

# Retail & Consumer Insights

March 2014

Innovation in the retail & consumer products industry



## Collaborating to inspire bold thinking and boost innovation

### Highlights

- An open exchange of ideas, collaboration both inside the company and among diverse external partners, is the fuel that powers innovation and growth.
- Collaboration should be a core component of the corporate innovation strategy—and should be championed by top executives.
- Internal collaboration requires digital communication tools that empower innovators to easily connect, share ideas, and take action.
- Social media platforms are critical to external collaboration with customers and partners, but they require a careful strategy that is aligned with overall business and innovation goals.

### ***Innovation starts with a conversation***

Leading businesses know that a free-flowing exchange of ideas—inside and outside the corporate campus—is the fuel that drives innovation.

These companies make a point of ensuring that collaboration happens across a broad spectrum of participants. In fact, PwC's Global Innovation Survey 2013 shows that innovation leaders collaborate more than the average company with strategic partners, customers, suppliers, and academics.<sup>1</sup> In new business environments, they may even collaborate with competitors.

With operations in 200-plus countries, The Coca-Cola Company provides an example of far-ranging connectivity. "We want to connect even more closely with our communities to create value not only for a growing breadth of stakeholders but also for our bottling partners, retail and restaurant customers, consumers, suppliers, NGOs, civil service organizations, governments, and so on," says Muhtar Kent, the company's chairman and CEO.

Highly collaborative organizations understand the benefits of harnessing the IQs of bold thinkers, and they leverage these relationships to become a "partner of choice" in their innovation ecosystem. In doing so, they set themselves up as the company to which other businesses are most likely to bring their best ideas and to develop breakthrough innovations.

To be truly effective, businesses should ensure that collaboration is a core component of their formal innovation strategy. Unrestricted sharing of ideas will require the right digital tools, including enterprise social networking solutions for internal collaboration and public social media platforms for connecting with consumers.

Strategy and technology alone will not drive growth, however. It is absolutely critical that businesses commit to a corporate culture that fosters collaboration—and that top executives actively support it. Only then will inventive thinkers be empowered to build partnerships, generate ideas, and share information.



# Internal collaboration

## Connecting workers inside the business with enterprise social networking tools

Take a look inside businesses that excel at innovation and you will most likely find that they treat internal collaboration as a core competency, one that allows creative thinkers to connect, share ideas, and take action.

For most, a collaborative environment will require a commitment to a physical environment and a corporate mind-set that allows free thinking to thrive. Doing so may require some businesses to remove barriers related to organizational culture, processes, or technology. Some of the most common obstacles include deficient interdepartmental communications, a management style that impedes fast time to market, and inadequate technologies for information sharing.

It also may be necessary to redefine the physical workplace. Highly collaborative thinkers often prefer to work outside a conventional office setting. They thrive in open floor plans with ample informal spaces for comfortable gatherings and brainstorming. They also will expect the right digital tools for communications.

Qualcomm, the wireless communications manufacturer, provides an example of a collaborative workspace. “To foster innovation, first focus on people and their ideas, then create a work environment where they have access to each other so they do a lot of information- and idea-sharing, with access to the best equipment and the best platforms,” says Qualcomm Executive Chairman Paul Jacobs.

### Entrepreneurs inside the business

One approach to internal collaboration that is gaining favor is the intrapreneurial model. In an intrapreneurial culture, employees act like entrepreneurs while

leveraging the company’s resources, technologies, marketing engine, and channel presence. The zeal and “clock speed” of entrepreneurs are fused with the assets of an established company.

An intrapreneurial approach can improve the job satisfaction of creative employees. Their passion—and the innovative products it generates—can percolate throughout the organizational culture and ultimately invigorate the entire business.

It should be noted, however, that some innovative thinkers may lack certain communication and teamwork skills; innovation leaders may be required to step in to help intrapreneurs develop productive interpersonal skills.

### Sparking collaboration

Open communication is the crux of collaboration, and innovation-centric companies are increasingly embracing internal social networking technologies to facilitate the sharing of ideas.

The investment can be well worth the outcome, says Shigetaka Komori, chairman and CEO of FujiFilm Holdings Corp. “The costs for acquiring ICT [information and communications technology] and information have fallen to incredibly low levels, and whoever takes advantage of information innovation will be positioned to win in the marketplace,” he says.

How so? Internal social networking solutions can help people scattered across teams and geographies easily find each other, locate existing information, and co-create on ideas.

Another frequent benefit is enhanced productivity. Research has demonstrated, for instance, that

*Digital technologies that enable employees to easily connect and share ideas are essential to innovation—and can be well worth the investment.*

enterprise social networking can decrease the volume of e-mail by as much as 25% and lessen the frequency of physical meetings.

Leaders in the field include Jive Software, IBM Connections, Microsoft Yammer, and Salesforce.com Chatter. It is widely believed that these collaborative networks will replace conventional tools like e-mail in the near future.

At One Kings Lane, a US home and lifestyle products retailer, that transition is already under way.<sup>1</sup> The company has deployed an internal Yammer network that enables far-flung employees to collaborate, share insights, and manage projects and documents. In addition to enhancing productivity, the solution has also significantly reduced travel costs and helped trim training time for new hires.

“Yammer is what unites us,” says Alison Pincus, co-founder and chief partnership officer. “It pulls us together across our offices and functions so we know each other better and stay on top of emerging trends.”

<sup>1</sup><https://about.yammer.com/assets/Yammer-Case-Study-One-Kings-Lane.pdf>

# External collaboration

## Connecting to outside partners and customers via social media platforms

When it comes to external collaboration, open innovation—idea-sharing between internal employees and external partners—is the approach that retail and consumer executives believe will drive the most growth.

Open innovation will be most successful when a company's creative thinkers are encouraged to establish and sustain wide networks of external intelligence. This can help build an innovation team that is better informed by outside expertise, and therefore better prepared to develop fresh products and services.

Open innovation can even pave the way for collaboration between competitors. Consider, for instance, a joint venture between Procter & Gamble and Clorox. The two combined R&D efforts to create a “game-changer” Glad trash bag product that incorporates Clorox chemical disinfectants and non-tear technologies from P&G.<sup>2</sup> The result? A billion-dollar brand win for Clorox.

### **The social conduit to customers**

For most companies, the voice of the customer is essential for gaining consumer insight and ensuring ongoing success. Today, the go-to customer connection tool is social networking.

Many retail and consumer businesses leverage social platforms such as Facebook, Twitter, Pinterest, and YouTube to build a broad community of consumers. Our Global Innovation Survey 2013, in fact, found that 67% of the most innovative companies employ social media to collaborate externally.

Among the most sophisticated is Starbucks, which has 36 million Facebook fans and 5.6 million Twitter followers. The coffee giant also leverages MyStarbucksIdea.com, a social community in which customers share ideas, vote for favorites, and interact with Starbucks employees.

“We have launched over 300 ideas,” says Alex Wheeler, vice president of global digital marketing for Starbucks. “It’s an example of how we used technology to hear our customers, to allow them to create community, and share what they wanted out of the Starbucks experience, but also have it really affect the Starbucks experience and launch real innovations.”<sup>3</sup>

This type of success will not come without a disciplined social media strategy that is integrated with the innovation vision and tied to overall business objectives. Before launching a social media presence, companies should answer three questions:

- 1. Why are we using social media?*
- 2. How is our social media strategy integrated with business objectives?*
- 3. How will we leverage social media to guide our business trajectory?*

They should then identify the right social platforms, draft a detailed content plan, and specify which employees will participate.

### **Companies that crowdsource**

As Starbucks has demonstrated, seeking product ideas and preferences via online communities—known as crowdsourcing when implemented as a

formal campaign—is increasingly leveraged to spark innovation.

It’s easy to understand the enthusiasm: Crowdsourcing can help businesses speed products to market and lower costs. Companies that crowdsource better understand customer needs and are more likely to deliver successful products and services.

Some businesses create stand-alone websites for crowdsourcing campaigns. Heineken, for example, invites consumers to submit ideas to its [Ideas Brewery](#) site on topics such as sustainability and the preferences of sixty-something beer drinkers.

“It allows us to interact with creative minds around the world to make sure that we are always on the front foot,” says Paul Stanger, Heineken’s global innovation manager.<sup>4</sup>

While crowdsourcing can be effective, a word of caution: It often yields incremental ideas, rather than truly breakthrough products or services.

### **Getting the conversation started**

It bears repeating that collaboration is often the genesis of innovation. And it all begins with a conversation.

Companies that want to get the dialogue started should embrace a culture that encourages sharing of ideas among co-workers, business partners, suppliers, and consumers. Doing so will require a formal strategy, buy-in from the top and the right technologies to provide the platform for innovative thinkers to have a voice.

<sup>2</sup><http://investors.thecloroxcompany.com/releasedetail.cfm?releasid=182697>

<sup>3</sup><http://on.aol.com/video/sic-2013-shingerviews---alex-wheeler---starbucks-517999552>

<sup>4</sup><http://www.theheinekencompany.com/media/media-releases/press-releases/2013/08/1722670>

# Contact information

For a deeper discussion about innovation,  
please contact:

**Steven J. Barr**  
US Retail and Consumer Leader  
Partner  
(740) 485-2485  
steven.j.barr@us.pwc.com

**Rob Shelton**  
Global Innovation Strategy Lead  
(408) 817-4251  
rob.shelton@us.pwc.com

**Kevin J. Schwartz**  
Principal  
(415) 730-9760  
kevin.j.schwartz@us.pwc.com

**Lillian Borsa**  
US Retail and Consumer Risk Assurance Leader  
Principal  
(973) 236-4149  
lillian.m.borsa@us.pwc.com

**Barbra Bukovac**  
US Retail and Consumer Tax Leader  
Partner  
(312) 298-2563  
barbra.bukovac@us.pwc.com

**Bob Moncrieff**  
US Retail and Consumer Advisory Leader  
Principal  
(408) 817-4333  
bob.moncrieff@us.pwc.com

**Leanne Sardiga**  
US Retail and Consumer Deals Leader  
Partner  
(312) 298-3183  
leanne.m.sardiga@us.pwc.com

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