

**KIN+CARTA**

Digital Transformation

# 2024 Leadership Priorities in Tech

Leading through tech anxiety in  
retail and distribution



## Contents

Introduction	<a href="#">🔗</a> 3
Digital transformation: A fast lane to the future	<a href="#">🔗</a> 4
The rise of tech anxiety	<a href="#">🔗</a> 9
Investing in a digital future	<a href="#">🔗</a> 12
Data-driven transformation	<a href="#">🔗</a> 15

## Background to the report

We surveyed 800+ business leaders based in the UK and US, of which 240 worked across retail and distribution.

The sample was made up of C-suite executives, Senior VPs and VPs, Directors and Senior Decision Makers. Further in-depth interviews were conducted with senior leaders in retail and distribution on a range of key topics.

With special thanks to those who gave up their time to speak with us and share their detailed views on the future of digital transformation in the retail sector:

**Adam Warne**  
Chief Information Office, River Island

**Marcus Simms**  
Retail CIO and Exec Advisor

**Paul Hornby**  
Digital Customer Experience Director, The Very Group

**Pete Templeton**  
Finance Director, Boohoo

## Topic 1

### Digital transformation for large-scale organizations

Understanding perceptions of digital transformation, what it is understood to mean, how people talk about it, and the challenges that surround it.

**91%** of retail and distribution leaders identified 'digital transformation' as a term used within their business.

## Topic 2

### Tech anxiety: identifying and responding to concerns

Understanding senior leaders' concerns around digital transformation and the key issues driving tech anxiety.

**Cyber security (24%)** is the most common source of anxiety in retail, followed by AI & machine learning (**21%**).

## Topic 3

### Investment: the next big thing

Understanding current investment strategies in the face of emerging technologies and a changing environment.

**78%** believe investment in digital transformation is critical or something they need to have.

## Topic 4

### Data: what people trust

Exploring the levels of trust in company data, reasons for distrust, and the areas of data that leaders focus on the most.

Just **30%** of leaders in retail and distribution fully trust their company's data.

## Keeping pace with change: understanding tech anxiety

Retail and distribution businesses are under pressure to rapidly evolve and adopt a more digital outlook, with the cost of living, ongoing impact of the pandemic, and sociopolitical shifts driving constant change.

For many retail organizations, initial responses focused on the rapid expansion of digital teams including engineers, data scientists, and cyber security experts. Headcounts and budgets have historically been stretched, with little immediate evidence of return on investment.

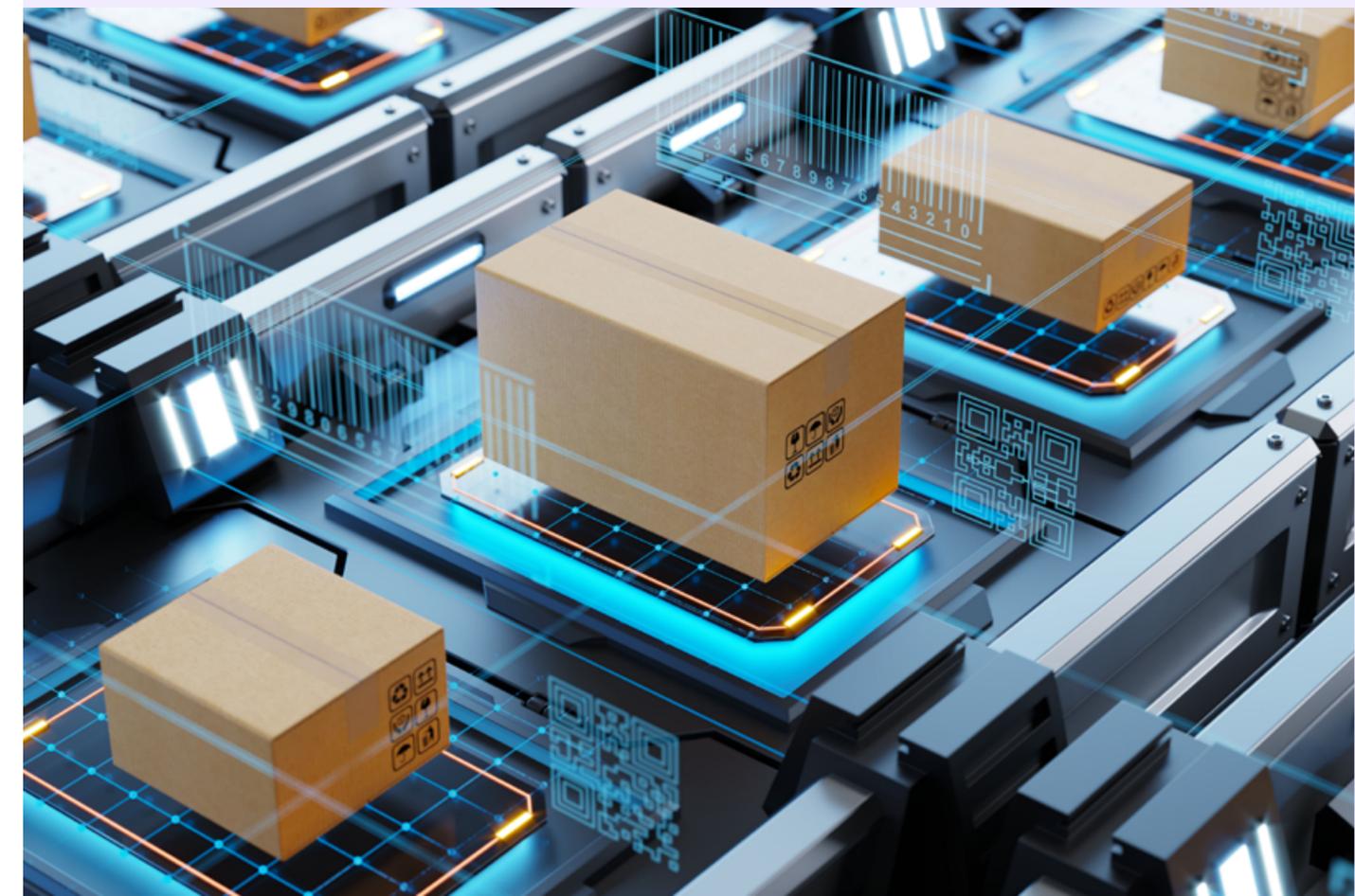
**With this pressure for progress, it's no wonder that a new phenomenon has emerged: tech anxiety.** Retail and distribution businesses are navigating a new landscape: from AI and machine learning to the ongoing threat of cyber security attacks and challenges of increasingly stringent

data protection regulation. The increasing risks and demands for transformation have led to heightened levels of anxiety around digital initiatives. Leaders must now equip themselves with the technical and digital know-how to effectively manage costly and potentially disruptive transformation processes whilst maximizing opportunity.

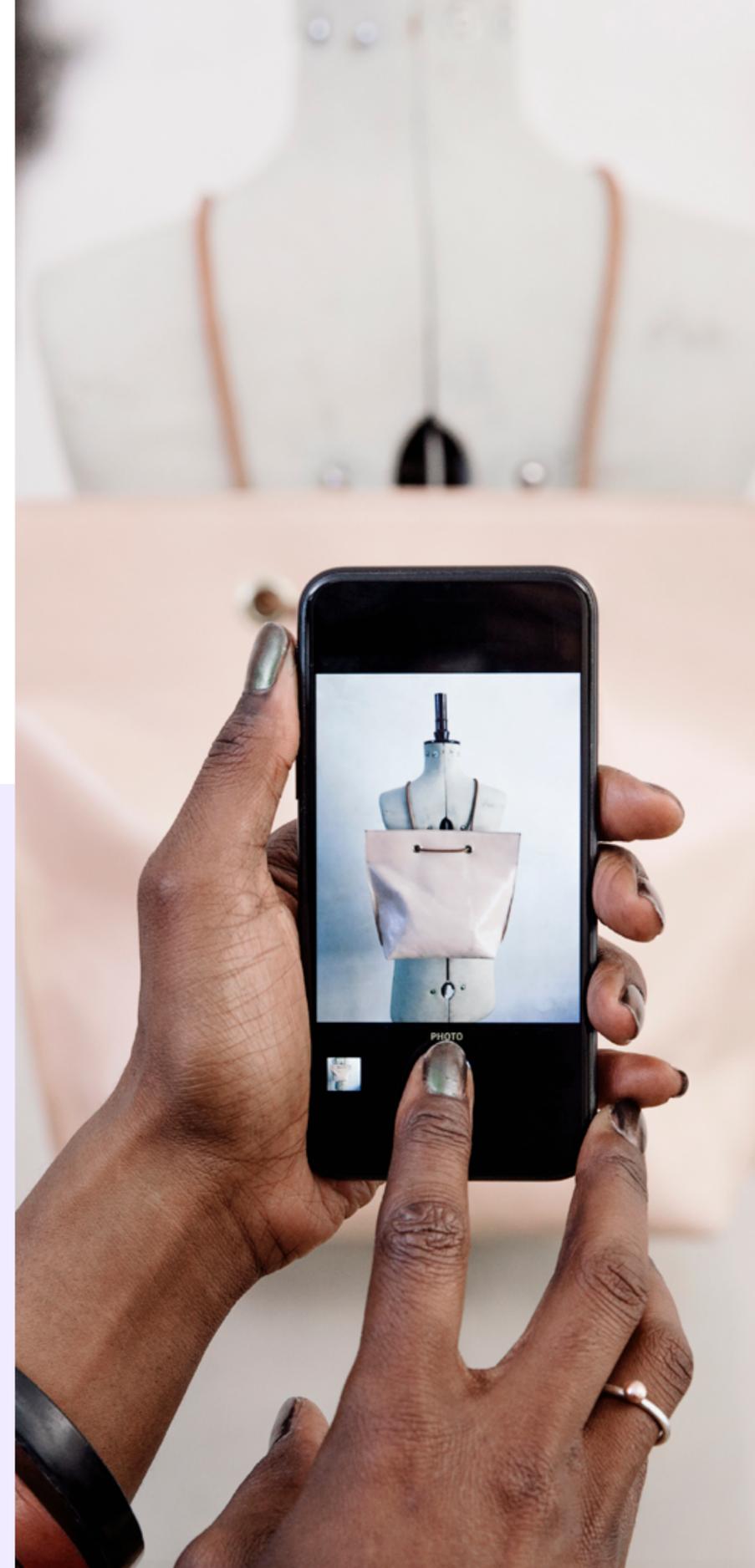
To better understand the tech anxiety faced by business leaders, we asked them about their ongoing challenges, the complexities of digital transformation initiatives, and the tools they need to succeed.

“Tech anxiety is heightened currently because many organizations are still grappling with digital transformation in the present and past, whilst still trying to work out quickly what the future holds for them with GenAI.”

**Mark Collin,**  
Managing Director Europe  
Kin + Carta



# Digital transformation: A fast lane to the future



## Digital transformation at the forefront

Our research reveals **91% of retail businesses use the term digital transformation**, although it is used to describe an array of different things.

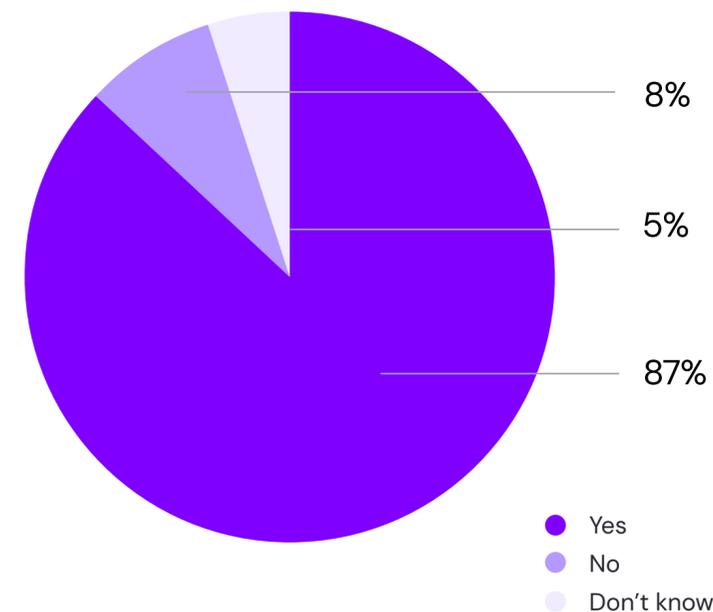
However, there is also a danger of the term “digital transformation” being perceived as a buzzword. Whilst **78% of leaders still consider digital transformation to be critical or necessary**, there’s a lack of agreement on its definition, with different interpretations amongst people, businesses, and industries, giving leaders pause.

What does digital transformation really represent?

---

87% of retail businesses have a digital transformation strategy in place, although it comes under different names and guises.

Does your business have a digital transformation strategy?



“We tend to steer clear of the term ‘digital transformation’ as it can feel too drastic. We have strong foundations in place already, with lots of competing priorities for things we could improve. We’re investing more in less to make sure the things we are doing are done well, and are achieving tangible results for the business.”

**Adam Warne,**  
Chief Information Officer  
River Island

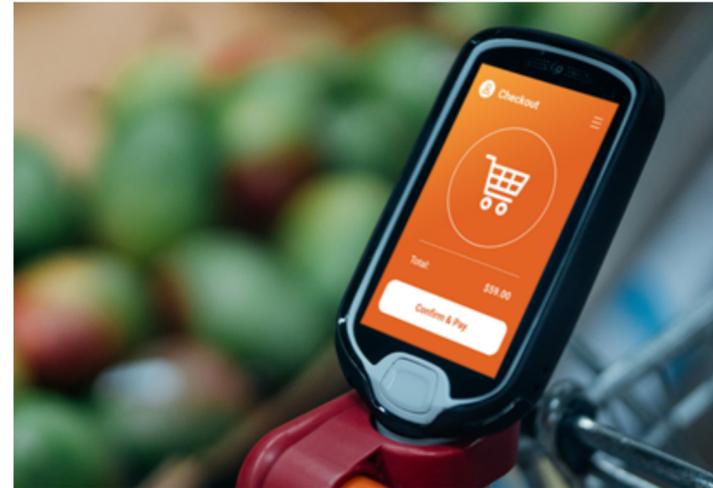


## The digital change cycle

Our research reveals that retail and distribution leaders understand digital transformation to mean a significant change to business operations through the integration and application of new technology. Three broad themes emerge from leaders' responses to what digital transformation means to them.

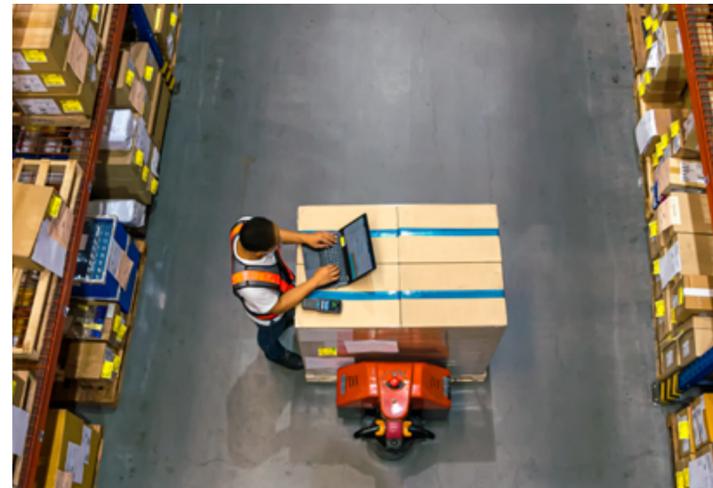
---

88% of retail leaders consider their companies digitally fit for the future.



### 1. Transformation of processes, practices, and culture

Emphasizing the need to leverage digital technologies for business transformation, including reshaping processes, culture, and organizational structures. This entails embracing digital operations, automation, and integrating technology across the organization to drive continuous progress.



### 2. Evaluating technology impact and adoption strategies

Assessing the effects of emerging technologies on organizations, evaluating potential risks, opportunities, and aligning them with organizational objectives. This involves making informed decisions, setting adoption strategies, selecting appropriate technologies, and balancing current needs with future innovation.



### 3. Deriving benefits and competitive advantage

Focusing on the value derived from digital transformation and new technologies. Highlighting the potential for improved business processes, enhanced customer experiences, increased productivity and growth, leading to a competitive edge in the market.

## Digital transformation hotspots

Leaders across our research told us that digital transformation is a wide-reaching evolution. They seek to continually improve outcomes and processes across their organizations, rather than focusing on siloed projects. This big-picture approach means transformation efforts are often centered around these key areas:



**61%** of leaders in retail use digital transformation to describe customer experience improvements.

### 1. Customer-centric and personalized experiences

More so than in any other sector, the customer is at the heart of retail businesses' digital transformation strategies, with tailored marketing, personalized experiences, and the use of data for customer retention a key focus.



**48%** of retail and distribution leaders relate digital transformation to cloud modernization.

### 2. Cloud migration and application replacement

With retail opportunities increasingly shifting online, significant focus is placed by leaders on migrating systems and applications to the cloud while ensuring seamless integration, data integrity, and minimizing disruption.



**Over half** of retail businesses use digital transformation to describe AI and machine learning.

### 3. Ethical considerations and responsible technology use

From automation to loss prevention and enhancing customer satisfaction, AI and machine learning offer many opportunities for retail businesses. Leaders have to explore the ethical and social implications of technology adoption, including AI bias and algorithmic transparency.



**42%** of retail leaders identified data foundations and analytics as key to digital transformation.

### 4. Data-driven decision making and analytics

From streamlining supply chains to optimizing sales, the leveraging of data insights and analytics to inform decision-making and gaining a competitive edge is a key consideration for retail and distribution businesses.



**43%** of businesses say digital transformation involves the automation of internal processes.

### 5. Modernization and automation of tools and systems

Retail and distribution businesses place significant emphasis on upgrading and streamlining existing tools, systems, and processes to enhance efficiency, productivity, and competitiveness.



Survey responses suggest many leaders see transformation and cyber security as intrinsically linked.

### 6. Cyber security and data privacy

With shopping moving online, it's more important than ever to address cyber threats, protect sensitive data, and comply with privacy regulation. This approach ensures the security of digital infrastructure, preventing data breaches.

# The rise of tech anxiety



## What's keeping leaders up at night?

It's an uncertain time for retail and distribution businesses, marked by trade tensions, geopolitical shifts, changes in regulations, and the residual effects of the global pandemic. Supply chains and workforces have been impacted, and consumer behaviors are shifting alongside rapid advances in technology.

With this uncertainty comes anxiety. The rise of the online retail market has led to increased risks and responsibilities for retail and distribution organizations. **Our survey found that cyber security is the most commonly reported source of anxiety for leaders in the industry.**

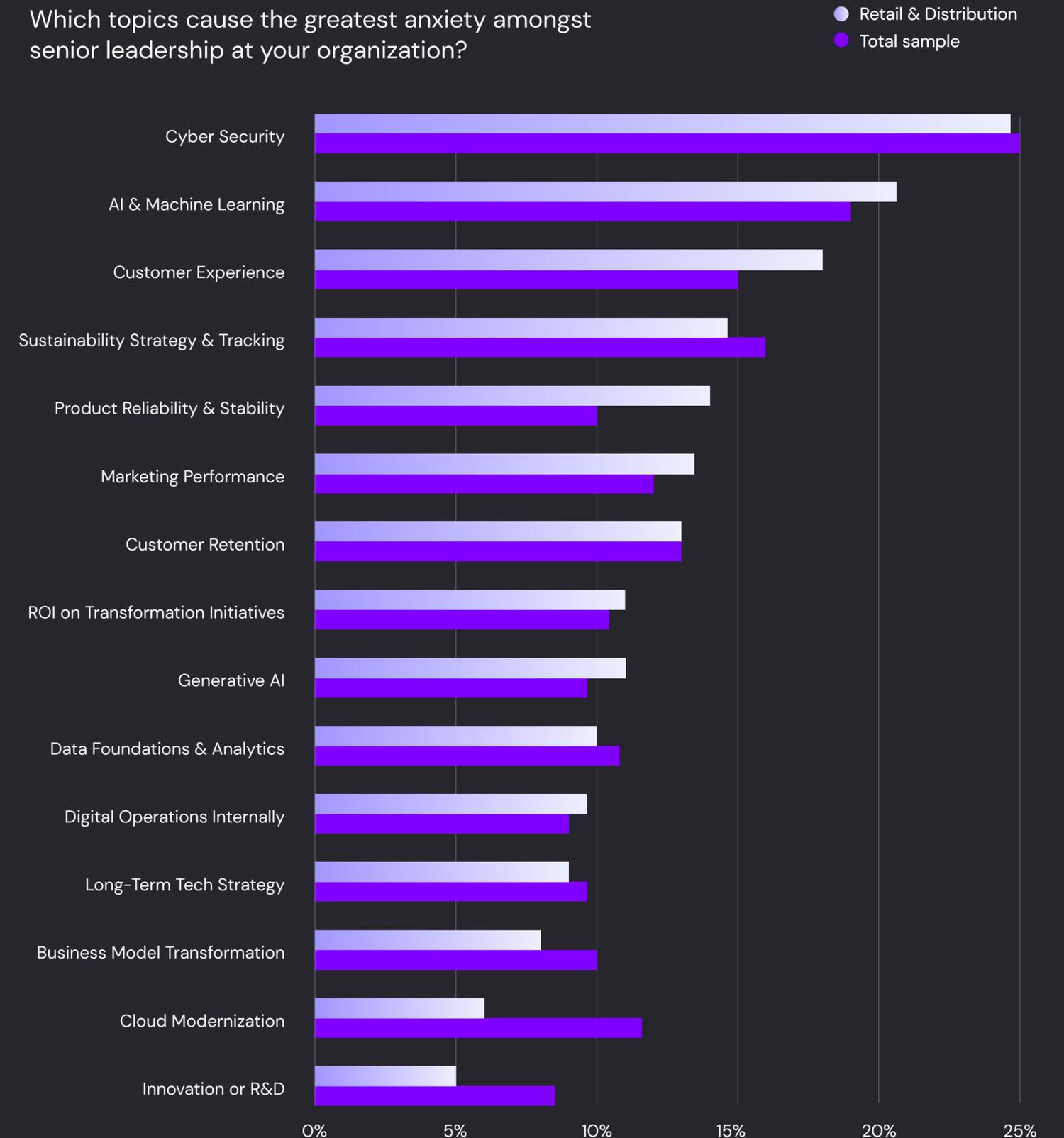
While developments in AI and machine learning pose multiple opportunities for retail businesses by way of automating services, predicting demand, and enhancing customer experience, they also pose a significant threat. When we combine concerns around AI and machine learning with those around generative AI, we can see that this emerging technology is causing more anxiety than anything else.

Our analysis of leaders' self-reported sources of anxiety found that technologies with the greatest disruptive potential generate the highest levels of concern.

For leaders in retail, factors relating to customer experience can be particularly significant. **18% report anxiety amongst senior leadership in relation to customer experience.** External threats such as regulatory changes are also key contributors.

Our research reveals 94% of leaders report tech anxiety among senior leadership in their organizations.

Which topics cause the greatest anxiety amongst senior leadership at your organization?



## Common sources of anxiety

### 1. Cyber Security

Senior leaders bear the brunt of the responsibility for safeguarding their organizations against cyber threats. They experience anxiety about the increasing sophistication of cyber attacks and the potential impact on their company's reputation and financial well-being.

**39% of the leaders who raised cyber security as a key concern attribute their anxiety to a lack of trusted data.**

### 2. AI and Machine Learning

Like many rapidly advancing technologies, AI and machine learning poses both opportunity and threat for retail businesses. Leaders cite concerns around job displacement, data privacy, and algorithm bias, as well as the potential introduction of errors in decision-making.

**48% of those who identify AI and machine learning as a concern, attribute their anxiety to the technology moving too fast.**

### 3. Customer Experience

Amidst increasing competition and consumer choices, customer experience is vital for retail businesses in fostering loyalty and driving growth. Factors contributing to anxiety include worries about rapidly developing technologies, access to reliable and trusted data, and talent availability.

**A third of leaders suggest anxiety about customer experience is due to a lack of access to talent.**

“Anxiety represents an opportunity for learning and growth. If retailers can approach new technology with a focus on their customers and a willingness to learn through experiments and mistakes, then they’ll always be more successful than those that just play it safe.”

**Nathan Ley,**  
Senior Director and Retail Portfolio Lead, United States  
Kin + Carta



# Investing in a digital future



## The importance of investing

To allow retail and distribution businesses to remain competitive and maximize opportunities for growth, digital transformation is vital. 78% of the industry leaders surveyed identified investment in digital transformation as either critical or necessary for business success.

However, leaders remain concerned about return on investment in the current economic climate. **Economic uncertainty has impacted the majority of retail and distribution businesses' short-term (74%) and long-term (75%) plans.**

Despite this uncertainty, 89% of retail and distribution leaders remain convinced that investment in digital transformation is necessary within the next 12 months. The majority of retail businesses (64%) plan to spend more on digital transformation initiatives this year than in previous years.

---

89% of business leaders believe that investment in digital transformation is necessary within the next 12 months.



“Tech is the enabler to create a brilliant customer experience. The cost and time saving opportunities retailers can generate from new technology can be reinvested to free the time and space for store colleagues to serve better.”

**Matthew Hildon,**  
Retail Portfolio Director, United Kingdom  
Kin + Carta

## The next big thing

With the potential to transform the shape of multiple industries, artificial intelligence and machine learning is the biggest investment priority for retail and distribution. 17% of retail businesses are investing more in this than anything else.

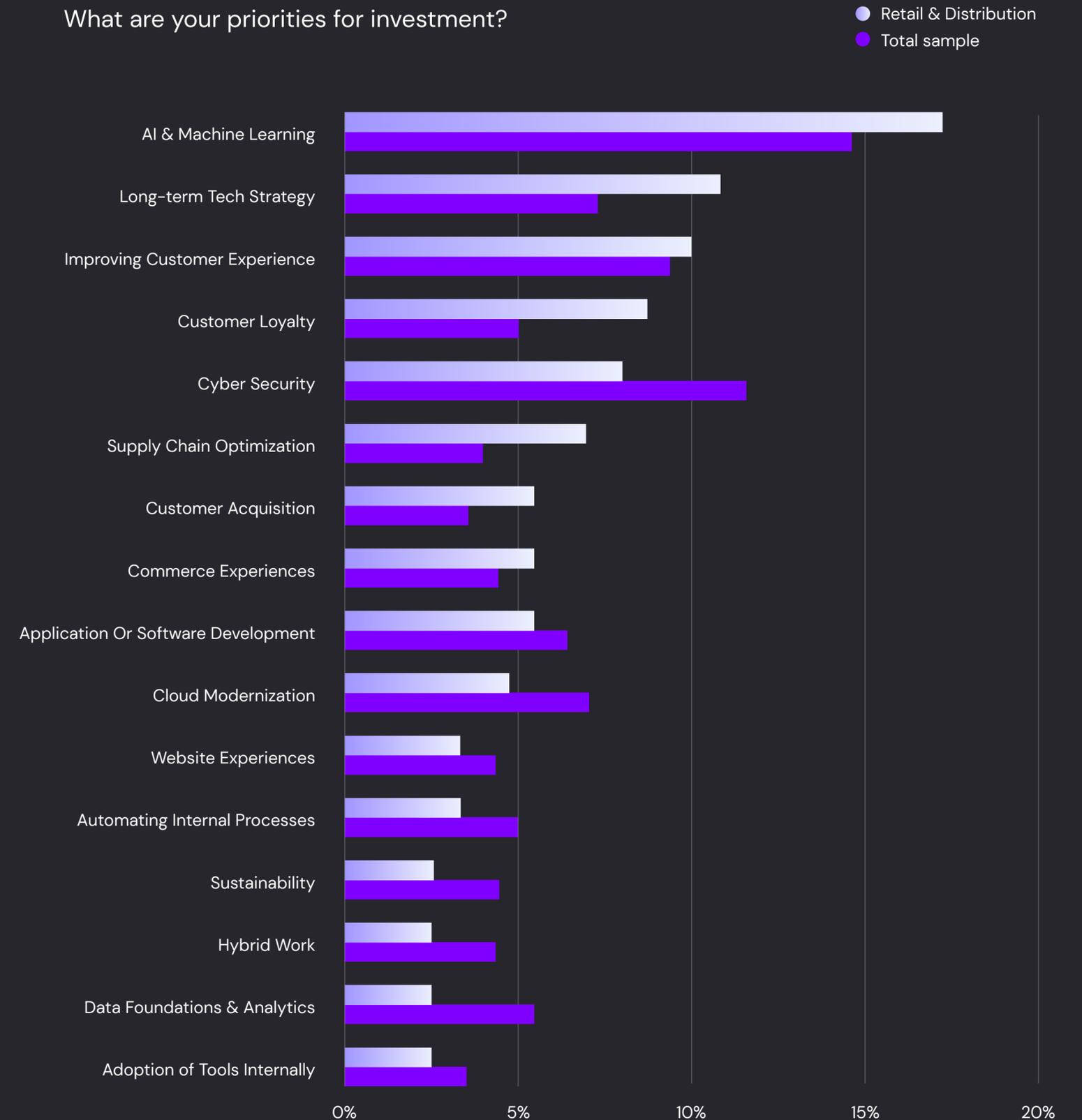
Focus on this technology is increasing all the time. In the 12 months leading up to June 2023, 'artificial intelligence' experienced a fivefold increase in interest on Google Trends. Leading organizations in the field are attracting considerable levels of investment and interest.

For retail businesses, more so than other organizations that we spoke to, their long-term technology strategy and improving customer experience are key priorities for investment. With shopping habits increasingly shifting online, the ability for retail businesses to adapt to fit a digital model is crucial for the retention of their customer base and future-proofing their organization.

Broader investment priorities for the sector include promoting customer loyalty and acquisition, optimizing supply chains, and enhancing commerce experiences. Cyber security is also a key area for investment, though less so when compared to other industries.

**17% of retail businesses are prioritizing investment in AI and machine learning.**

### What are your priorities for investment?



# Data-driven transformation



## Confidence and trust

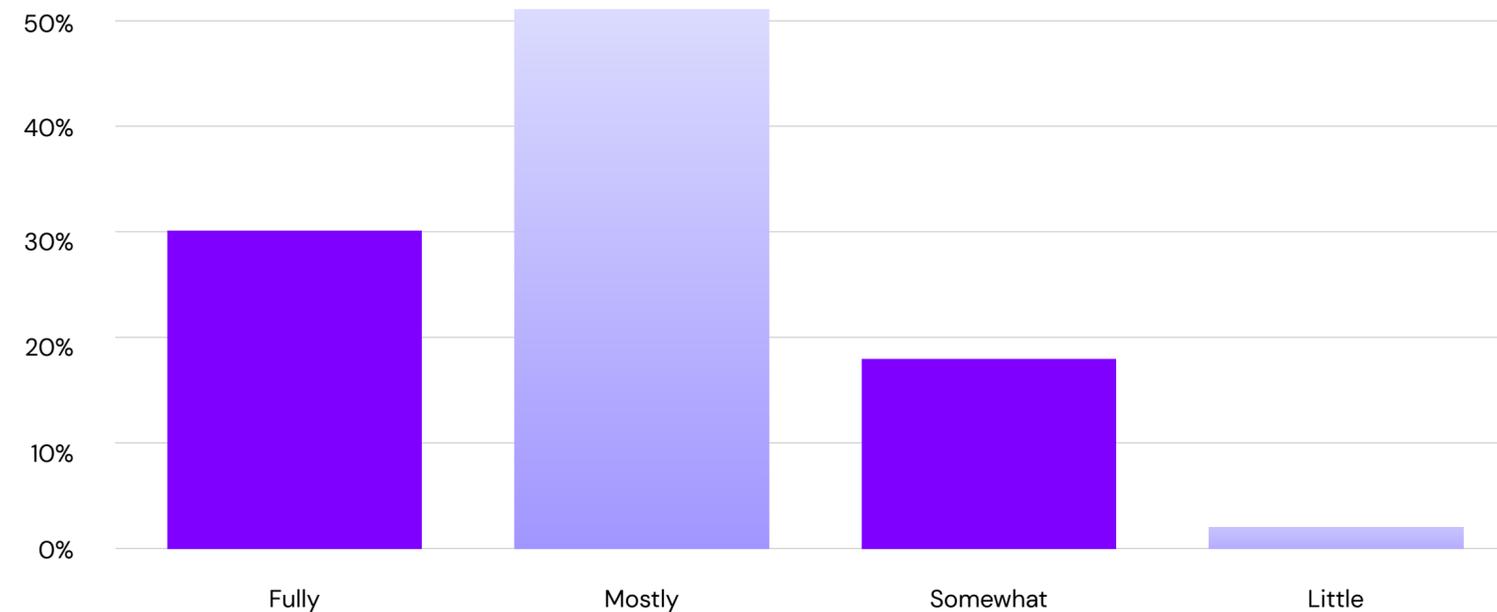
For leaders in retail and distribution, data plays a vital role in improving customer and commerce experiences, managing supply chains effectively, and securing customer loyalty, areas that are a priority across the industry.

However, leaders raise doubts regarding the reliability of the data in their organization. Just 30% of leaders surveyed fully trust their data, and although just over half mostly

trust it, a significant 19% have somewhat or little trust.

Retail leaders raise concerns around disparities in definition and methodologies, multiple siloed systems, and difficulties in connecting data across different channels. Questionable results and a lack of expertise and tools to collate, analyze, and derive business value are also key challenges.

How much do leaders trust data in their organizations?



“Artificial Intelligence is the big opportunity for retailers, but for that to work, they will need to have the strongest possible architecture in place. For all the potential of AI, it relies entirely on data. The first job for any retail business today is to make sure this foundation is in place.”

**Marcus Simms,**  
Retail CIO and Exec Advisor



## Focusing on data priorities

Respondents to our survey highlighted the need for accurate and timely data to increase efficiencies and optimize internal processes as a critical requirement.

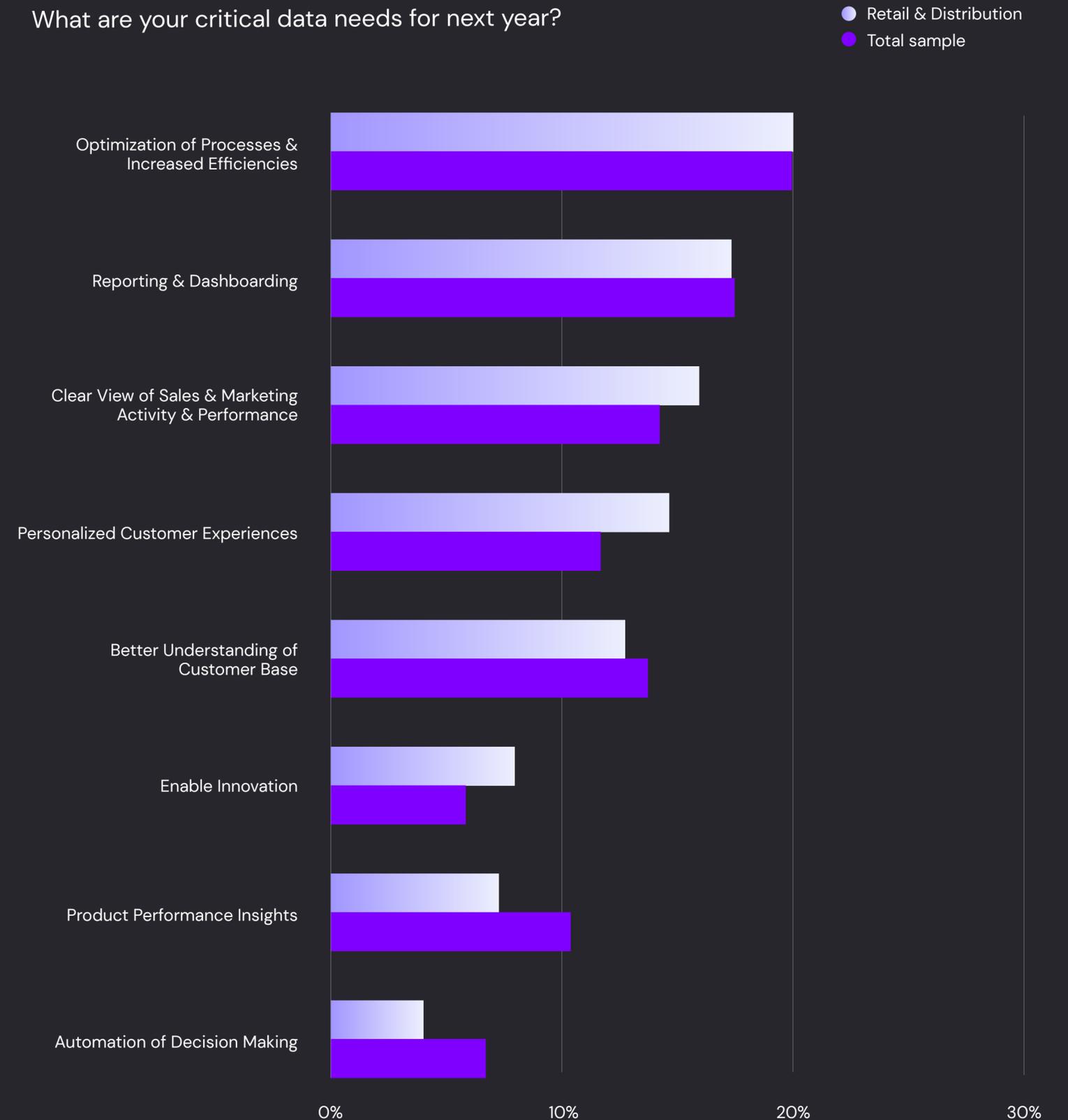
Leaders in the industry need to understand the state of their business through reporting and dashboarding. A clear view of activity and performance is essential in informing and empowering better decision making.

However, there is more to data architecture than offering an accurate picture of the organization. Enhancing data foundations also prepares a business for the future, addresses key sources of anxiety, and helps to realize the potential of emergent technologies. For example, artificial intelligence can only be fully harnessed when fueled by a strong, reliable data foundation.

---

**20% of retail and distribution leaders identified optimization of processes and increased efficiencies as a critical data need for the next year.**

## What are your critical data needs for next year?



## Practical tips for overcoming tech anxiety

The pressures around digital transformation aren't going anywhere. So, how can leaders in the retail and distribution industry ensure they can overcome obstacles and make changes that deliver real value for their organizations, colleagues, and customers?

Adam Schanfield, VP, Strategy and Innovation Service Line, Kin + Carta, shares his top advice for senior leaders:

---

### 1. Think bigger

Move beyond internal use cases for data. Challenge your teams and yourself to drive differentiation by connecting end-user value propositions—that drive customer lifetime value and lower acquisition cost (via increased NPS)—with delightful, original, and valuable experiences.

---

### 2. Focus on parallel priorities

Put high-priority investment areas first. AI and machine learning, cyber security, and customer experience are all high anxiety areas and top investment priorities. These are areas where you need to find ways to build capabilities, tooling, architecture, experiences, and models in parallel. Multiple, simultaneous initiatives can ensure you succeed when unexpected challenges arise.

---

### 3. Plan for future needs

Leaders often avoid challenges that fall into the high-anxiety x low-investment space—sustainability strategy, customer retention, marketing performance—out of fear of the unknown. But often these become hot-button issues inside the C-suite, quickly rising up priority lists and catching leaders unprepared. Scope targeted initiatives for these areas now, building perspectives and skills in anticipation of investment and prioritization in the future.

---

Digital transformation may be overwhelming, but it also unlocks exciting possibilities. By examining priorities and taking smart, targeted actions now, leaders can build the resilience and capability to thrive through whatever comes next.

**KIN+ CARTA**



## About us

Kin + Carta is a global digital transformation consultancy committed to working alongside our clients to build a world that works better for everyone.

Our 2,000 consultants, engineers, and data scientists around the world bring the connective power of technology, data and experience to the world's most influential companies, helping them to accelerate their digital roadmap, rapidly innovate, modernize their systems, enable their teams, and optimize for continued growth.

As a certified B Corp, our triple bottom line focus on people, the planet, and profit is at the core of everything we do.

### Global Headquarters

The Spitfire Building  
71 Collier Street  
London  
N1 9BE  
United Kingdom

[kinandcarta.com](https://kinandcarta.com)

© 2023 Kin + Carta

