

## Become Digital Podcast – Pret a Manger (Episode 2)

**Tom Nichols, Baringa** [00:00:08] Welcome to this Baringa Become Digital podcast, part of a wider series we're running with industry leaders in the digital space. My name is Tom Nichols, I'm in the customer and digital team at Baringa, and with me today is Alex Chisholm, Global Omnichannel Director at Pret a Manger. Alex has been at the forefront of Pret's digital charge both in the U.K. and in the US for the last three years. Lots of experience in digital transformation, particularly in the media education sectors, including NBC, MIT and Leapfrog. I've been lucky enough to have been working with Alex over the last nine months or so, which has been great, supporting the Pret team on some big steps they're making in the digital space. Alex, hello and thank you for joining us. How are you?

**Alex Chisholm, Pret a Manger** [00:00:46] That was very official. Thanks, Tom. I'm really, really happy to be here and share some of the perspectives and lessons learnt that we've had over the past year or so.

**Tom Nichols, Baringa** [00:00:57] Fab. So I'd like to start by asking you about the context behind Pret's journey into digital. It might be fair to say that Pret haven't historically been known as a digital business. How true is that?

**Alex Chisholm, Pret a Manger**[00:01:09] Yeah, it's pretty spot on. I mean, if you think about, you know, food to go grab and go retail, it's been you know, it's the fact that our real estate strategy was really our marketing strategy for close to three and a half decades and honestly it helped to build a really great and strong business. When you think about where customers are now, where the opportunities are to improve business operations through digital solutions, various technologies, it's definitely behind the curve. Our digital maturity is, I think it's fair to say, within the building, we're all aware of our immaturity. About three years ago, as JAB acquired Pret, they had in their portfolio, they had just acquired Panera, which is a very strong digital brand in the U.S., so they had a big ambition that they wanted to transform and get to know its customers and begin to grow its business through various digital channels pretty quickly. So that's about the time when I joined the business, in fact, I started the day the acquisition was announced. So for me, it's been, you know, since day one, essentially go digital or die. And it's not just here in the UK, it's global. I had started in New York, we had an app, a very small app, which was really a menu and a coffee card that emerged, but within a few months it became very clear that for us to really become digital, and certainly the size of the business in London, we needed to really drive it from here, and so I came to London and started working with the teams, and it's been a journey. I mean, and I think the other thing that's really, really important to note is that you don't just turn on digital. It's one of those things that we've had to really rethink the way we operate, rethink the culture, get people on board, think about winning hearts and minds. So three years in and a pandemic later, we are, I think, in 2021, beginning to see some of the benefits of a lot of people's very hard work and thoughtful and creative thinking and getting ready for what's ahead as we come into the next normal.

**Tom Nichols, Baringa** [00:03:55] With the outbreak of Covid-19, this obviously forced change for a lot of businesses in a really short space of time, I think you almost lost your revenues overnight. And so the priorities for digital, like many brands, must have been really accelerated. How have you guys responded to that, particularly in terms of your strategy, business models and how you engage customers?

**Alex Chisholm, Pret a Manger** [00:04:15] Yeah, it's a great question. And I think what was interesting is that we knew the pandemic was coming. I mean, our Hong Kong

business was affected really early in 2020. And I remember the teams coming in and we were watching what was happening in Hong Kong. And, you know, as a barometer for what we could do, and I think we had the view, at least those of us who were supporting global teams, that we could figure out what they were doing, we could support them and learn how to kind of not make the same mistakes and be able to do here as things hit here, what they were trying to do there, and learn from some of that, but it was a tsunami and it was so quick. I remember the third week of March, I mean, no one has ever shut Pret down. I mean, if you think about a company that is almost like a utility in London, and that's a paraphrase of one of my friends and colleagues, if you think about the energy of our supply chain, the energy of our teams, and certainly the buzz in our shops, and you think one day it's happening and the next day it's not, and how you shut that down, it's not just a loss of sales, it's like literally you basically put a tranquilliser in a giant. And so, you know, our strength in normal trading periods, which is, again, our estate in central London and then obviously in the regions, was immediately, you know, crippled. And so I think all of us woke up on that first Monday as we tried to empty the supply chain, tried to think through what the next step was. It just was such an unbelievable task to turn Pret off, so that before we even began to think about how to turn back on, which took about five weeks I think, six weeks in a really carefully designed phasing and reopening so that we could do it safely. We were in that time thinking, OK, retail is not going to be the same for a while, and so we immediately started looking at how we could obviously support the NHS, what opportunities were there to really, because at that point, if you remember, no one knew what was going on. We knew that people were going to be in lockdown, so delivery was going to be one of the only ways that we could do so we had to really rethink our delivery partner strategy, and obviously there was no catering. So if you think about what our core business was at retail, in B2B catering before the pandemic, and really a very modest amount of delivery partner sales. We really had to mobilise quickly and, you know, our friends at Deliveroo and Just Eat and Uber Eats mobilised us really quickly. And we were able to, by the time I think we were in the second phase of opening shops at the end of April and May, by that point, we were able to trade close to 15 and 20 percent. As we started reopening those shops, our mix had completely changed and shops began to realise that delivery wasn't just a penance on the operations that they had to do for incremental sales, that it was actually a sales driver. And so I think those early days of the pandemic and certainly as we've grown delivery sales and this week we will be right around the nine percent, 10 percent as the lockdown measures have helped our retail business recover. We're still seeing growth in the B2C delivery category, which is really big. And so, as we've gone through the year, obviously we had had a roadmap coming out of the digital transformation work that we started in 2019. And then as we rebuilt the team, the digital product team and the tech and transformation team, we really started focusing on kind of a longer term roadmap, knowing that it wasn't just about the near-term sales and some of the tactical things that we could put in, it was how we could think more strategically, and it's through that work that the coffee subscription emerged in late 2020 where, you know, we saw an opportunity to, you know, increase our share in the coffee market, offer customers a really compelling and interesting value proposition and then begin to drive footfall back into our shops as those new behaviours started to emerge.

**Tom Nichols, Baringa** [00:09:34] As a loyal subscriber myself and also having worked on it with you guys, which was great, how did you come up with that? Because it's an industry first proposition, basically where was the spark of genius?

**Alex Chisholm, Pret a Manger** [00:09:44] I think it's interesting because at JAB, they had been in conversations and I think it may have actually been already active at Panera in the US. Now, Panera's coffee business is a slightly different mix than the percentage of coffee

that we sell here at Pret in the U.K., So I think it was at the end of the day it was a gamble, but by the time we had started doing the commercial modelling and we had looked at the tech that would be needed to put into our shops because, again, recognise we never traded digitally with any customers, so for the estate to be equipped with the scanners and just the enabling technology, the teams, I think within eight weeks of it, it kind of getting official kind of nod to do, we were live with customers at scale across all shops. And so I'd never seen anything that quick in the time I'd been at Pret up until that point. And so I think it was a real testament to everybody recognising that we, again, going back to the digitize or die, you know, refrain, everybody recognised that we had an opportunity as customers were starting to come out of the lockdown at the end of summer, and, whatever that middle normal was that we saw between September and December, there was an opportunity for us to do something and learn from. And so, you know, I think the idea around the coffee subscription came through our owners and that it was, I think, scrutinised and ultimately embraced and championed by everyone at the business to recognise that we had an opportunity to be first to market in something which for, if you think about it, for a brand that's not digital and to introduce a first to market digital proposition, that was a big win.

**Tom Nichols, Baringa** [00:11:53] So, coffee subscription has been a huge success. Even just standing in shops, you see loads of people using it. And it's been fascinating for me as a product owner leading the coffee subscription and app teams at Pret, and as you start to engage customers digitally and meet more customer needs. We launched the app live in May and we know there are further propositions both in the market and the pipeline, such as the click and collect trial. Can you elaborate on some of that and how you put together the customer experience across channels in both the front end and the back end?

**Alex Chisholm, Pret a Manger** [00:12:25] It's a great question. And, you know, when you think about the way Pret has traded over the years, it's been primarily through bricks and mortar. So when you introduce a first digital proposition and have it be coffee subscription, it's pretty exciting because it's not just hygiene or table stakes. It's literally something very new and changes, I think how our shops interact with customers, certainly the data that we're able to look at to better understand our customers in a way that we hadn't previously. So, you know, I think coming late to the game and thinking about app click and collect, obviously in the last year we've accelerated our development in delivery, just given people working from home. It's really, I think, changed the mindset of certainly the team here at the support centre head office. But then also, I think it's getting the shops thinking about digital customers and recognising that, you know, there are people who will walk through our front door and go to the langars or go to the counter for that traditional retail experience, but that there are new ways to bring that Pret experience into things like the app into a really, I think, value added click and collect, order ahead delivery experience that you wouldn't necessarily expect from another QSR coffee shop, but that because we're Pret, we have to make sure that we weave in kind of the joy and the magic and the experience that, you know, the brand has been built on. As we test click and collect in Manchester and look to some of the shops where we have it currently in London, and then certainly as we start to look at the different releases of the app in the App Store on the iOS app, and then really think about kind of, again, how that, Pret in your pocket creates a different relationship with customers and how we will leverage kind of not only I think the opportunities we're trying to unlock with that, but the fact that customers have invited us into certain real estate on their phone or in their wallet. And so we really want to be, I think, responsive and responsible and relevant as we expand these propositions.

**Tom Nichols, Baringa** [00:15:03] I think there have been so many learnings, certainly from what I've been working with the teams from where Pret has gone to where it's going, I think historically, Pret's been an amazing business that has built up from selling triangular sandwiches to where it is today and to everything we've done, and you guys have done over the last year. But I think you look at the business transformation, you look at changing customer service that needs to happen, the change in in-store ops that needs to happen to accommodate digital and how quickly the business has moved to roll that out. Other aspects that maybe didn't need as much consideration previously, like franchises, and how digital propositions affect that. I guess becoming a digital enterprise obviously required a big step change. What have been the biggest challenges to get there.

**Alex Chisholm, Pret a Manger** [00:15:57] Well, I think with any business, and you have to and this is one of those things that we'll never know, right, we'll never know what Brexit would have been without the pandemic, right? What does change look like with a global kind of catastrophic critical moment such as a pandemic? So I think that the biggest challenge, I think, heading into what our ambition was, let's say at the end of 2019 and 2020, was how you took a business that was fairly confident, if not extremely confident in who it was and what it was doing and get it to change. Right, getting everybody to get on board that we've got to, you know, for us to be relevant and for us to unlock more value sooner rather than later, we're going to have to really significantly challenge ourselves to get out of our comfort zones, to try different things, to spend money and maybe erode margin and test things and see what works for customers and what doesn't. I think the pandemic forced everyone to say, OK, the rules have changed and we've got to do this. And I think in that moment of, you know, that survival instinct kicks in, right, in any crisis. And I think that really helped to get people to think differently, faster than we would have. And I'd say that's probably universal across a lot of businesses. I mean, just think about the work from home or work from everywhere, now, at this point, how that's changed the nature of work and how people work. You know, the fact that now most of our meetings are mediated through Zoom or Teams or Hangouts or whatever comms link you use, you know, I think that was going to be the biggest challenge. I think looking ahead, the next big challenge is as we recover and as traditional retail trade comes back, that we don't get comfortable, that we don't say, yeah, yeah, it's OK. It's like when you're running a marathon, it's OK to take a slightly slower pace for a half a mile or so, but you still got to get to the finish line in a respectable amount of time. We really just need to keep thinking about what this moment has afforded us for our long term value creation. And I think that that's, you know, I think pace and then the sustainability of the pace and being smart about pace are the biggest challenges. And so we really need to be mindful of what we do and how to be healthy about, you know, taking what we've achieved and then getting to the next level without overdoing it.

**Tom Nichols, Baringa** [00:19:14] That's really interesting. I think I remember having a conversation fairly early on in the pandemic, even thinking as we return to the office, as we return to this new normal, if everyone in London worked from home just one day a week, that's potentially a one in five, a 20 percent impact on Pret's revenues, if you assume people go every day. In a recent interview, I think Pano, Pret's CEO, said to Bloomberg that Pret was looking to move to the suburbs to go where the people are going if they're not in the skyscrapers anymore, and they're working from home, how can we respond? Is there anything in Pret's future to tailor propositions towards the working from home segment, or any way of utilising that data better to get there?

**Alex Chisholm, Pret a Manger** [00:20:02] Yeah, I mean, I think we're already seeing it with the consumer packaged goods that have landed at Tesco, and I think as of this week

in Sainsbury's, I mean, if you haven't already visited your Tesco and Sainsbury's for our wonderful croissants, please do so after this podcast. I think that's a starting point, and we've got some other really great products coming into those retailers through the Spring and Summer. That's one example, right. But that's, I think, early baby steps in thinking about how the Pret brand moves across products and channels, right, And so with the arrival of a new Chief Customer and Growth Officer earlier this year, you know, he's done an incredible amount of work thinking about what the growth engine for Pret looks like, not just for the U.K. market, but for the US, for Europe, for Hong Kong in Asia, and so I think there's certainly going to be early work on omnichannel development and thinking where there are opportunities and where we can leverage our existing operating model, where we can leverage our existing brand equity in thinking through and reaching customers, whether they're in the suburbs, whether they're in office parks, whether they're in places that, you know, again, as I said earlier, our marketing strategy had been our real estate strategy, where you build a shop in a high footfall area and people will see it, and they'll come. That's a Pret owned channel, that's very analogue. But I think as we get smarter and people understand digital trade, how data, as you mentioned, powers that, it'll highlight different opportunities to think about not just different propositions and services, but different product mixes, whether it's at home, whether it's in different date parts, whether it's in different categories. So I think we've learnt a lot through that and recognise that different channels and different trading areas, and when I say digital trading areas, I'm specifically talking about the delivery partner marketplaces that you have to really think about your strategy. It's not just in what you're offering and what the value is to a customer, not just say it's an opportunity for the sake of trading in that space. So I think moving forward and as Pano had suggested, I think in one of his recent interviews, going to the suburbs, going outside of London, diversifying the estate portfolio, working with partners and franchisees to expand our presence in places where we aren't currently is going to be key.

**Tom Nichols, Baringa** [00:23:04] And I think one of the other big things that I've seen certainly in the past few weeks that Pret has launched its first account, that actually all the propositions are in a single place for the first time ever. And that is a really huge step. That's potentially one of the biggest things in a brand's lifecycle and a brand's history. How big is that step for Pret and how much easier is that going to make your life through digital, through omnichannel in terms of engaging your customers?

**Alex Chisholm, Pret a Manger** [00:23:32] Well, I think this has been definitely one of the advantages to being late to the game, right. We've been able to look at the challenges, certainly even within the JAB portfolio, and know that those who have gone before us and built kind of a customer, you know, they've in many instances developed tactical solutions for loyalty, for click and collect, for delivery. And so all of their customer data is in a whole bunch of different places. It needs to get dumped into, you know, a data lake to be analysed and matched, to understand, you know, to even get a sense of what a single customer looks like. So I think from that regard and I credit the digital product team and my colleague Emma Payne in thinking through what the customer data platform at Pret would look like, to be able to support all of those propositions, not just here in the UK, but across the globe, across our global estate, but I think it's a really lucky thing that we're late. If we're going to be late, let's do it really right.

**Tom Nichols, Baringa** [00:24:48] The big thing that's always struck me about Pret is its people, and not only working in the office in 75b, with you guys, but also every shop I go into. The teams are just lovely and they're willing to go the extra mile. How has digital helped improved a lot of the stuff in the back-end in terms of the operations, how we're

using digital to improve the team members experience in shops and how have they responded to it, particularly around the coffee subscription and the big changes there?

**Alex Chisholm, Pret a Manger** [00:25:18] Yeah, that's a great question because, you know, in kind of going through this and talking with peers across different concepts, it really is about, it's not just about the technology, it's about the tools and the training that you give to people to make it happen and unlock the value. And I think that our teams were, just given the urgency of whacking delivery into the business last Spring, the teams were really patient. So I think when the Digital Product Team was finally able to get the order management system in, we use Deliverect right now in the UK, there was cheering in the streets, because I think that the teams had gone through the journey of, yes, we're getting sales, no the technology and the solution isn't ideal, but we ultimately, I think, have won the hearts and minds in that particular instance by giving them a resource and something that is much easier to use. So I think the teams, we're really lucky in that we have the people in the shops, as you mentioned, they're committed to making Pret the best that it can be. I mean, one of our core values is doing the right thing. Another one, a corollary, is never standing still. And I think those two things feed into the way teams and the team members and the general managers in particular have fed back to the support centre and the technology and the development delivery teams, what we need to do to better support them. So as much as that was I think a journey, as we start this click and collect experience or trial, rather, in Manchester, the team member experience is as important to us as the customer experience, because we recognise that we'll be supporting customers in a completely new way, and so we're looking for the teams in Manchester to be in active conversations and discussions about refining the proposition as we trial it through the Summer.

**Tom Nichols, Baringa** [00:27:42] One of the best bits about working with Pret, and certainly as part of my induction onto the project, was that I got to work in store for a day in my local shop in Kingston. And just working with Magda and the team was such fun. But you just got the feeling they were never standing still. And it wasn't just some guy from the Digital Team coming and looking at how the till works and how customers interact. I was there in the morning making sandwiches, I was there standing behind the till, looking at how it all worked. I was heating foccacias. And the passion that they had not only for the day-to-day operations of the shop, but also the future, where digital was going. The amount of real time feedback I got saying this customer has this problem with a coffee subscription, can you go and fix that, please? When you're when you're leading the proposition, which I thought was just great. The point around feedback and getting feedback from across the business, from our customers, from our internal teams and from our delivery partners even. How has that evolved, given where we're going with digital, we're moving into a more agile way of working. It's great seeing the business get engaged with ceremonies and showcases and adapting to incremental delivery. What have been the challenges with getting all that feedback, trying to accommodate all that feedback and then prioritising it?

**Alex Chisholm, Pret a Manger** [00:29:05] Yeah, it's a big challenge. I mean, you mentioned moving to agile ways of working. I mean, I think it's one thing. I think so often people hear the word, if you don't know what the formal kind of agile. It's ironic because there is actually a structure to agile that enables flexibility and iteration and responsiveness. But when people hear agile, they hear it with a little "a" and they don't necessarily understand, it's almost a proxy for flexible or adaptable. And I think many in the business have, when we've talked about agility, and agile ways of working with a capital "a", they believe that it's part of the Pret behaviour to just kind of, you know, be

creative and come up with a different solution or adapt and adjust. And so I think that that's been in thinking through what we need to do in terms of getting all of that feedback in one place and then recognise that there are ways that that feedback feeds into backlog development and then prioritisation and then kind of a delivery cycle. It's one of those things that's going to take time. And I think that becoming a truly agile organisation is probably, you don't just wave a magic wand and boom, you're there. Despite all of the again, the great strides we've made in the past year, and the momentum we have, I think as we calm down and it goes to that sustainability, right, Is that we've got to help everyone understand the pace, how to re-pace within this agile ways of working structure. And I think that that's probably one of the next big opportunities that we have as an organisation all the way from the top, all the way down to, you know, the folks that are in our shops and in, dare I say, even some of our suppliers and partners so that they understand how we're working, how we're approaching the business, so that we've got efficiencies across the board and investment from everyone that this is how we're doing it now.

**Tom Nichols, Baringa** [00:31:39] Obviously, it's been historically quite London centric and gradually expanding to the rest of the U.K. There's an increasing focus in terms of The States, and I have been lucky enough to work with the guys in The States, the guys in France, guys in Hong Kong. I know there are a number of other markets as well. Given you started your time with Pret in New York, how are you treating engaging your global markets through these new digital propositions as Pret's global footprint grows? Are we looking at specific market models or specific propositions in certain markets, or is it a one global brand approach?

**Alex Chisholm, Pret a Manger** [00:32:19] Well, yes, we want it to be one global brand. I think, I don't, and I'm sure that they're somewhat mutually exclusive in terms of the brand ambition, right, a global brand, yes, tick that box. And I think everyone recognises that the consistency in the voice and what our USP is, as organic coffee and freshly made food, that is, and then how that filters through things like CPG and other product development, that is global in scope. I think when you get into omnichannel, you really have to, and this is where Pret will have a huge opportunity and will really, as we bring in the new Omnichannel Team over the next couple of weeks and start working with the business. And I say that both in the global sense here in London through the global support centre, but then also the regional markets and with the Managing Directors and their teams in each of our markets. It really is understanding the customer and what the opportunity is in those markets. You know, we've just got to look at the markets, work with the markets and understand where there is the opportunity to be relevant, convenient and add value to the customer experience. I'm a firm believer that we're not a one size fits all anymore and that we've got to be more responsive to the customers and what the customer opportunity is in each of the markets.

**Tom Nichols, Baringa** [00:33:57] That was an amazing answer. So breaking through that ceiling, then, one final question, what are you most excited about for where Pret's going?

**Alex Chisholm, Pret a Manger** [00:34:10] On a daily basis, and it's funny because we did some sort of, I forget what the acronym was, it was with another consulting firm, it wasn't with Baringa, but it was with another consulting firm in early 2019. And at the end of this three day intense workshop with about 50 different stakeholders from across the business, at the end of it, I got up and said, "how lucky is it that we're going to get to do this?", right and again, pre-pandemic, you know, to paraphrase or to quote from Hamilton, you know, to be in the room where it happens. I think that that's, looking back at that moment and thinking that this is the journey that we were about to start is amazing, I think coming out of

the pandemic and looking at what's ahead, and certainly what the Global Leadership Team and Pano and Claire here in the U.K. and in the U.S. have identified as the near-term wins. The next couple of years are going to absolutely be eye-opening for Pret. I think we have a tremendous opportunity, if we think about our customers and we get to know our customers in a different way, it's going to have both commercial value to the business and it's going to make, I think, Pret a stronger presence in people's lives, because as much as people come to visit us in our shops at lunch or on their way to work for coffee, we've now got to earn the right to be invited into their homes and into the other places in their lives, right, and we need to figure out how to get there and how to strengthen those relationships. So I think for a brand like Pret to, dare I say, to get invited into one's home, that is on brand for us. And that's, I think, a huge opportunity that we have that other brands don't have. So that's, I think, one of the most exciting things that's ahead of us.

**Tom Nichols, Baringa [00:36:21]** It is genuinely a really exciting time to be part of Pret and to be working with Pret. Alex, thank you so much and thank you to everyone listening.

**Tom Nichols, Baringa [00:36:32]** Thank you for listening to today's podcast, please hit the subscribe button to keep up to date with our latest podcast releases and hear more from Baringa and our client's digital stories. If you have a question or comment about the podcast or would like to learn more about Become Digital. Please visit our campaign hub, linked in the podcast bio.