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Adapting to shifts in consumer behavior: Insights from Rich Honiball, retail executive and adjunct instructor at George Mason University

Host: Alan Hart, senior manager in marketing and customer strategy, Deloitte Consulting LLP

Guests: Rich Honiball, retail executive and adjunct instructor at George Mason University

Alan Hart: Today on the show, I've got Rich Honiball. He is the executive vice president, chief merchandising and marketing officer at Navy Exchange and the Navy Exchange Service Command (NEXCOM). So, it's big part of the Navy. They have locations on ships and all around the world to make interesting conversation. We talk about his background and experience traveling to all 50 states, all 70 different countries. We also talk about what retail means, how they drive loyalty to their patrons and customers, and also where he sees the biggest threat and opportunity as it relates to AI. That and much more with Rich Honiball.

Alan Hart (voice-over): Are you ready to go beyond the basics of marketing? I'm Alan Hart and this is marketing beyond where we talk about the questions that spark change and share ideas that challenge the status quo. Join us as we explore the future of marketing and its endless potential.

Alan Hart: Rich, welcome to the show.

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Rich Honiball: Pleasure to be here.

Alan Hart: I feel like you are a guy always on the move. I know this stat, you have visited all 50 states, 70 countries, and there's more coming.

Rich Honiball: Think I am up to 72. I have got to take count. Countries keep changing, in the time that I have traveled, but my goal is to get to 100.

Alan Hart: Awesome. I mean, what's driving that thirst for travel?

Rich Honiball: Combination of a couple of things. One, when I did product development and design, we would travel for inspiration into Europe and into Asia. When you do sourcing, you travel to different countries. I used to travel for personal reasons, and now I just love it. I can get inspiration from almost any state and any country that I visit, and thankfully my daughter loves it and my wife loves it. So, it's something we all have in common.

Alan Hart: That's awesome. You are now the chief merchandising and marketing officer at the Navy Exchange Service Command.

Rich Honiball: That is correct.

Alan Hart: I always think of it as the Navy Exchange, but tell me how did you get your start in your career and how did you end up at the Navy Exchange?

Rich Honiball: It's full circle. My goal was not to be in retail or marketing; my goal was to actually join the Navy and go into the JAG Corps, retire, private practice, maybe run for Senate. Unfortunately, I got the scholarship, failed the physical, had no Plan B. So, I ended up falling into retail and worked for a couple of great companies. I found my way into marketing and did marketing, product development, branding, and then ended up about 10 years ago joining the Navy Exchange Service Command, and I served in a couple of unique roles: chief merchandising officer for the retail part, which is about \$1.7 billion, and chief marketing officer for the command, which includes retail, food, fuel, services, hospitality. We have 18,000 rooms under two, going on three, mastheads and then command services as well. So, I made it. They couldn't keep me out!

Alan Hart: I know! I was going to say it came full circle! Maybe a little later than you wanted to in life.

Rich Honiball: Little later than I wanted to, but it has been a terrific journey, and now I get to do what I have always enjoyed doing once I discovered a passion for it. I get to do it for a patron that I absolutely love with the team that I have tremendous respect for. It's very fulfilling.

Alan Hart: That's amazing. You talked a little about the scope/size of transactions, the volume, the different types of businesses, but give us a little flavor. You have stores in a lot of different countries, and then you've also got stuff on ships, like mobile floating.

Rich Honiball: It's how we started. So, the easiest way for me to explain it, because the first question is why does the Navy or why does any branch have retail stores? "Necessity is the mother of invention," I think the quote goes. Late 1800s, if you or I were in New York or were in the suburbs, and we decide we want a comic book or a beer or a gift for someone, and we could just go down to the store, travel into town. You're on a ship somewhere in the middle of the ocean, you don't have any options. So, whenever the ships would pull close to a shore in a foreign port, these flat-bottomed bum boats would come in and they would sell their wares. Second-rate goods, high

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markup. So, in the late 1800s, there was a captain of a ship, I think it was the USS Indiana, that said, "This doesn't work." So, he took a small closet within the ship, bought a single product, took a very small markup, and the sailors could buy that product whenever they wanted, at a very small markup. And the little profit they made went into a morale fund, because one of the things in the military, if we have an event, we all pay our own way. So, this gave a morale fund for family events and things like that.

That's how it started. So, we helped support the ship stores today, but they eventually became ship stores ashore. We have about 350 locations around the globe that can be anywhere from 200 square feet to 200,000.

Alan Hart: The scale and complexity of that is pretty massive.

Rich Honiball: It's massive. We have a very talented team: 40% of them have some sort of military connection, the rest learned to appreciate the military connection or the mission. We're there to provide a value, we're there to provide convenience and savings to also support the commands and the US Navy in their mission. As complex as it is though, we ground ourselves in the fact that we're serving a patron. So, we figure out how to serve that patron regardless of where you are and what you are trying to do for them.

Alan Hart: Speaking of your patron, you're talking about the soldiers themselves and the families' support systems around them?

Rich Honiball: Yes.

Alan Hart: How do you think about solving for their needs because it feels like they might differ depending on life stage that they're in, also location...

Rich Honiball: They are going to, and it's the same thing we find in regular retail and regular marketing right now is that you have to create an agile platform where whatever the customer needs—and it's very volatile—you know this as well as anybody that 10 or 20 years ago, we could bucket customers and kind of predict what they were going to be. Today, personalization is almost a necessity because you don't know what the individual person is going to want. So, what we're trying to do is set up as agile a footprint, as agile an assortment and communication as possible, so that whoever comes in—whether they are entry level or they're retired and they're on to their second job, or they are a spouse or a child, retiree, doesn't matter—we can try to serve them as best we can.

Alan Hart: Then as you think about... how do you continue to drive engagement with that patron community and loyalty, keeping them coming back to you? I'm assuming that when they're on land, there are other options.

Rich Honiball: Absolutely. About 20 years ago, it was a little bit easier. Marketing for us 20 years ago was actually called marketing communications because you had somewhat of a captive audience. Today, with the proliferation of all the different channels and retail options and everything going on, it's much harder to reach. So, we just have to make sure that our message is clear. We have to make sure that we're connecting with the patron, what we call customers. But I think especially in that—and we pride ourselves on this—is that two-way communication. We get a tremendous number of responses through our 4C surveys, through other surveys that we do through emails, through our white glove team, through live chat, and we aggregate all of that. We literally read every single one, and we try to understand what we can do to make the patron's life just a little bit easier.

Alan Hart: You have an interesting role combining merchandising and marketing. You've also got this storied background working for for-profit brands, now mission-oriented brands and businesses, I guess for lack of a better way to describe it. How do you think about balancing the art and science of all the roles that you've got?

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Rich Honiball: I think—and it's fascinating when you come to a trade event like this, and one of the reasons that I am here is—and we will talk about this—I also teach a class at George Mason, so I'm in the process of redeveloping or evolving the curriculum. When I listen to the conversations, I'm involved in the conversations, everybody is trying to build upon their mission, build upon their purpose. We did that when I was in the outside world, as I now call it after being a decade here. The fact is ours is natural, ours is authentic. But I think regardless of who you are and what you're doing, you have to find that place that you serve, that distinguishes you, and where you can be distinctive, and a lot of the noise that's happening right now is with retailers or brands or companies that haven't been able to find that. So, throughout my career that's typically been my goal regardless of what side of the equation I've been on.

Alan Hart: Makes sense. You mentioned that you've got a couple of side interest/things going on. You've got the adjunct professorship at George Mason, you are also a co-host and co-creator of Retail Relates podcast. This podcast thing is right up your alley!

Rich Honiball: It's pretty cool! I consider you a mentor in it. It's interesting. The reason that I started this with a professor and another friend of ours, and we're inviting a couple of other people to co-host: It's a very unique way to connect with students. The class I teach is asynchronous, which is challenging to be able to reach students in that level and have that connection. And retail and marketing—it's all about that connection, and sometimes you can't have that face to face. So, we're able to introduce industry experts from this 360-degree view. It's been a very fun part of the learning process. I'm enjoying it. I find myself getting lost in the conversation sometimes and forgetting that we are recording, and then going back and saying how am I going to edit an hour and a half down to 35 minutes. What I'm finding fascinating—and I connect it to what I do for work and what I do for fun or for hobby—is how people are taking in information. It's not good or bad; it's just different. And so, how are students learning? Students are going in and they're recording the lecture. They're taking it and transcribing it. Then they're going to NotebookLM and turning it into a podcast, and they're listening to it, and they're learning more than they were when they were just attending the regular lecture. So, how do we lean in and do that?

Alan Hart: The other thing I would say is doing something like writing or doing a podcast—and you are already an expert in an area or your practitioner in that area—

Rich Honiball: I'm a practitioner. I don't call myself an expert.

Alan Hart: —but I would say helping others learn that trade or craft actually does put you on the path towards expert. I don't know if you would agree with that.

Rich Honiball: I shun words like vision and expert and because I have the opportunity to have conversations and learn from so many of them. I think, what I try to do—and I believe I am doing this more as I get older—is I try to listen more, I try to learn more. So, a lot of times somebody will say, "Hey, that was a really good post" or "That was a really good podcast." I'm learning from somebody. I'm taking the opportunity to have a conversation with somebody and pick their brain, and I'm just capsulizing it and saying, "Here's something you can learn from this conversation I just had." I think I'll forever be a student. If someday someone says you're an expert... I just want to keep learning.

Alan Hart: I enjoy getting to know like how marketing and merchandising relates to the Navy and what you're doing outside the day job, so to speak. One of the things we like to do is get to know you a little bit better, and I would love to know if there's an experience of your past that makes up or defines who you are.

Rich Honiball: All right, how personal do you want to get? I've been very lucky. I've been very fortunate. I've traveled the country with a gentleman by the name of Martin Greenfield who wardrobe every president until he passed away a couple of years ago. He was a Holocaust survivor. I have been blessed with having many mentors. Married

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my high school sweetheart, and we've been able to stay married, adopted our daughter, and she's wonderful. So, hard to pick something and say, but I'll give you one. Chicken gizzards and white rice.

Alan Hart: What? OK, I've got to know this!

Rich Honiball: I'll give you story. When I kind of got bit by the retail bug, I was running a retail store and it was in a tertiary mall that had space open. And I went in and we opened up a shop—a sports, like a fan shop, with apparel and things like that. Did very well. I'm in my mid-20s. I envisioned the franchising. I did the things that now I know not to do, like didn't invest as much in the core and didn't invest as much in CRM. I tried to grow it way too fast and ended up living in the stockroom of the store with my then-fiancée-now-wife, our two cats, and everything we owned. Getting up at 5:30 in the morning to go to health club to take a shower. The last meal I remember was \$1.33, and it was microwaved chicken gizzards and white rice, and it was at that point that I decided that I had failed as a retailer and it was time to cash the chips in and move on. That was—let me do the math—over 30 years ago. When I think about trying to grow too fast or abandon your core customer, white rice and chicken gizzards, and I can still remember, and I think that's grounding.

Alan Hart: As a visceral image and maybe even taste palate!

Rich Honiball: Yes, it is. But those experiences... Everything is woven through every experience that we've had, and that's one that reminds me about the core and what's important.

Alan Hart: If you were starting this all over again, what advice would you give that younger self?

Rich Honiball: It's common to say don't be afraid of failure. I have adopted that, but now I wonder if it's not more than that. I think what I would go back and tell my younger self is take risk, you're going to fail. You likely aren't going to be defined by it. Just, whatever you do, learn from it. Take the time to take a deep breath and learn from it because you're going to figure out a solution. It's going to become a part of the puzzle that you're going to have to solve later. I took when I wasn't doing it right a little bit too personal early on in my career. You could argue that it might have made me want to achieve more and study more and that imposter syndrome kicked in, but I would tell my younger self just to take a deep breath once in a while.

Alan Hart: A couple of more questions for you. Is there anything you are trying to learn more about right now or you think marketers need to be learning more about?

Rich Honiball: I love history, so right now part of the curriculum that I'm developing is looking at history—not because I think it repeats itself, but it provides echoes that you can learn from. And I think as retailers, as marketers, we're seeing a fundamental shift in how people buy and how people consume information, and it's too easy to blame it on economics. That's part of it; part of it might be disposable income. I think it's also the change in what we value. Post-World War II, we had a manufacturing boom, you had the 1960s admen that convinced us that if we didn't have the latest and greatest that we were failures. So, every three years we had a new car. I have a 2013 Jeep that's been paid off for years, and that's a badge of honor. I think as retailers and as marketers, we have to come to terms with the fact that consumers are listening to different channels or listening to different forms of advice, they are making different decisions than what we're used to, and we have to pay more attention to it.

Alan Hart: Are there any trends or subcultures that you're following that you think other people should take notice of, things that you are curious about?

Rich Honiball: Trends that I think are going on, things that I am curious about? Sustainability is an interesting one for me. One of the things in the podcast is when we talk to those that are overseas, how much more important sustainability is and I don't know that it's necessarily caught on. I heard, and I can't remember who to credit to from yesterday, but someone talked about sustainability is as much about just making products that last longer as it is trying to organic this or just making things that are built to last. I am also fascinated with the way that people are

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taking in information. This happened a couple of years ago, but I went into a class, I'm doing a guest lecture, and everybody had their head down and they're on their phones. And I'm from a generation that's like [makes snapping sounds], "Wake up!" They were taking notes. They were connecting with me on LinkedIn. They were one of the most engaged groups that I've had. They connected more than those that have been in the past that were looking straight at me or maybe straight through me. I think studying the way that people consume information, where they go for expertise, I think is important.

Alan Hart: Last question for you: What do you feel like is the largest opportunity or threat facing marketers today?

Rich Honiball: AI. I think it is both! Blockchain, metaverse, there's all these buzzwords. AI has been around for much longer than people give it credit. I jumped on the bandwagon about two-and-a-half years ago so that even I could understand it. I am fascinated with how quickly it evolves. In the conversations, there are people that are embracing it and that are ready to replace their entire ecosystem with something that's steeped in AI. And there are people who are shunning it. I have read one too many dystopian novels, favorite being Brave New World. To me, I think we have to find that embracing the imperfection, that connection between AI and humanity, where AI can make us better humans and better able to serve and better able to connect. That's really what I am studying right now because I am fascinated by it, and I am fascinated by the conversations that are happening on both sides of the equation.

Alan Hart: I do agree with you that combination of human and technology—like you've got to find out the right interface for that.

Rich Honiball: The machines will take over if you allow the machines to take over. If you get lazy and if you expect everything to be perfect but the embracing of the imperfect, again Brave New World, I won't quote it. I think humanity exists so long as we want humanity to exist, and as long as we don't abdicate to the machines, we're fine.

Alan Hart: I think it's a great place to live.

Rich Honiball: We're putting up a good fight!

Alan Hart: Rich, thank you for coming on the show, I appreciate it.

Rich Honiball: Appreciate it. Appreciate the invitation. It's a pleasure.

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