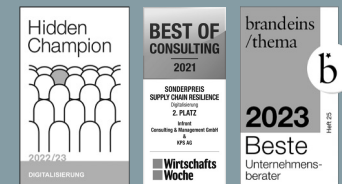


HAMBURG, 2023

KI@Retail & Brands: Come to stay

Proposed procedure for proactively dealing with AI-induced opportunity and threat scenarios
based on concrete use cases



Prepare for the AI future now!

We help you **understand AI-induced opportunity and threat scenarios, identify effective use cases** to leverage cost efficiency and revenue potential along the omnichannel value chain and **integrate them into your overall strategy.**



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CHAPTER

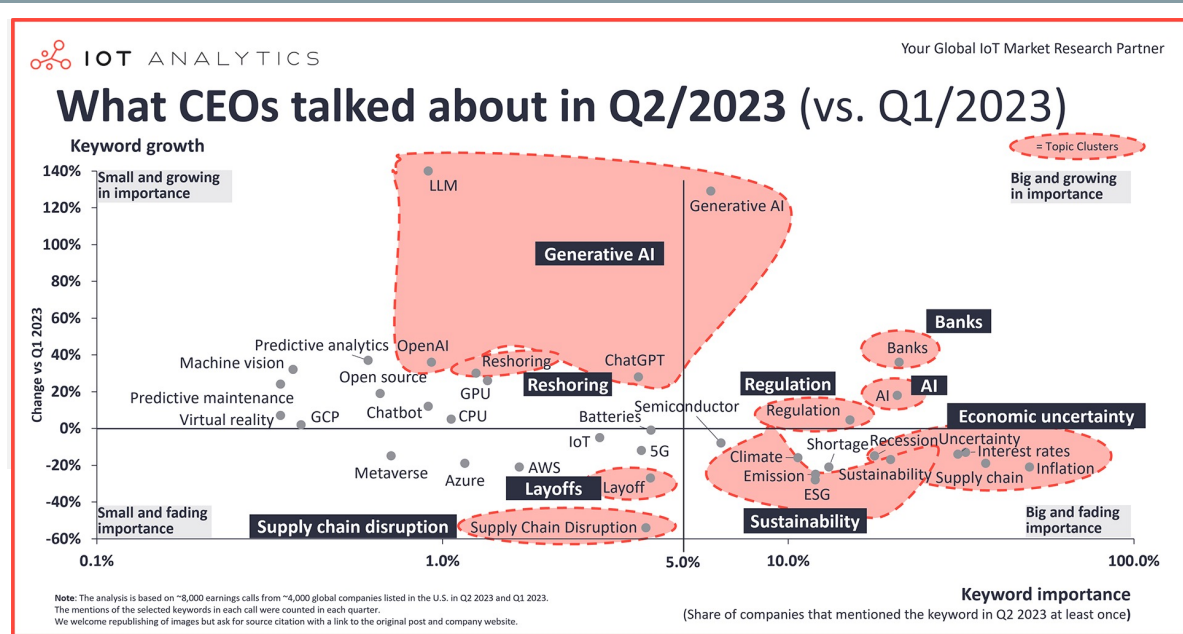
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INITIAL SITUATION

AI has the potential to permanently change entire industries and business models. Ignoring it is not an option, effects are already noticeable



KI IS A TOP MANAGEMENT ISSUE WITH CLEAR GOALS ASSOCIATED WITH

- The use of AI should **address** the following **goals** in particular:
 - Increasing the customer experience**
 - Increase in turnover**
 - Improving operational excellence (= generating efficiency gains)**
- Using AI to achieve business goals even better
- The application possibilities are manifold

KI HAS COME TO STAY

INCREASING DISTRIBUTION – WITH ROOM TO GROW

23.5% of retail companies use AI in individual areas or across companies (vs. 7.5% in 2020 and 13.1% in 2021)¹

STRONG GROWTH

18.5% is the annual AI growth rate in the retail sector until 2032²

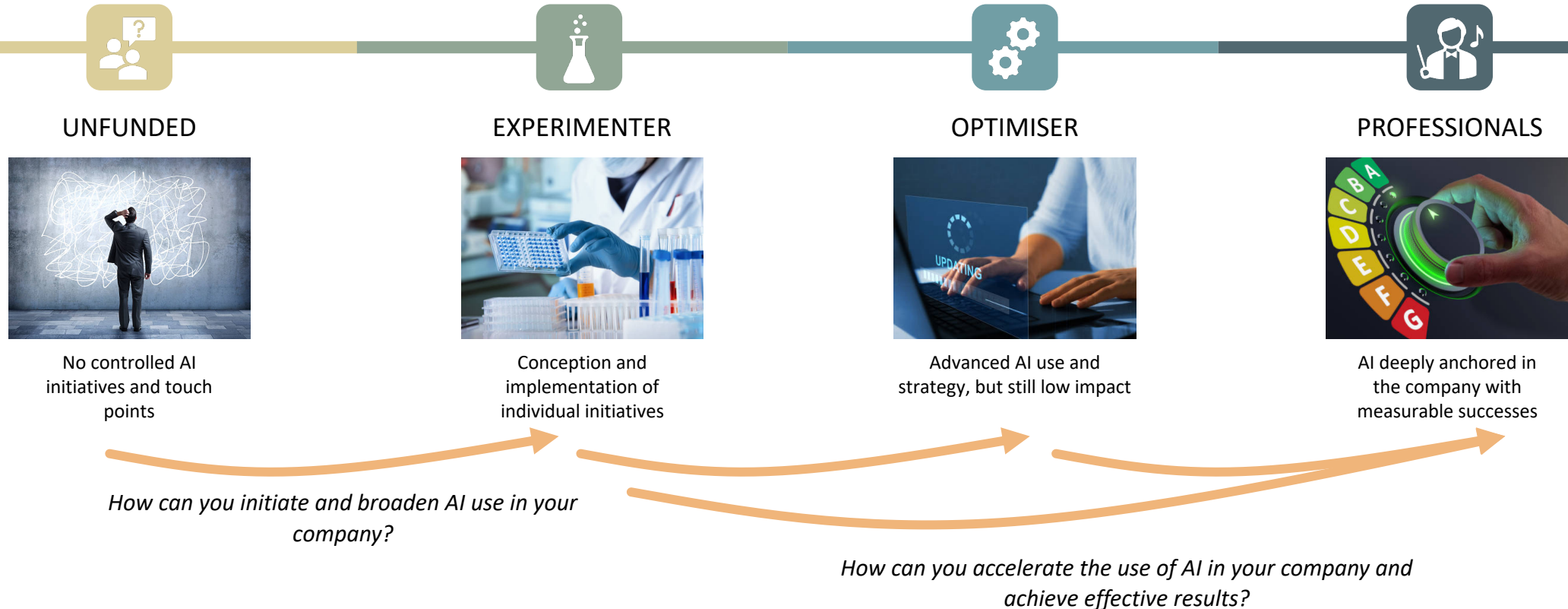
IMPACT ON PROFIT IS PRESENT

27.0% of companies (across industries) say that 5% of their EBIT is due to AI – the year before it was only 22% of companies³

Nevertheless, there are different levels of knowledge and diffusion between the companies.
Dealing with AI and the associated opportunities still has to be learned in many places

Where do you locate yourself?

CONTINUUM OF KI USE IN COMPANIES

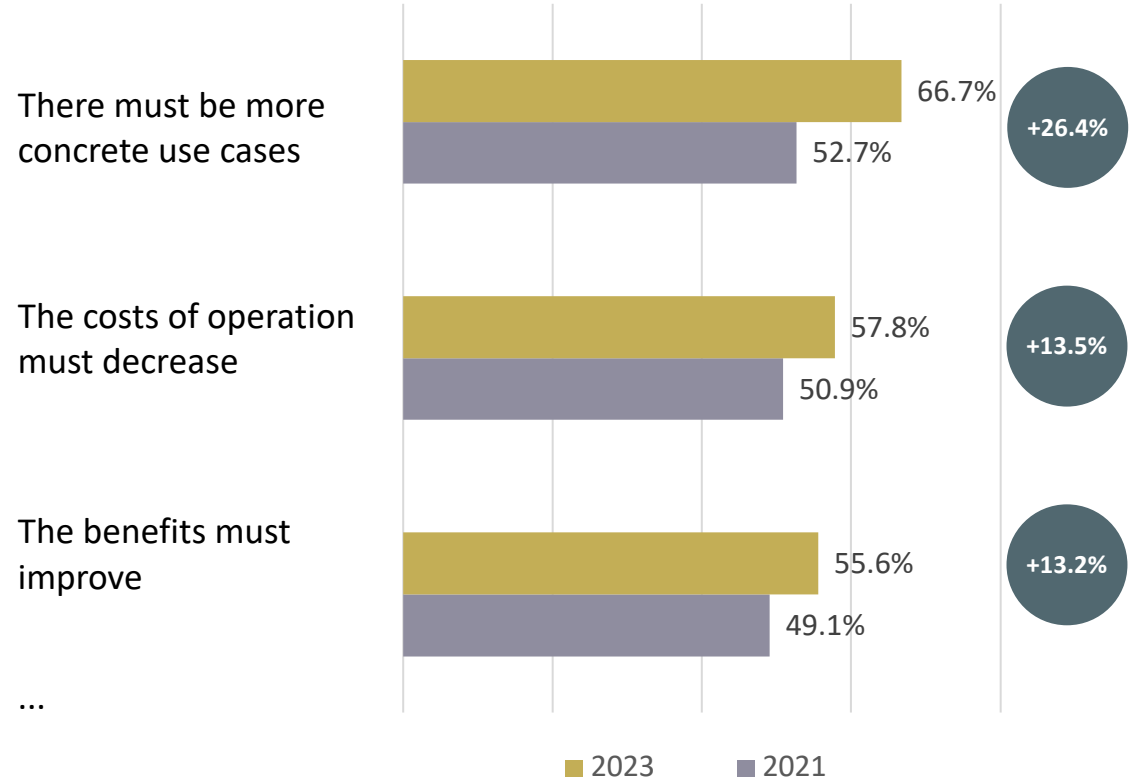


INITIAL SITUATION

Looking at implementation obstacles and application failures, it becomes clear that there is a lack of concrete use cases, benefits and a clear strategic business perspective

BARRIERS TO THE SPREAD OF KI IN COMPANIES

What has to change for more AI projects to be carried out in the company?



Source: HDE (2023)

OUR ASSESSMENT: FAILURES IN KI APPLICATION



Lack of clarity about areas of application



Too high degree of abstraction



Lack of clarity about the cost-benefit ratio



Focus on individual initiatives



No structured approach at management level

83-92% failure rate of AI projects, especially due to too much focus on the technological aspects instead of the business impact.¹

¹ Fortune (2022)

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OUR PROPOSAL

We deliver a focused format in which AI-induced opportunity and threat scenarios are discussed holistically and concrete use cases are developed in alignment with the overall strategy

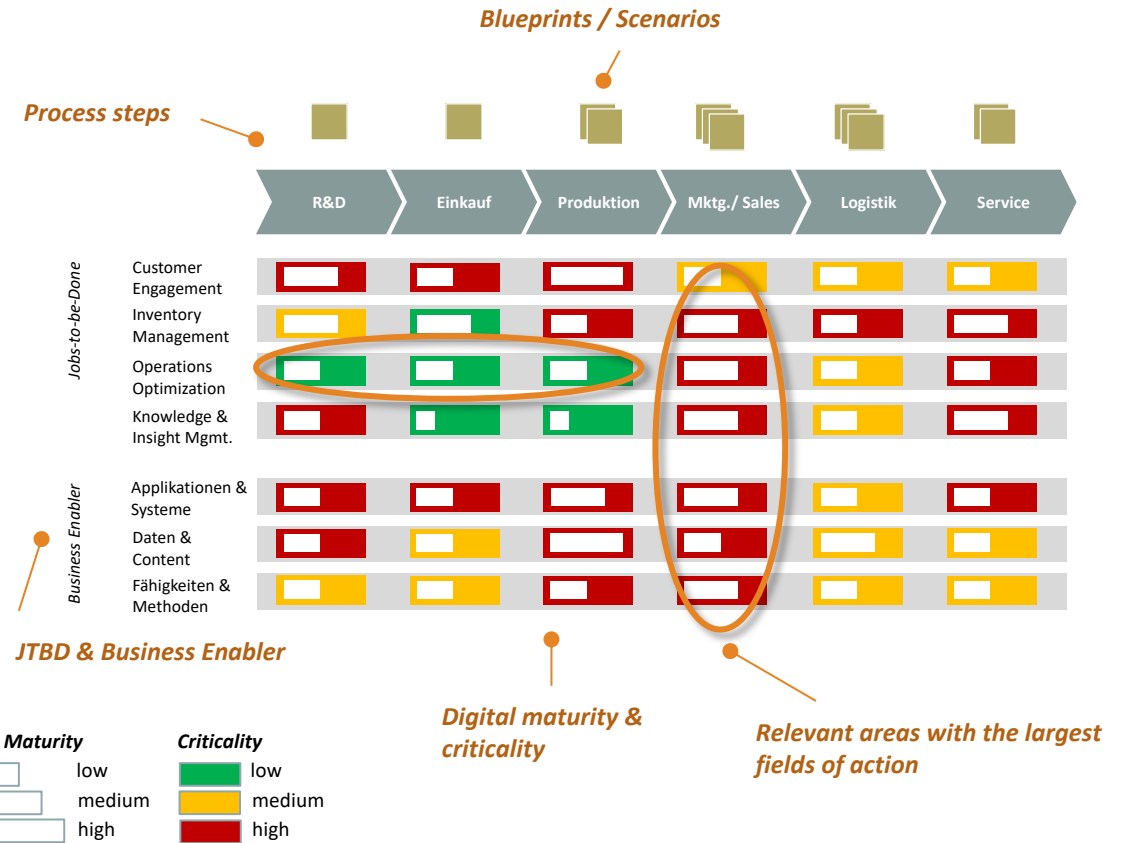
GENERAL PROCEDURE

1. **Interactive workshop(s)** with top management to identify **opportunity** and **threat scenarios**
2. **Identification** of the **business areas** that are particularly **critical to success** for the AI use cases
3. **Identify** the company's **digital maturity level** in order to select & implement the appropriate AI use cases.
4. **Selection** of the best **options for action** and **feedback** with the **overall (digital) strategy**
5. **Deepening** and **concretising** the **options for action** with the specialist departments based on a comprehensive **collection of blueprints** (>100 AI use cases)

RESULTS

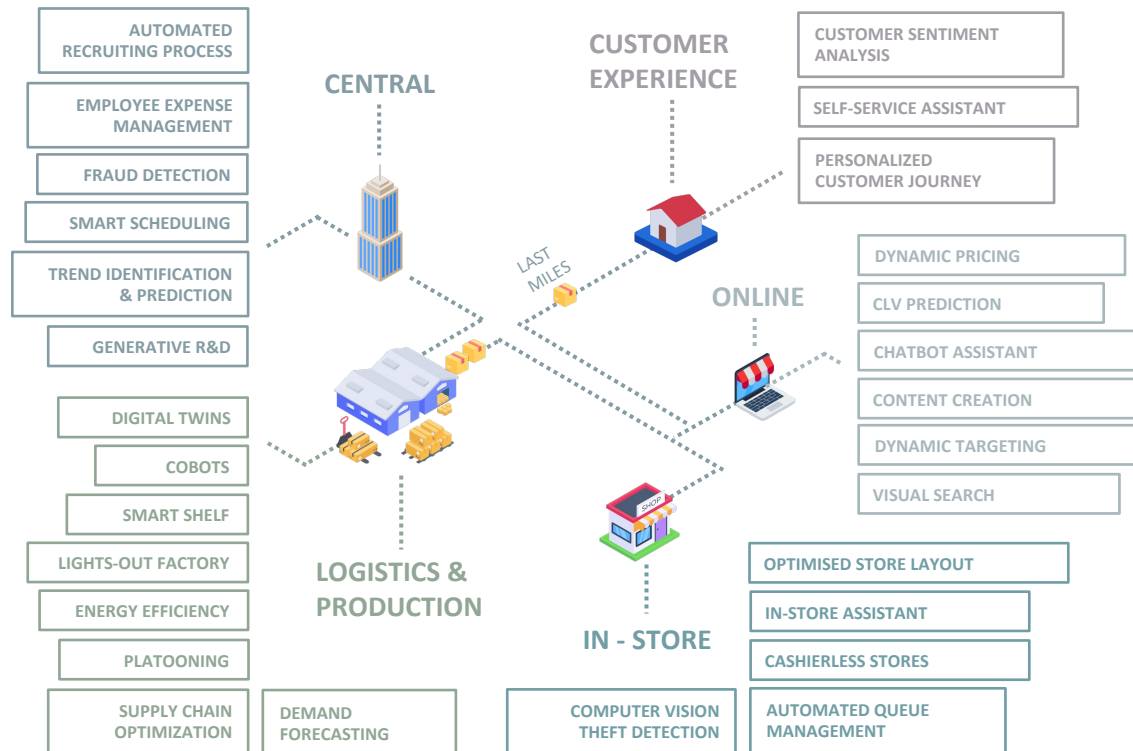
- ✓ **Transparency** and **uniform understanding** of the **AI-induced change** in the **value creation stages** (scenario-based)
- ✓ Clear **picture** of the fields of action, **use cases** and the necessary **implementation requirements** (organisational, cultural, technical).
- ✓ **Reassessment** of the **overall (digital) strategy** and **adjustment** of the **roadmap**

POSITION TABLE METHODOLOGY



The discussion with top management and domain experts is conducted with the help of a comprehensive AI blueprint collection

EXEMPLARY USE CASES¹

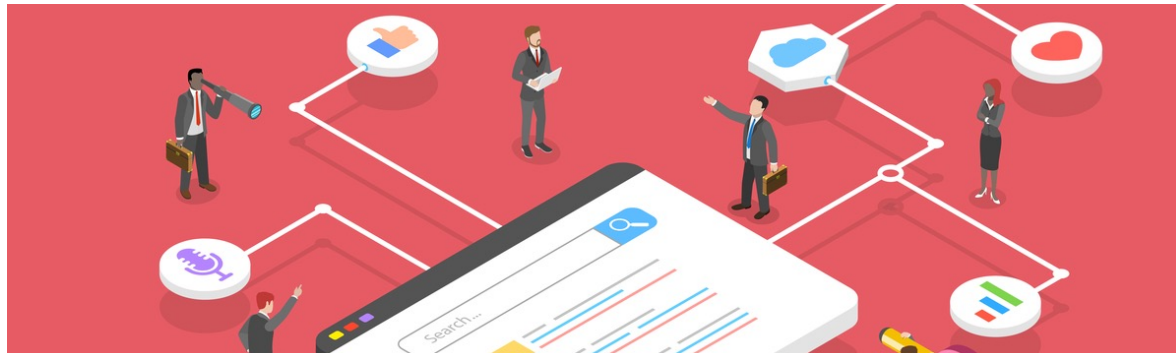


FOCUS OF OUR BLUEPRINT COLLECTION

- **100+ selected use cases** capture cross-industry AI use cases along the **entire value chain** from product development to after-sales service
- **Detailed descriptions** of all use cases along defined criteria
- Collection of "**good practices**" based on successful companies and start-ups offer valuable insights into **success factors** of implementation
- Data-based evaluation of the **top-** and **bottom-line impact** of quantitative and qualitative factors **such as increased efficiency**, enhanced design options in the **customer journey** or **increased resilience**
- **Comparisons** with previous solutions and approaches determine the respective **disruption potentials** and classify the **current maturity level**
- Holistic presentation of the structural **requirements** and individual assessments of the investment needs for the **successful implementation of the use cases**

¹ Illustration based on a study by the BMWK¹

The blueprints cover different topics and levels of complexity



DYNAMIC TARGETING

Personalised customer targeting exactly where, when and how it is required leads to an improved customer experience – with less effort

Short description:

In dynamic targeting, an AI algorithm creates individual customer segments based on preferences, behaviour patterns and demographic characteristics. Based on these profiles, the AI can independently design hyper-personalised campaigns, play them out via the appropriate channels and continuously optimise them to achieve maximum conversion.

Advantages:

- Increased effectiveness of marketing campaigns
- Personalised customer experience (up to 1:1 marketing)
- Expanded target group based on demand potential



SUPPLY CHAIN OPTIMISATION

Transparency and collaboration along the entire supply chain makes it possible to improve delivery down to the last mile

Short description:

The intelligent linking of suppliers and manufacturers offers a wide range of optimisation possibilities, from the control of inventory and order quantities to the calculation of optimal delivery routes based on weather data and traffic reports. Monitoring systems can predict risks in the supply chain in real time and thus counteract bullwhip effects at an early stage.

Advantages:

- Saving resources and time
- Enhanced supply chain resilience
- Increased customer satisfaction

The blueprints cover different topics and levels of complexity



CLV PREDICTION

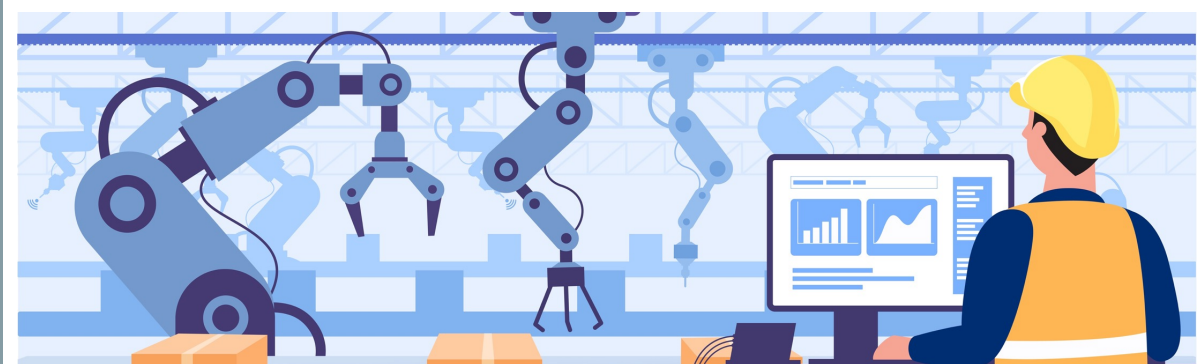
CLV Prediction shows the individual sales potential of customers and provides a basis for the efficient control of the marketing budget

Short description:

Customer lifetime value (CLV) becomes a core element of successful customer relationship management (CRM) through AI by identifying potential customers and determining their respective value. In doing so, CLV not only takes into account historical customer data, but also uses predictive analytics to forecast future customer behaviour and identify cross-selling and upselling opportunities.

Advantages:

- Targeted allocation of marketing expenditure
- Expansion of sales potential through cross- / upselling
- Improved sales forecasts



AUTONOMOUS WAREHOUSING

The intelligent linking of robots and merchandise management systems enables the automation of warehouses

Short description:

Autonomous warehousing is the execution of the process from packaging to delivery to the customer without human intervention. The orders are executed by intelligent algorithms and robots such as AMRs – Autonomous Mobile Robots. These navigate through the warehouse using sensors and execute orders independently on the basis of delivery systems.

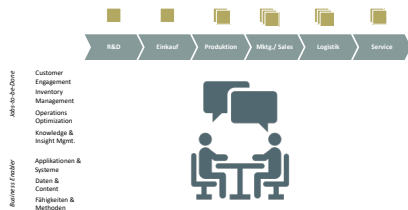
Advantages:

- Maximum utilisation of storage capacities (with increased scalability)
- Minimisation of lead time and error rate
- Cost savings in the operational business (personnel costs, coordination, etc.)

Together with your management team and domain experts, we will generate a synchronised and accepted target picture with prioritised measures in a time-focused framework

SCOPING & INTERVIEWS

INTERVIEWS & RESEARCH

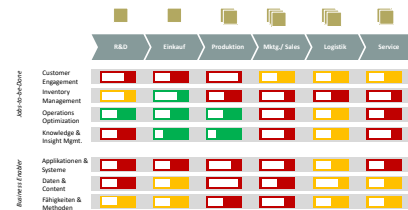


- Supplementary **research on the market, competition and trends**
- Survey of the **company situation** (core task areas, digital maturity level, criticality) **in interviews**
- **Customer interviews optional**
- **Visualisation of the initial position on a haptic situation table**

3-4 weeks

OVERALL PICTURE & FOCAL POINTS

WORKSHOP 1 TOP MANAGEMENT*

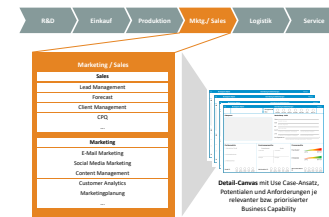


- Creating a **common understanding of AI-induced market development** (incl. opportunities and threats) at the situation table
- Create an **overview of the digital maturity and criticality** of business areas for an AI application.
- **Determination** of focus areas for the development or deepening of AI use cases

1 day

CONCRETISATION

DEEP-DIVE WORKSHOPS*

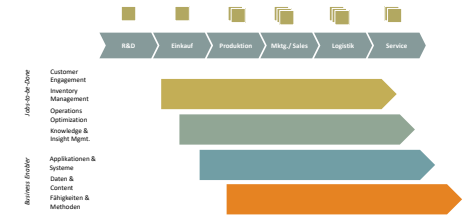


- **Deep dive** into the prioritised focus areas in workshops with the **technical contacts**
- Discussion and transfer of concrete **AI blueprints** along the required capabilities and processes
- **Documentation** of the use cases, potentials, requirements etc. adapted to the company.

3-4 weeks

CONSOLIDATION & PRIORITISATION

WORKSHOP 2 TOP MANAGEMENT*



- **Consolidated presentation of use cases, requirements, potential implementation partners, etc.**
- **Feedback of the results** with the **overall strategy**
- **Derivation and prioritisation of tasks and measures**
- Elaboration of a rough **roadmap** with concrete **implementation steps and responsibilities**

1 day

REFERENCES

We have successfully carried out various AI and strategy-related projects for companies from different industries

Dynamic Pricing



Destination

Automation and ongoing **optimisation** of the B2C pricing process

Method

- ☐ Inventory of previous **processes and results**
- ☐ Definition of a **pricing strategy** (individual in 14 countries)
- ☐ Definition of the measurands
- ☐ Introduction of **technology** (pricing engine and ESL)
- ☐ Ongoing optimisation and supplementation of the **algorithms**

Result

Significant **impact on turnover and results, transparency** about interactions

Error detection in production & logistics



Destination

Value contribution through **improved quality assurance** in **production** and **intralogistics**

Method

- ☐ Permanent **analysis and detection of defective parts** in the production line or in the supplied material of a supplier through **AI-supported, computer-based vision**.
- ☐ Use of modern **deep learning technologies** for reliable identification of anomalies

Result

Specification of patterns that are no longer recognisable to humans and thus sig. **reduction of faulty parts** and **lowering of unit costs**

Personalised Customer Journey



Destination

Reworking the customer experience through **consistent, personalised** and **cross-channel customer journey**

Method

- ☐ Inventory of **digital and analogue capabilities** to date
- ☐ Building **holistic data-driven digitalisation solutions** from **modular functional components: Instant Personalization Platform**
- ☐ **Development of future-proof IT structure** according to MACH principles

Result

Increase **sales potential** through **improvement in CLV, AOV, conversion rate** and **Net Promoter Score**

Strategy development



Destination

Identification of market opportunities and **risks** as well as **derivation** or **adaptation of strategy and roadmap**

Method

- ☐ **Haptic situation table format** for top management workshops
- ☐ **Various applications**, e.g. for the development of business model strategies, competitive strategies, digital heat-maps
- ☐ Enriching the format with **good practice blueprints**

Result

Strategy and roadmap developed and agreed with top management



INCLUSIVE WORKSHOP FORMAT

Our highly collaborative methodology allows for the active participation of all workshop participants



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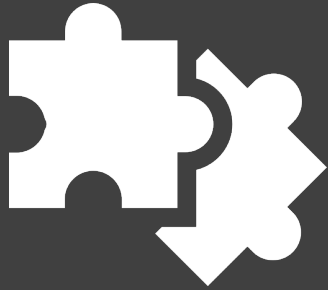
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YOUR ADVANTAGES

As a leading strategy and management consultancy, we help you develop effective and sustainable strategies for the future and implement them in a technologically business-effective manner



EXPERIENCE

Extensive consulting and practical experience

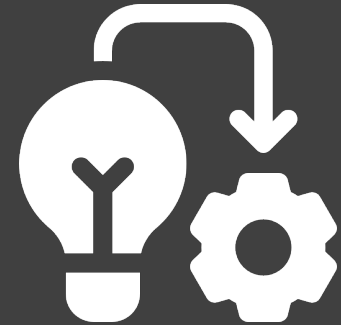
- Combination of high-quality strategy consulting expertise and many years of top management implementation experience
- Consultancy at eye level with hands-on mentality as well as visible, directly implementable and above all effective results based on our practical expertise



METHODOLOGY

Multiple award-winning methods

- Excellent method portfolio - implementation-oriented, haptic, involving and tailor-made
- Use of a unique good practice blueprint collection of business model strategies and profitability measures
- High "buy-in" from stakeholders through collaborative eye-to-eye cooperation

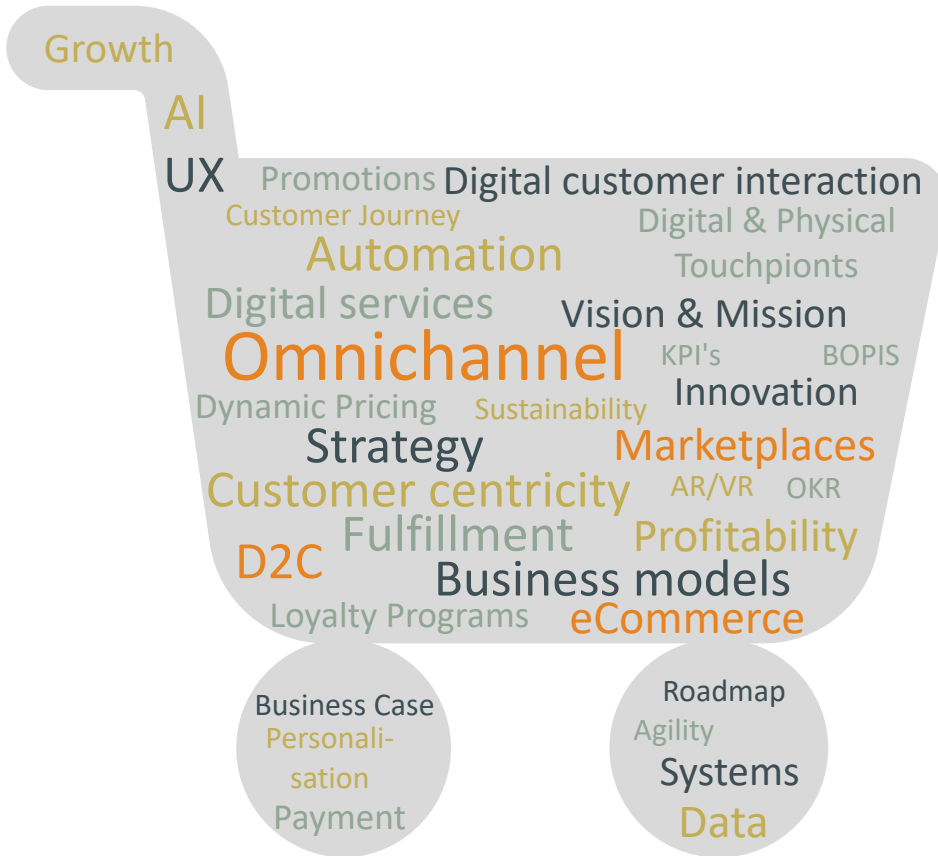


IMPLEMENTATION

E2E implementation competence

- Implementation-oriented concept development right from the start coupled with actual operational business and IT delivery capability
- Broad domain knowledge and partner network for a solution from a single source – right up to independent operational management

Our focus in Retail & Brands is on profitable business and operating model design and the development of a first-class omnichannel experience based on a resilient organisation



TOPICS

Our Retail & Brand Practice advises you on different topics

PROFITABLE GROWTH

Deriving a holistic strategy for generating top- and bottom-line potentials, as well as adapting the business and operating model to sustainably secure competitive advantages

OMNICHANNEL EXPERIENCE

Development of approaches to optimise the omnichannel experience, incl. assortment, price, fulfilment, channel selection, linking and design, customer approach, services

RESILIENT ORGANISATION

Testing and adapting organisational requirements: Strategy, organisation, processes, personnel, culture, technology and systems

Infront combines implementation-oriented management consulting with the necessary IT and process expertise

Infront Consulting & Management Focused business solutions



Infront is a leading strategy and management consultancy specialising in the following areas:

- Business model strategies
- Innovation ecosystems
- Renewal of the core business

KPS AG Immediate effect



KPS is one of the European market leaders for transformation programmes at process, application and technology level for retail, logistics and industry

740
Employees

14
International
offices

180 mio.
Euro turnover

OUR SUCCESSES

Infront is your award-winning consulting partner for strategy, innovation and business renewal

OUR EXPERIENCE

Strategy:

100+ developed ecosystems for future industries

100+ situation table strategies

1,200+ developed business model ideas

Innovation:

8+ built innovation labs

100+ ideas tested in the market

3 built and sold own start-ups

Renewal:

30+ Change Programmes: People, Organisation, Processes, IT

100+ Complex ERP implementations

100+ eBusiness systems implementations

OUR AWARDS



OUR STUDIES



SELECTED CLIENTS

Manufacturing industry:

SIEMENS SCHOTT EVONIK INDUSTRIES Continental MAN

Retail & Brands:

DEICHMANN CHRIST s.Oliver Coca-Cola SWAROVSKI LIDL adidas BOSS HUGO BOSS MEDION XXXutz BAUHAUS arena MediaMarkt SATURN ELKJOP

Logistics:

KUEHNE+NAGEL modality TCU vossloh GEODIS DB Deutsche Post DHL Group ermewa group Hermes HHLA idem telematics

Service:

SIXT mobility Audi BKK Raiffeisen Bank International Volksbank Bielefeld-Gütersloh eG DEVK ADAC

Devices/ Machines/ Plants/ Components:

Vaillant CLAAS MIRKA VIESMANN KARCHER FRANKE KRONES STIHL GRUNDFOS EagleBurgmann.

SELECTED KI PARTNERS

AI.HAMBURG

TREND ONE

JAAI JUST ADD AI

wonk.ai my corporate content ai

CONTACT NOW

OUR DISCUSSION OFFER:

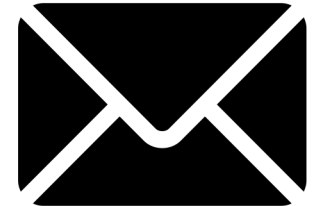
How can you benefit from the use of AI and under which conditions?



TOBIAS KINDLER

PARTNER AND RETAIL & BRANDS LEAD

- Many years of top management and consulting experience
- 10 years (co-)responsible for the international digitalisation of sales in the MediaMarktSaturn Group, including as VP Omnichannel & Pricing and as Country Manager and COO/CDO
- Deep understanding of structures and processes in the retail & brand environment
- Experience in the development and implementation of hybrid and digital business models as well as in the transformation of business units and entire companies



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CONTACT

THANK YOU VERY MUCH!

We look forward to working together with you!

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