

Harvey Nash/KPMG CIO Survey 2017

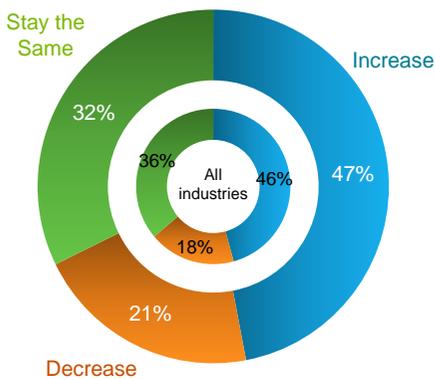
Retail Sector Findings

The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,500 respondents across 86 countries, representing over US\$300bn of IT budget spend.

This retail sector snapshot provides survey responses from more than 250 retail companies on some of the key topics, and highlights several areas where this sector's responses differed significantly from those from across all industries.

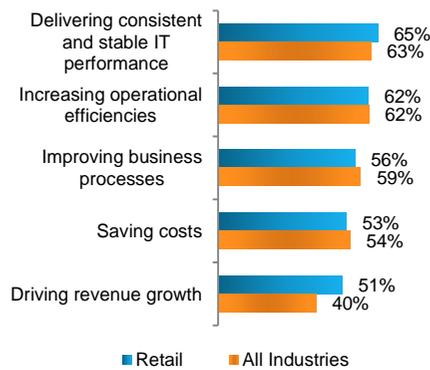
Key Topics

Looking forward, over the next 12 months, do you expect your IT budget to?



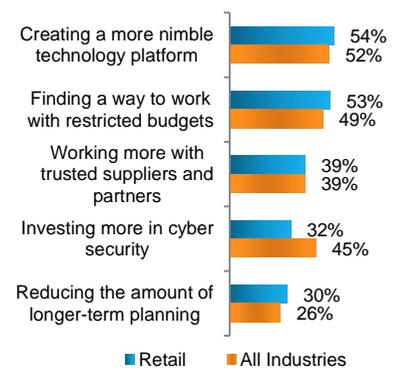
Retail companies' IT budget expectations are **roughly in line with those of other industries**, with slightly more expecting both a budget increase (47% vs 46% for all industries), and a decrease (21% vs. 18%).

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



Retail company Board priorities for IT are mostly similar to those in other industries. Retail, however, **places a much greater emphasis on driving revenue growth** (51% vs. 40% for all industries).

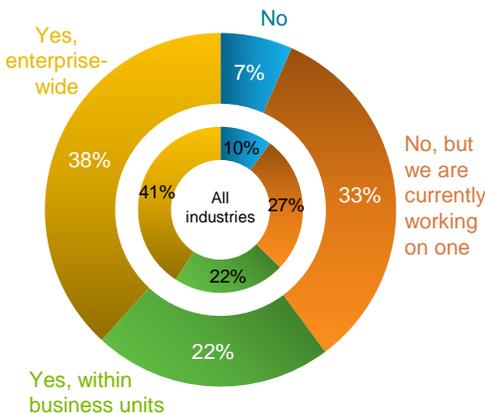
How have you adapted your technology plans to deal with uncertainty? (top 5)



Retail companies tend to adapt their technology plans to uncertainty in the same ways as other industries, though they **less often invest more in cyber security** (32% vs. 45%).

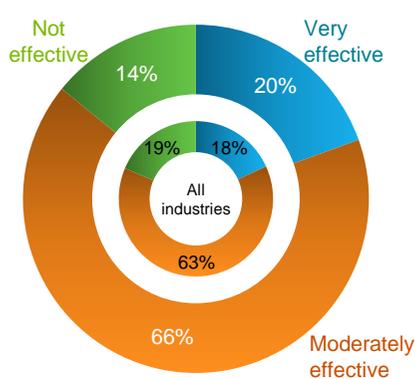
Digital Strategy

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



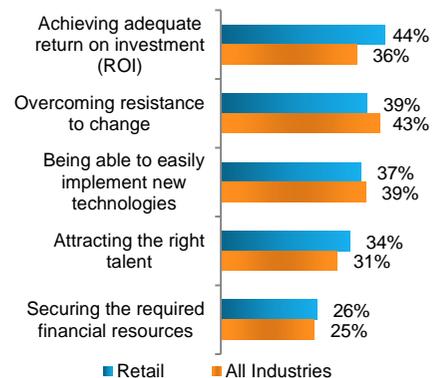
Retail companies are **slightly less likely to maintain an enterprise-wide digital business strategy** than in other industries (38% vs. 41%).

How effective has your organization been in using digital technologies to advance its business strategy?



Like other industries, retail companies **report low overall effectiveness levels in their digital strategies**, with just 20% describing their strategies as very effective.

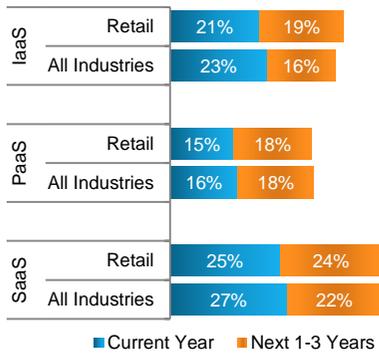
Which of the following represent the greatest challenges to your organization's successful implementation of digital capabilities? (top 5)



When implementing digital capabilities, retail companies **face greater challenges achieving adequate ROI** (44% vs. 36% for all industries), and **less overcoming resistance to change** (39% vs. 43%).

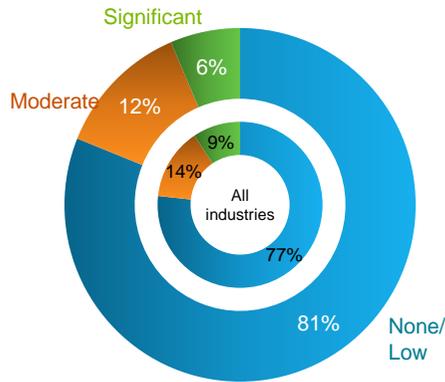
Technology & Innovation

How would you characterize your current investment in the following cloud services and how do you expect that to change over time? (Significant Investment)



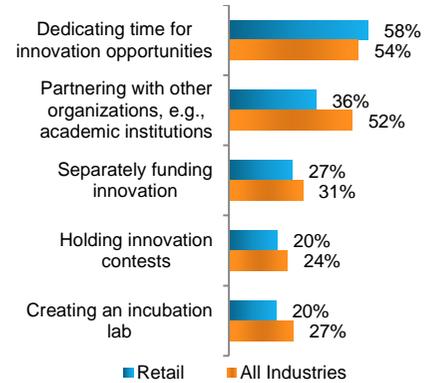
Compared to other industries, retail companies are roughly equally likely to invest significantly in all types of cloud services, now and in the future.

How would you characterize your current investment in digital labor?



Retail companies have invested somewhat less heavily in digital labor than in other industries, with fewer making both significant investments (6% vs. 9% for all industries) and moderate investments (12% vs. 14%).

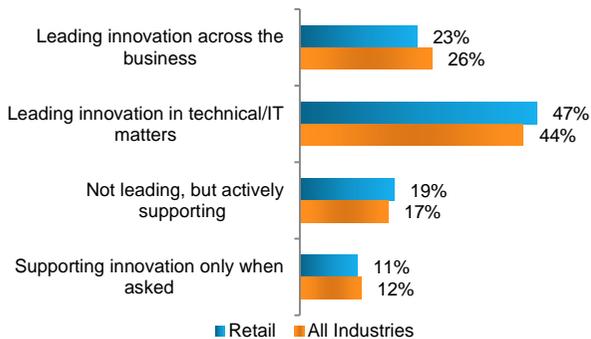
In which of the following ways is your organization fostering innovation?



Retail companies tend to undertake fewer formal innovation-related activities than other industries, especially partnering with other organizations (36% vs. 52% for all industries).

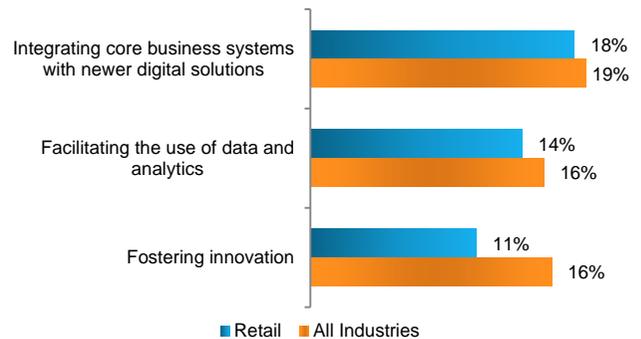
Significant Differences

Which of the following do you think best describes the role your organization's CIO is currently playing in promoting innovation?



Compared to non-industry peers, retail CIOs are slightly less likely to lead innovation across the business (23% vs. 26% for all industries), and are more likely to lead only in technical/IT matters (47% vs. 44%).

How effective is your IT organization in each of the following capabilities? (Very Effective)



Retail companies tend to lag cross-industry effectiveness benchmarks in key next-generation IT capabilities, especially fostering innovation, where they struggle even more than companies in other industries (11% vs. 16% for all industries).

Conclusions

The retail sector is disrupted and facing continuing disruption. It is in the midst of geographic, demographic and technological revolutions that are changing the way retailers do business. Adapting to it – being agile – is key and there is a real opportunity for those who dare to lead the pace of innovation.

It is positive to see that almost half of retailers expect their IT budgets to increase in the next 12 months. Hopefully this reflects a recognition that investment in emerging technologies to also enable better customer experience is critical to survival and success. Consumers are quickly coming to expect seamless, customer-centric, and fully integrated experiences as an industry standard; and to be truly successful, retailers need to be investing in fully integrated, “omni business” models that span not only across sales channels, but throughout the entire organization.

However, current investment levels in digital labor lag behind the global average, and worryingly retail companies tend to undertake fewer innovation-led activities than other industries. Similarly, retail respondents rate themselves less effective at fostering innovation. Given the very real threat of larger retail companies and platform businesses which are continuously innovating and leveraging disruptive technologies, a much sharper and robust focus on driving innovation, and delivering adequate ROI from digital investments is critical.

Further information

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