There's no slowing down in the retail revolution

Year after year, the message to Canada's retailers is deafening: understand and target today's multidimensional consumer. Keep pace with technology, and its impact in not only enhancing the operating model, but also very much, the customer experience. Get with the times or make way for competitors who will. These ideas are starting to resonate amongst C-suite across the industry, but urgency still remains lacking.

Even so, KPMG's 2019 Canadian CEO Outlook makes clear that a vast majority of Canadian CEOs (73 percent) are confident in their ability to compete, regardless of the disruptions today or ahead. They are also seeing progress in their digital transformation and eager to innovate and enhance the customer experience – even if it means partnering outside their comfort zone.

Still, actions speak louder than words. Canada's industry players may be making progress, but we are lagging in certain key areas.

Cyber maturity

Canadian retail CEOs are losing more sleep over cyber security. Rarely a day goes by without news of another privacy issue, data breach, or large scale cyber-attack. In an industry where customer data is becoming exponentially more valuable, there is a continuing and growing need to protect data at all costs.

It does not help that Canadians are less generous with their data than they have been in the past. KPMG's latest **Me, my Canadian life, my wallet** report shows that today's customers are far less eager to share their data, especially without establishing a high level of trust and getting something of value in return.

Canadian CEOs are becoming more mindful of these attitudes, but have been slower to react compared to other countries. In some respects, we are just now reaching milestones in our digital transformation that our global competitors have already overcome. It is little surprise, then, that Canadians in this year's CEO Outlook are more concerned about cyber than ever before and feel less prepared for an imminent attack than our competitors who have already moved on.

The truth is Canadian organizations are starting to make progress, but it is time to pick up the pace.

Making allies

There is no ignoring the rise of platform business in the retail space. As such, the choice for many companies is to either become one, defend against one, or joint venture with one.

If the stats from this year's CEO Outlook are any indication, Canadian CEOs are more apt to form strategic alliances with third parties as a means to adopt the technologies, business models, and customer experience innovations that would otherwise take too long to develop organically. This makes sense given strategic alliances are often a more practical, short-term strategy to broaden one's value proposition without the expense of other options.

The faster one can offer customers a new product, service, or shopping experience, the better the odds of staying ahead of their competitors.

Staying agile

Disruption is not coming; it is already here. The likes of Amazon, Google, Netflix, and countless innovative and on-demand services are re-shaping how customers relate with their retail providers and make decisions.

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The question is: how will your organization respond?

The question is: how will your organization respond? With the retail world transforming at breakneck speeds, Canadian organizations – and, more importantly, their leaders – need to be agile. That begins from the top with CEOs who can embed and promote a culture of innovation; one that encourages creativity, experimentation, and taking chances – even if they lead to failure. Seventy-five percent of Canadian CEOs claim to give their employees the leeway to innovate without fear of failure. Though the fact that we continue to lag certain key areas indicates that attitudes articulated may not translate to execution.

Agility is dependent on talent, yet only 44 percent of Canadian CEOs are planning to upskill more than 40 percent of their staff in digital capabilities (compared to 81 percent globally). Knowing that, we cannot compete against players like the US and China who are doing more to innovate in the retail space than many of our Canadian organizations.

At the same time, our investments in digital tools (e.g. artificial intelligence, automation, machine learning, data analytics) are being outspent by China and our neighbours to the south. Here again, we must do more to secure the people, capabilities, and tools to put Canada at the forefront (or to at least be competitive).

The 'Canadian Way'

The theme of this year's CEO Outlook is the same as it has been for years. Even though we are making gains, we are still too 'Canadian' at times. We need to be bold to compete in the global space, which means picking up the pace when it comes to innovation, upskilling our workforces, and defending our virtual borders. We have talked the talk, but now we need to align awareness with execution to make the Canadian brand world-class.

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