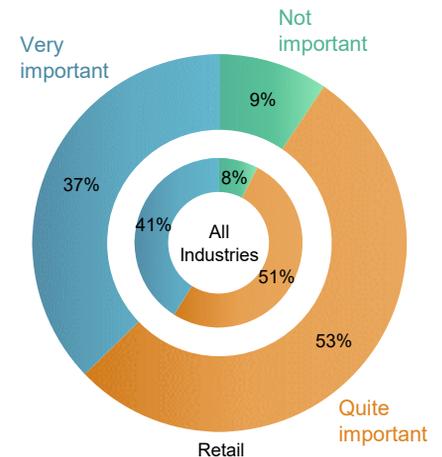
Retailers are less likely than other industries to be investing in next generation technologies, with the exception of **on-demand marketplace platforms**, in which 29% of retailers are making a moderate to significant investment.

In which functions have you implemented digital labor/automation?



Retailers have implemented **digital labor/automation** at equal levels across functions (except for legal). Compared to other industries, retailers lag in the areas of IT and customer support.

How important is it to have an innovative, experimental culture in your organization to ensure a successful digital strategy?



As with companies in other industries, Retail companies **view having an innovative, experimental culture as important to the success of their digital strategies**, with 90% viewing it as very or quite important.

Conclusion

The retail industry has recently undergone unprecedented transformation at a rapid pace. And driven by a perfect storm of geographic, geopolitical, technological and demographic revolutions, this transformation has created as much opportunity as it has disruption.

In this new world of platform businesses and savvy consumers, an innovative digital and customer strategy is not only essential for success and growth, but imperative to survival. This digital focus, in addition to functions such as inventory, marketing, pricing, targeting, sales and fulfillment becoming increasingly driven by data and technology, means the role of IT has become more central and critical for retailers than ever.

KPMG understands the challenges that retailers face as they undergo digital transformation, rethink their business models and invest in innovation and new technology. Our international network of retail experts can work with your IT team to develop and implement the innovative solutions and strategies that will deliver real results for your business.

Further information

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