

RETAIL

## A conversation with Apple retail boss Angela Ahrendts at Cannes Lions 2018

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*Apple retail chief Angela Ahrendts talking to company marketing communications leader Tor Myhren at Cannes Lions 2018 in Cannes, France. Image credit: Cannes Lions, Angela Ahrendts*

By **Daniel Hodges**

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CANNES, France Apple is known to keep its executives on a tight leash for media exposure. But this week's Cannes Lions advertising festival at the French Riviera resort of Cannes saw a rare dialogue between Angela Ahrendts, senior vice president of retail at Apple, and Tor Myhren, vice president of marketing communications at the same company.

Topics discussed included Apple's focus on human talent, humanizing technology, the "Today at Apple" program, internal education, evolution of the company beyond hardware and software, ecommerce and reinventing the role of physical retail stores.

"I often tease and I say ... sometimes they think I'm nuts, and I say, I think it's important that the largest tech company in the world invest, make the largest investment in humans in the world.' Right?" Ms. Ahrendts told the audience of marketers.

### Retail detail

Born and educated in Indiana, Angela Ahrendts set off for New York the day after graduating with a degree from Ball State University. She had originally been interested in design, but she gravitated to the business end of the industry and earned a degree in marketing and merchandising.

Positions at Donna Karan, Henri Bendel and Liz Claiborne followed. A notable success in her role as vice president of merchandising and design at Liz Claiborne was turning Juicy Couture into an internationally recognized label.

In 2006 Ms. Ahrendts accepted the job of CEO at Burberry. The British marketer, known for splashing its tartan pattern across product lines, was in need of reinvention. She addressed that by, among other moves, reclaiming dozens of licenses that had contributed to an image slump for the iconic brand.

Burberry's value rose significantly during her tenure. In a 2013 profile in British *Vogue*, Ms. Ahrendts said of Burberry, "I feel like I spent my first few years here buying back the company not the most pleasant or creative task.

But we had to do it. If you can't control everything, you can't control anything, not really."

Success at Burberry led Ms. Ahrendts to **Apple**, where the hardware-to-software company's CEO, Tim Cook, put her in charge of all-channel retail operations. Her purview at Apple includes strategy, real estate and development, and operations of both bricks-and-mortar and online stores, contributing to Apple's efforts to "create a seamless customer experience for over a billion visitors per year."

Ms. Ahrendts was invited to participate this week at the Cannes Lions advertising festival in the French Riviera resort of Cannes. Here is the conversation that occurred in a session titled, "Today at Apple: We Humanize Technology," that was moderated by Mr. Myhren.

Angela Ahrendts: At Apple, we humanize technology. So we looked back, took a lot of those different inputs, including our original genesis

Tor Myhren: So it's not like Apple retail is struggling when you showed up? It was a booming business, but you decided to sort of reinvent it with a very human, face-to-face kind of idea.

Ms. Ahrendts: Yes, but I also think it's, if you think of the evolution of Apple, it's kind of where it was naturally going anyway.

So we kind of looked back, and then we all know the hardware evolution the Mac, the iPhones and the iPads and the watch but at the same time, there is a whole servicing business.

I mean somewhere along the way we became what do they say, a trillion photos or something are taken every year on our phones? and so we became the best camera. But we also became this incredible App Store, the largest, I think, on the planet.

And Apple's kind of a music company with iTunes and Apple music and streaming, et cetera. So it wasn't just the hardware anymore, it was how does all of that come to life? And it was funny looking at it that way.

That's kind of when we came up with some ... when you move from fashion to a tech company you can't talk like a retailer, you can't talk about fashion. You have to talk their language, and so we make hardware and software.

So if I said, "Okay, then the stores are our biggest product for hardware," and then what happened to the store is our software. And that's kind of how we're going to be into it.

But how do you do that for all of the audiences Apple has, all of the channels that Apple plays in? So in retail, everybody just thinks Apple.com rules the world, and anybody who's a fan knows that, and that's the quickest way to get product, so there are a lot of people on that.

And then there's still a lot of people, millions, who call the contact centers. So how do you connect that for educators, entrepreneurs and students, for all those customers and take it from just being hardware to unlocking the software, the service, the experience in those stores, for all those customers across all those channels?

So that was the whole genesis You know for "Today at Apple" I kind of took the story and drew a big heart in the center, and I said, that's got to be ... that's what we're trying to unlock.

We're just going to stretch, and take us from just being hardware to now being the largest product that Apple has. And basically anything Apple does we've got to turn it on at the same time, but we're the human side of it.

Mr. Myhren: So out of curiosity how many people and I know that there are folks in the audience from all over the world have been to an Apple store? Most of you. How many of you have attended a "Today at Apple" session? So it's amazing, the scale of this program. There are 18,000 sessions every single week around the world. So can you explain how you got there?

Ms. Ahrendts: This took this is year four. We just launched "Today at Apple" a year ago, so this took three years because it was unlocking the experience of the store, but we had to redesign the stores in order to accommodate "Today at Apple."

We put big 6K screens in 102 stores, and then we put smaller screens in all of the classic stores until we can get to those, et cetera.

So, we had a crazy experience, which we kind of ... The code name originally was "iOS Live," and so we had to create the experience called "Today at Apple."

We had to, as fast as we possibly could, redesign the stores. And that's when we kind of started calling them town squares and gathering places.

That was kind of the vision, the concept, and that's why, because it's a town square, specifically outside, we wanted to bring trees and ... place them in front of the big screen in the forum.

But this is what the tour group is referring to when he says he can't see the store, but it's there, it's underneath all of those stairs and this is where you can have 300 people sit on the stairs and enjoy

*[Referring to a slide on the screen]* Don't tell anybody about this. We haven't opened yet. It doesn't open for another month or so.

This is Milan. This is a very unloved plaza in Milan, but the theater was underground and had closed, and again this was an area that we felt we could really help the city and help beautify.

So we actually put the store underground where the theater was, and we took the theater above ground, and the art piece is the huge queue that during the day is a fountain, but during the evening can act as a projection screen.

So, it keeps the legacy of the theater alive, beautifies the town square, and okay there is an incredible Apple store on the beat if you need anything else.

Mr. Myhren: I think it is such a great example of what you are doing with all the stores now, because Down Under, you have the project that you have "Today at Apple," you have the educational thing and then on top, the community all coming together as sort of a very open public space that is sort of shared between Apple and the city. It is really amazing. Excellent.

Ms. Ahrendts: *[Referring to a slide on the screen]* Where did you get these? This is the Champs-lyses in Paris, and this is a whole building we are currently restoring.

What you don't see is inside will be the largest forum in Europe, five stories high with a huge diamond screen.

So, hundreds of people, tourists, everyone, can come inside and enjoy "Today at Apple."

To me, this is an example Apple doesn't need another store in Paris. I mean, Apple employs thousands of people in Paris.

It's hundreds of points of sale, but there was nowhere to do "Today at Apple." There was nowhere to showcase everything that Apple is today, and so this is for the city. This is for everyone to keep getting better at what they're doing.

*[Referring to a slide]* This one's coming at the end of the year. This is Carnegie Library in Washington, DC, that nobody had touched or renovated for years, and we were there looking at real estate and all these big new developments, et cetera, and we walked by this library that was built for education, that was built for the public.

And I took a picture of it, and I sent it to Tim [Cook]. I said, "In my heart, this should be our home in Washington." And so, it is huge. We picture busses kids coming to camp and field trips just pulling up here, and so we are doing a full historic renovation of Carnegie Library. It opens up at the end of the year, and it will be the largest classroom for teachers. It will be the largest classroom for every kid who wants to learn about the creative arts in DC

Mr. Myhren: And again, I think it's a perfect example of what you're doing.

So I have a couple more questions to wrap up, I think.

One thing that strikes me about working with you for a couple of years is how deeply you care about the people you work with. I think that is a quality that doesn't exist in all executives, and it's very, very unique. I find it to be a very inspiring quality.

I know your people, every time you randomly walk into one of those stores around the world, it's like, "Oh my gosh, there is Angela!"

It's amazing. What an impact you have with that sort of positivity, so has that always been a leadership style of yours? Is that naturally just who you are? Where does that come from?

Ms. Ahrendts: You know what? We're all humans, right? I'm a middle child from a tiny town in Indiana, and we're all humans. And, as I said before, we all want the same thing, and it takes a village to do anything that any of us are trying to do.

I guess the difference is I never see the teams as a cost. I see them as the greatest brand ambassadors, the greatest enablers to doing everything we want to do, and if they're happy I've always said too, and I've told them this.

We say that their job is to enrich lives, and I've told them that my job is enrich their lives as much as they do the customers that they serve. And so, I want to unlock their creative thinking, and so we launched, literally a couple months ago, that same crowdsourcing platform from before. They loved it. They wouldn't get off of it, so we expanded that. It's called Loop, and so they have their own internal social platform now. They can complain, tell us what's wrong, there are teams of Ph.D.s looking at all the data that they're sending us. You know, "How can we be better? How can this be better?" And all kinds of ideas, and they can like each others' ideas, and we can see where they are all voting, and we can lean into that.

But, by the same token, if we want to unlock their creativity and we want them to be lifelong learners, we ask them to attend all the "Today at Apple" sessions in their stores, and critique them so they get better.

We also, a couple years ago, announced a tuition reimbursement program. They can go out every year as long as they are employed by Apple, and they get the same \$5,000 tuition allowance that every employee at Apple gets to continue to learn and to grow whatever their passion is.

Mobility we move 400 people a year to Cupertino [Apple headquarters in California] because they're smart, they're educated. And so I think they feel mobile, they feel energized. And I always tell them, whether you like it or not, it's a Snapchat, Instagram, YouTube, WeWork world and we've got to keep pace, and they've got to move and so they're happy, and customers are telling us they're happy.

Our retention rates have never been higher. Our NPS [Net Promoter Score] scores have never been higher, and they have never felt so creatively empowered. They've never felt so connected.

Mr. Myhren: That's what I was going to say. And, I think they're doing something really important right now.

There does seem to be a bit of a creativity crisis in the world right now. We actually just saw a stat that in the U.S., last year, the top 10 grossing movies of last year were all sequels.

Think about that, what that means for original creative thinking.

I think one of the things that your team does so well is help teach. It doesn't come naturally to everybody, right? And so helping to teach inspires that creativity.

Ms. Ahrendts: And in an entertaining way.

Mr. Myhren: Yeah.

Ms. Ahrendts: because an average kid today doesn't want to be taught, right? And that's kind of why we always had the town square because that's like subliminal learning, right?

Mr. Myhren: Yes. Is there anything else you want everybody out there to know about retail stores or "Today at Apple?"

Ms. Ahrendts: I think the most important thing for all of us right now, and I've mentioned it a little but before, is we're measuring, right?

We're measuring are we enriching lives, and I think because "Today at Apple," it's not just you know, it's taken years. It's cost a lot of money, and so we do believe that it has the ability to have a very, very big impact, and we want to measure that.

And we feel incredibly responsible for that and the roles that these stores play in the community and the number of people they employ, the millions of people who come in.

And so the impact that each one of those alone can make, and then how we continue to scale that human impact, how do we continue to scale that digitally? How do we continue to ... And this is just what we can do.

You know, everybody can do their own part, everybody can do their own thing.

But we talk a lot inside that there's a whole team of people who are so brilliant.

Apple's taken a leadership position when it comes to environmental responsibility, and we've said in retail that we have a human responsibility.

I often tease and I say ... sometimes they think I'm nuts, and I say, "I think it's important that the largest tech company

in the world invest, make the largest investment in humans in the world." Right?

And, again, it all goes back to that road sign. It all goes back to Steve Jobs. He knew it was never just about technology. It had to be about more in order to impact humanity, and I think it is important that we keep that legacy alive.

Mr. Myhren: You know one of the things that Tim Cook always says to us, to the world actually, is one of our objectives at Apple, is to leave to world better than we found it, and what you're doing with us is certainly you are doing your part. So thank you very, very much.

Ms. Ahrendts: Thank you.



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