

Leading Through Connections

Insights from the
Global Chief Executive
Officer Study

Retail

Engaging customers as individuals by understanding them more deeply

By Jill Puleri

The IBM Global CEO Study 2012, “Leading Through Connections” comprises face-to-face conversations with more than 1,700 CEOs in 64 countries and 18 industries. The study reveals three imperatives impacting geographies and industries: Empowering employees through values; engaging customers as individuals; and amplifying innovation with partnerships.

CEO Study customer imperatives are particularly relevant to the Retail industry as sophisticated consumers challenge the marketplace to respond to changes in individuality, as well as the explosion of information sources, influencers, brands and channels. Our latest IBM industry research, “Winning over the empowered consumer: Why trust matters,” finds that consumers give their loyalty to just a select few retailers. Winning them over requires retailers and product brands to listen and respond to consumer-generated content; identify consumer influences and use data to anticipate future products and services; and know “everything” about their consumers to demonstrate loyalty to them through process excellence.

Of the 105 Retail CEOs interviewed for the CEO Study, 78 percent identify *customer insights* as their top investment area (compared to 73 percent of the global CEO sample). Supply chain was their second most important investment area, cited by 64 percent of Retail CEOs versus only 40 percent of the global CEO sample. *Sales* took third place as a critical investment area for both Retail CEOs and the full global sample (cited by 56 percent of Retail CEOs versus 49 of global CEOs).

However, the mechanism by which Retail CEOs plan to engage with these customers will shift markedly over the next three to five years, with moves away from face-to-face sales and traditional media models to increases in the use of social media tools (up from 26 percent today to 72 percent) and websites (rising from 58 percent today to 71 percent).

Today, Retail CEOs are doing about as well as the global sample in their use of customer insights. When CEOs were asked how good their organizations are at deriving value from data, 54 percent of outperformers in the global CEO sample rate themselves well, compared to just 52 percent of Retail CEOs. When it comes to translating insights into action, 57 percent of outperformers in the global sample give themselves high marks versus 50 percent of Retail CEOs.





As Retail CEOs now aim to serve “many ones” instead of “one of many,” they will need to manage expanded numbers of information sources and influencers across even more brands and channels. Staying focused on valuable customer connections is a necessary first step to gaining the trust and loyalty that can spell success.

To reach an IBM industry expert, contact iibv@us.ibm.com and for more information about the IBM CEO Study, please visit ibm.com/ceostudy.

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