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**Retail
Week
REPORTS**

Innovation Review

The top 20 retail innovations of 2014

RETAIL WEEK FOREWORD



KATIE BARKER
DEPUTY COMMERCIAL EDITOR,
RETAIL WEEK

Retail is a hotbed of innovation. It has to be as retailers vie for customers' attention, and their differentiation, service and customer experience are all vital. But with so many advances in technology and so-called innovations released regularly, knowing which ones are worth considering and investing in can be a challenge for retailers.

The second annual *Retail Week Innovation Review*, in partnership with Zapp, takes 20 of the most interesting innovations from 2014 and considers what effect these will have on the retail market. Alongside a panel of experts in technology, IT and multichannel, from Accenture, PwC, OC&C Strategy Consultants, Experian Footfall and Gartner, we answer those questions most important to retailers, while analysing the strengths and potential drawbacks of these ideas.

Some of these innovations are a new concept to retail, while others are smart adaptations of an idea that is already effectively used elsewhere or a further development of a successful system or technology. All have their place in this review, as all benefit retailers, customers or both in several ways.

Not every idea has the potential to revolutionise the retail industry, some benefit customers, while others allow retailers to get a better handle on their stock. These don't sound as sexy as drones, for example, but they are just as important to innovation in the industry. This is why this year we have included scores for each innovation in five different areas – ease of use, innovation, longevity, benefit to the customer and potential to revolutionise retail. The scores have been decided by our judges and the *Retail Week* team, and are intended as a guide to what the innovations included in the review are best at.

Not all of the innovations in this review have emerged in 2014, but we explore how each technology or idea has developed in the past 12 months, and also consider their future prospects. It includes innovations that are either being trialled or used, not those that are still in development, as we focus on the ideas that are getting the attention and investment of retailers. We also came across several exciting new prospects that are sure to grace the pages of 2015's *Innovation Review*. For example, barcode scanning at home with Amazon Dash, mobile payments with Zapp and emotion tracking in store.

The 2014 *Innovation Review* offers retailers a snapshot of the exciting, inventive and ground-breaking development happening in the industry at the moment, and shows just 20 reasons why it's such a brilliant industry to be part of now and in the future.



With so many advances in technology, knowing which ones are worth considering and investing in can be a challenge for retailers



PARTNER FOREWORD



PETER KEENAN
CHIEF EXECUTIVE,
ZAPP

Retail Week's *Innovation Review* is a powerful glimpse into the future of how retailers are keeping up with their customers across the countless channels, devices and sources of media now devoured hourly.

The old adage, 'the customer is always right', correctly still sits at the heart of the innovative services featured. But understanding what the perfect customer experience looks and feels like isn't getting any easier. Expectations only ever go in one direction and multichannel no longer simply means offering a decent on and offline experience.

It's hugely encouraging to see retailers pushing boundaries to offer a 360° shopping experience. Some favourites include the ingeniously simple merging of the on and offline worlds through a click-and-collect service and innovative features such as do-it-yourself sofa design via 3D printing.

Despite the customer journey becoming more complex, there is a device around which many innovations are becoming centred: the smartphone. By my calculation, the smartphone is the lynchpin of 17 of the 20 innovations profiled.

At Zapp we don't find this at all surprising. Today, the smartphone is less an instrument of communication than a remote control for our entire lives. We use them to take pictures, listen to music, check the news, watch films and, of course, shop. In doing so they've displaced all manner of other gadgets, from cameras to alarm clocks to mp3 players.

And we think the next everyday item to go will be the wallet.

At Zapp we're close to launching the first payment initiative that connects a shopper's bank account directly to a retailer via their mobile phone. Over the next five years, mobile payments will revolutionise the retail industry – oiling the wheels of some of the smartphone-centred innovations in this report and accelerating the development of brand new ones. Taking the pain of payment out of the equation can only lead to even more amazing ideas.



It's hugely encouraging to see retailers pushing boundaries to offer a 360° shopping experience



JUDGES' PROFILES



ANITA BALCHANDANI

Anita Balchandani is a partner with OC&C Strategy Consultants with responsibility for the UK retail practice, which specialises in working with retailers on their biggest and most complex issues – strategy design, proposition development and commercial solutions.

Her focus is on working with clients to develop advantaged business models to compete in a digital and multichannel world. She is also an independent non-executive director of Space NK. Prior to OC&C, she has worked with Shop Direct Group, Asda, Roland Berger and A.T. Kearney.



JOHN DAVISON

John Davison is vice-president of Gartner's Industry Research Retail vertical, where he is responsible for analysing the business and consumer technology market in the retail sector and identifying potential growth areas and opportunities for clients.

Before joining Gartner, he worked with IBM as a principal consultant, managing partner solutions in the retail industry, managing implementation teams in merchandising projects and leading projects in supply chain implementation for leading retailers. He gained a broad view of retailing working for retailers such as Asda, BHS and WHSmith.



MATTHEW PREBBLE

Matthew Prebble is managing director at Accenture responsible for digital and innovation across retail, consumer goods, life sciences and travel. He has successfully run Accenture's largest change, digital and technology projects.

With more than 15 years' experience in customer and digital, Matt has worked with many of Europe's largest companies and FTSE-listed businesses to plan and launch new operating models and internet capabilities.



DAVE SHEPPARD

Dave Sheppard is the global head of consultancy services at retail intelligence expert Experian FootFall. Responsible for a global network of analysts and consultants, his team advise on the performance of thousands of shopping centres and retail stores worldwide.

Using multi-dimensional data for clear-cut decisions, his team uncover insight and action plans to increase revenues, efficiency and profitability. As well as being a seasoned consultant, he has many years' experience in business intelligence strategy.



MATTHEW TOD

Matthew Tod is a partner within the consulting division of PwC, leading the company's customer and digital consulting practice.

Prior to joining PwC, Matthew was chief executive of Logan Tod & Co, Europe's leading online performance and optimisation consultancy. PwC acquired Logan Tod & Co in March 2012 to spearhead its digital analytics growth and enhance its strategy and consumer offering. Matthew has worked with clients including Asda, Argos, Clarks, Debenhams, Mothercare, Sony, BSkyB, Vodafone, Sainsbury's, Google, Shop Direct and Nestlé.

Mobile has changed the way we shop

As the growth in mobile shopping increases, Zapp is helping retailers to offer a smoother payment system and therefore a seamless experience

It's a time of enormous transformation for the retail industry, driven by changing consumer shopping habits and the possibilities opened up by new technologies.

As we emerge from one of the deepest, darkest downturns in retail history, consumer confidence is rising and retailers must continue to innovate to adapt to an altered industry landscape.

People continued to spend big throughout the recession on smartphones and tablet devices – 71% of UK consumers now have one and 40% already use them to shop.

The wider uptake of 4G and the continued growth of mobile and smart technology has increased consumer expectations for a more personalised and seamless shopping experience.

At Zapp we're confident mobile payments are the next natural step to revolutionise the retail industry. But we've only just begun exploring the possibilities.

Over the next five years, making it easy for shoppers to pay with a smartphone will become far more important than getting them to open their wallets. And retailers which make a central point of their innovation efforts will enjoy a significant competitive advantage.

We want to help retailers do this by

40%

of UK consumers use a smartphone or tablet device to shop



Mobile and smart technology allows for a more personalised and seamless shopping experience

offering a solution which removes the pain of payment for their customers. We believe that letting consumers 'skip to the good bit' of a transaction as quickly and securely as possible, using just their mobile device, is a key way retailers can improve the customer experience across all channels.

This year, we hosted our first ever hackathon to encourage the UK's hottest innovators to develop and test a concept which would work with Zapp to revive the retail industry. The pioneering concepts were wide ranging: from a cardless cash machine, to claims management solutions to visual authentication solutions. I have no doubt that one or all of these concepts will grace the pages of an *Innovation Review* in the future.

For our part, at Zapp we're close to launching the first payment initiative that connects a shopper's bank account directly to a retailer via their mobile phone – in October we announced the support of

a host of major UK retailers, including Asda, Sainsbury's, House of Fraser and Shop Direct.

Consumers will simply click 'Pay by Zapp' on a retailer's site or at the till and the payment will then be processed via their existing mobile banking app in near-real time, plugging into the rails of the UK Faster Payments Service. No confusing new sign ups, no new passwords, just a smartphone and an existing banking app. We can't wait to put our tech to the test in a review in this magazine next year.

If we're not talking with you already we'd love to discuss how we can help you get a head start in the race for smartphone swipes and taps.

info@zapp.co.uk



INTRODUCTION

THE TOP 20 INNOVATIONS


**BEACON
TECHNOLOGY**
HOUSE OF FRASER

Beacon technology uses low-energy Bluetooth to communicate with shoppers' phones and works in a similar way to wi-fi. House of Fraser is trialling VMBeacon technology in mannequins, enabling it to send offers to shoppers' mobiles as they walk around the store.


**CARD-ONLY
SLIMLINE
CHECKOUTS**
TESCO

Card-only slimline checkouts could allow retailers to increase the number of checkouts offered in store while easing pressure on queuing at peak times. Tesco is piloting the new tills at its store in Tooley Street, London and plans to test the technology at two other stores in the capital.


**CLICK-AND-
COLLECT HUBS**
SHOPPING CENTRES

In a response to the changing nature of retail, many shopping centres now offer click-and-collect hubs to allow shoppers to try on their purchases before taking them home. Westfield London, Cardiff's St David's and Trinity Leeds are three prominent shopping centres that now offer the hubs.


**CLICK-AND-
COLLECT
PARTNERSHIPS**
ARGOS AND EBAY

eBay and Argos have extended their click-and-collect partnership to cover more than 650 Argos stores nationwide after an extremely popular trial at 150

stores. The partnership allows customers to pick up purchases from eBay at Argos stores of their choice and allows sellers either to post them or drop them off in store.


**DIGITAL
PERSONAL
SHOPPING SERVICE**
TOPMAN

Topman has started offering a personal shopping service, which is normally only available at the retailer's flagship Oxford Street store, via Google+ Hangout video conferencing technology. Users can request specific styles of clothes they would like to try, book one-on-one video-chat personal shopping sessions and purchase items directly from the Hangout session.


DRONES
DHL USING PARCEL COPTERS

The drones market is developing quickly, with announcements from Amazon that the retail giant is considering adding the technology to part of its delivery capabilities. But it has been beaten to the punch by DHL, which began to use unmanned helicopters to deliver medication and other urgent goods to a World Heritage wetland in Germany. Are robots that can deliver orders within 30 minutes the answer to fulfilment in the future?


**HUB-AND-
SPOKE
SUPPLY CHAIN**
ARGOS

Argos is rolling out its hub-and-spoke strategy where larger stores can supply nearby smaller stores with products several times a day. This works in conjunction with the retailer's digital concept stores, which allows customers to browse the entire online range. If the product is then in stock in the hub store, shoppers can

order it for same- or next-day delivery to the smaller spoke store.


**IN-STORE
GROCERY
SHOPPING WITH HOME
DELIVERY LATER**
TESCO SHOP&GO

The latest development in myriad shopping and delivery options now on offer to consumers, Shop&Go is a new service offered by some central London Tesco stores that allows customers to do their grocery shop in store then have it delivered later free of charge.


**IN-STORE
INTERACTIVE
TOOLS**
THOMAS PINK WITH RED ANT

Retailers are embracing digital advances in store to offer customers a blended shopping experience. The interactive screen at Thomas Pink's Heathrow Airport store enables shoppers to design their own shirts, play brand videos and access Thomas Pink's lookbook, map, store and weather information.


**INTERACTIVE
SOFA STUDIO**
JOHN LEWIS

John Lewis is piloting a new digital tool that allows customers to create their own sofa using 3D printing and RFID tagging, giving people a better idea of what their sofa will really look like. The new service is being trialled at the company's Oxford Street store, with the eventual ambition to roll out the service to every store that offers the current Any Shape, Any Fabric service, taking personal sofa design to new digital heights.

LIGHTING NAVIGATION SYSTEMS

PHILIPS

Philips is trialling a lighting system that can relay location-based information to customers via a smartphone app providing shoppers with special offers and information relevant to their current location, while it also allows retailers to specifically target customers when they are already engaged in store.

MOBILE PAYMENT APP

HARRIS + HOOLE

Harris + Hoole has enhanced its mobile app with a payment facility that allows customers to load prepay amounts with just one tap meaning they don't have to touch, scan, or tap at the counter. The jump in technology makes mobile payments even more convenient for the customer.

MOBILE PAYMENTS

APPLEPAY

The technology giant unveiled Apple Pay as part of its iPhone 6 launch this year. Apple's near field communication payment option is seen by some as having the potential to revolutionise mobile payments by putting the brand's weight and popularity among consumers behind the technology. But, with cost still a battleground, will this catch on?

MOTIVATIONAL MIRROR

IKEA WITH XBOX KINECT

Ikea is testing an interactive motivational mirror to provide customers with positive messages including 'suits you sir'. The mirror is being trialled in the retailer's

Wembley store and uses Xbox Kinect motion sensor technology to trigger the motivational messages that are delivered via a voice recording and text on the mirror.

ONLINE ORDERS TO SHOPPERS' CARS

VOLVO

Volvo is piloting a service that allows online orders to be delivered directly to shoppers' cars. Using an app on a smartphone or tablet, Volvo's Roam Delivery service will enable car owners to have online deliveries left in vehicles or have returns collected from them. Car owners can track when their vehicle has been opened and locked via their smartphone or tablet.

PREDICTIVE ANALYTICS

OTTO AND BLUE YONDER

Focusing on the need for sales forecasts to move beyond traditional static processes, predictive analytics allow retailers to make system-based decisions and help increase ordering accuracy by predicting future demand. Etailer Otto worked with Blue Yonder to develop a system that let it know what to stock up on. The result was a reduction in end-of-season merchandise and a big increase in forecasting accuracy.

SAME-DAY CLICK-AND-COLLECT DELIVERY

ASDA

After a successful trial at six click-and-collect sites on the London Underground, Asda has introduced same-day delivery at 250 collection points for customers who order online before 1pm. Of the

250 collection points, 120 are drive-thru units where shoppers can receive goods directly in their cars.

SOCIAL-SELLING PLATFORMS

TESCO USING BUYAPOWA

Encouraging social selling via social networking sites is not a new idea, but this year has seen several retailers launch their own social-selling platforms. Tesco has rolled out social commerce functionality to its non-food website, which allows customers to earn deals and rewards when buying products if they encourage others to buy similar products.

STREET VIEW IN STORES

JOHN LEWIS AND TESCO WITH GOOGLE STREETVIEW

Using Google's technology, stores including John Lewis' flagship Oxford Street store and Tesco's Extra store in Watford have been mapped in Google Street View allowing customers to browse at their leisure around the store and easily find products, giving customers the in-store experience through innovations such as this.

VIRTUAL REALITY HEADSETS

TOPSHOP USING OCULUS RIFT

Although the technology is still relatively new, virtual reality headsets have the potential to transport customers to a virtual retail world. Topshop is using the technology to give shoppers the chance to feel what it's like to be on the front row at its Unique fashion show. Tesco has also trialled the technology to build a virtual version of one of its stores.

BEACON TECHNOLOGY

HOUSE OF FRASER

BEACON TECHNOLOGY CAN SEND OFFERS DIRECTLY TO CUSTOMERS' PHONES WHILE THEY BROWSE IN STORE

OVERVIEW

Beacon technology uses low energy Bluetooth to communicate with shoppers' phones and works in a similar way to wi-fi.

House of Fraser is trialling VMBeacon technology, enabling it to send offers to shoppers' mobiles as they walk past mannequins. The beacons are able to communicate information about the clothes mannequins are wearing, and each can be programmed to send out different information.

The technology is also being trialled by shirt retailer Hawes & Curtis at its London store and department store Bentalls in Kingston.

BENEFITS FOR RETAIL

This technology allows retailers to communicate directly with shoppers when they are already engaged in a store environment. It also potentially gives them access to useful data on customer habits while in store. Beacons are relatively cheap to produce, hard wearing, and the technology does not need significant further research or investment for commercial use.

POTENTIAL CHALLENGES

Customers need to engage too, either with an app or similar software downloads.



FUTURE PROSPECTS

Beacons can target customers who are already engaged with the retailer to maximise the customer experience. And, as the popularity of shopping on mobile devices increases, beacons provide the potential to combine the mobile and in-store experience for shoppers.

JUDGE FEEDBACK DAVE SHEPPARD, EXPERIAN FOOTFALL

Beacon technology is a smart and efficient way to communicate with smartphones and therefore with the customer within a certain proximity. Cheap, long-lasting and relevant – it delivers the right message to the right people at the right time.

Consumers can be proactively primed with additional information about the products they are looking at. This enriches the information available and therefore the likelihood to convert – whether there-and-then in the store or even later via a different channel. Product-specific barcodes and QR codes have been around for a while but have been dependent on us actively seeking the additional information – not so with beacon technology, where you can be nudged towards additional details of the product and rewards and discounts available.

For the retailers, this type of technology could

also provide a deep insight into the consumer's likes, dislikes and behavioural patterns, allowing brands to personalise promotions at a greater level.

A downside is the upfront commitment required from the prospective customer – through enabling the correct settings on their phones as well as giving 'opt-in' permissions to the retailers through their smartphone apps. Arguably, this means that the mannequins will only 'talk to those who are willing to listen' anyway. Through this permissions process, retailers are likely to exploit the opportunity to learn more about the consumer too – to help hone their understanding of you and your ongoing purchasing behaviour.

With the increasing reliance on smartphones and more retailers adopting beacon technology, its growth and influence is likely to rise significantly.

SCORECARD

 **EASE OF USE 8/10**

 **INNOVATION 7/10**

 **LONGEVITY 9/10**

 **BENEFIT TO THE CUSTOMER 9/10**

 **POTENTIAL TO REVOLUTIONISE RETAIL 7/10**

CARD-ONLY SLIMLINE CHECKOUTS

TESCO

CARD-ONLY CHECKOUTS CAN SAVE SPACE AND REDUCE QUEUE TIMES DURING PEAK HOURS FOR RETAILERS WITH PARTICULARLY BUSY STORES

OVERVIEW

Card-only slimline checkouts could allow retailers to increase the number of checkouts offered in store while easing pressure on queuing at peak times. Tesco is piloting the tills at its store in Tooley Street, London and plans to trial the technology at two other stores in the capital.

The grocer is investigating card-only checkouts because it can fit five in the space of three conventional checkouts, and because 80% of its peak time customers pay with card.

BENEFITS FOR RETAIL

Aside from allowing retailers to accept new contactless and mobile payment technology, smaller checkouts that take up less space mean retailers can either offer more payment facilities or increased space for selling products.

JUDGE FEEDBACK ANITA BALCHANDANI, OC&C STRATEGY CONSULTANTS

Tesco was the first supermarket to introduce self-service checkouts in the UK, with the aim of making the customer experience more efficient. Slimline checkouts are essentially a sleeker, speedier, but more specialised version of self-service checkouts. The concept is by no means a revolution, but rather the next step in the evolution of existing retail technology.

Credit is due to Tesco for recognising how simple changes to existing technology, made in light of insight into customer shopping habits, can further enhance the overall shopping experience. Slimline units occupy half as much space as standard self-service checkouts, thereby enabling Tesco to serve twice as many customers in a given space. This is highly relevant to inner-city Express stores, upon which a throng of customers

These advances also improve convenience and customer experience.

POTENTIAL CHALLENGES

Payment technology is moving at pace, so there is the danger that these checkouts will be out of date in a couple of years and retailers will instead need to invest in a new version.

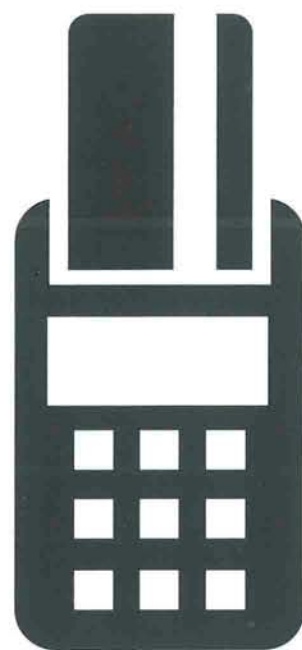
On the flip side, outside London the proliferation of contactless payment is less obvious, so retailers don't want to remove other payment methods too soon.

FUTURE PROSPECTS

As it becomes easier to pay with contactless card and mobile payment technology, retailers need to prepare their stores for these advances with enabled checkouts, and those

retailers leading the way will get noticed by customers.

Contactless payment is only going to increase, so any innovation in this area has potential for future growth.



SCORECARD

EASE OF USE 7/10

INNOVATION 4/10

LONGEVITY 4/10

BENEFIT TO THE CUSTOMER 6/10

POTENTIAL TO REVOLUTIONISE RETAIL 3/10

CLICK-AND-COLLECT HUBS

COLLECT+ HUB IN SHOPPING CENTRES

SHOPPING CENTRES ARE OFFERING CLICK-AND-COLLECT HUBS AS CUSTOMER CONVENIENCE TRIUMPHS

OVERVIEW

In a response to the changing nature of retail, many shopping centres now offer click-and-collect hubs to allow shoppers to try on their purchases before taking them home. Westfield London, St David's in Cardiff and Trinity Leeds are three prominent shopping centres that now offer the hubs with Collect+.

The service allows retailers to combine the physical and digital shopping experiences for customers. They also maximise convenience.

BENEFITS FOR RETAIL

This service has the potential to benefit a large number of retailers as it drives footfall to shopping centres from digital transactions.

The hubs also allow retailers to interact

further with customers that are already engaged, and decrease delivery return costs.

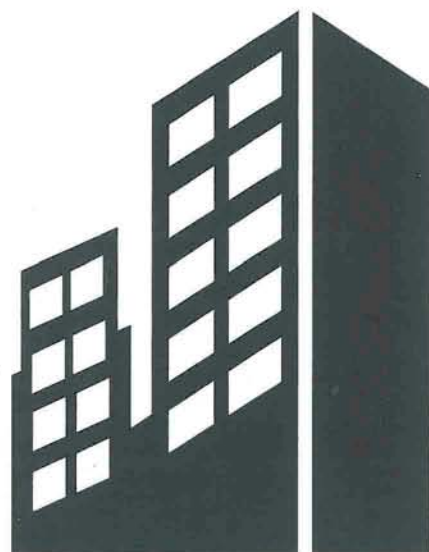
POTENTIAL CHALLENGES

Increasing deliveries to already tight shopping centre sites might still provide logistical challenges for retailers.

FUTURE PROSPECTS

As shopping centres vie for customers' attention, offering services such as click-and-collect becomes more important.

In order to remain relevant it is vital that centres offer the latest in technology, entertainment and convenience for consumers so the potential for growth of these services is large.



JUDGE FEEDBACK MATT PREBBLE, ACCENTURE

More than two thirds of the British public choose to buy products or services online. However, there are still a few pain points in the end-to-end process. In particular, most consumers struggle to make themselves available for an eight-hour delivery slot and don't have time to spend at the parcel depot collecting missed deliveries.

The advent of click-and-collect brought more options to ensure consumers are able to get their hands on internet purchases at their convenience. It's beneficial for retailers too because it gives them an opportunity to cross-sell other items to consumers collecting goods in store.

But the joy of internet shopping is 24/7 and stores aren't open around the clock, so there is some restriction on collection of goods bought via click-and-collect. Furthermore, purchases

are packaged as they would be if they had been delivered to your home and the experiential side is somewhat lost.

The Collect+ Hub goes a long way not just to provide more convenience around opening hours and access, but it also provides an experience – a comfy and stylish environment to try on internet purchases.

An opportunity for the Collect+ Hub would be to make it a connected channel, creating the option of cross sell, upsell or connection to the seller in this brand-agnostic environment.

The Collect+ Hub provides the pure-plays with a real physical platform – a place for them and their customers to physically meet. It is an initiative that traditional retailers should monitor closely.

SCORECARD

EASE OF USE 8/10

INNOVATION 6/10

LONGEVITY 7/10

BENEFIT TO THE CUSTOMER 9/10

POTENTIAL TO REVOLUTIONISE RETAIL 7/10

CLICK-AND-COLLECT PARTNERSHIPS

ARGOS AND EBAY

ARGOS AND EBAY HAVE EXTENDED THEIR CLICK-AND-COLLECT PARTNERSHIP TO COVER MORE THAN 650 ARGOS STORES NATIONWIDE

OVERVIEW

Innovations in click-and-collect are rife this year, as customers enjoy the convenience it provides, particularly in the run-up to Christmas. The partnership between eBay and Argos allows shoppers to collect products purchased from a wide range of eBay merchants from 650 Argos stores nationwide. The retailers extended their link-up following a popular trial at 150 stores.

This also allows sellers either to post them or drop them off in store.

BENEFITS FOR RETAIL

For Argos, the tie-up drives in-store footfall and increases the retailer's brand presence online. For eBay it offers a way into the popular click-and-collect space without any up-front investment into another fulfilment

system such as lockers. Click-and-collect has the added benefit of often being more convenient for customers and removing home delivery costs for retailers.

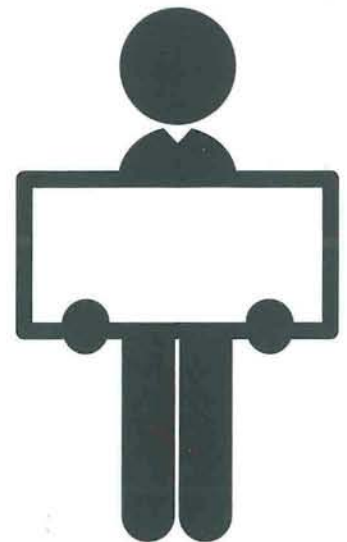
The success of this partnership may create a convincing argument for other similar link-ups between complementary retailers.

POTENTIAL CHALLENGES

Many retailers don't have a store estate that is as wide as that of Argos, which has more than 700 stores nationally. That is one of the aspects that makes this partnership successful.

FUTURE PROSPECTS

This could be the first of similar tie ups that bring together the successful aspects of two retailers. It also increases the options



for customers when it comes to fulfilment in the multichannel age.

Partnerships such as this force other retailers to continue to innovate to keep up, particularly in the area of click-and-collect.

JUDGE FEEDBACK ANITA BALCHANDANI, OC&C STRATEGY CONSULTANTS

The Argos and eBay partnership represents the joining of forces of two of the UK's largest shopping websites. They have formed a hybrid retail model which combines an online marketplace with traditional physical retailing.

Through the partnership, Argos offers a collection proposition which is free for the eBay customer. With its national high street presence, Argos stores provide a network of convenient locations to function as collection points. It compensates for eBay's lack of physical presence which would otherwise hinder the online pure-play's adoption of click-and-collect services and ability to compete with the sophisticated delivery and storage options offered by competitors such as Amazon.

Argos presents an appealing retail environment, alongside consistency in quality of service from Argos staff. Its stores are already well-equipped for delivery and collection services, facilities boasted by few other retailers.

As the largest single aggregator of parcel volume in the UK, eBay makes an attractive partner. In turn, Argos capitalises on the channelling of eBay customers into their high street stores.

That increase in customer traffic not only presents the opportunity to cross-sell Argos products, it also allows Argos to deepen customer relationships and attest its commitment to multichannel retailing. This feels like a model which is here to stay.

SCORECARD

EASE OF USE 8/10

INNOVATION 8/10

LONGEVITY 10/10

BENEFIT TO THE CUSTOMER 8/10

POTENTIAL TO REVOLUTIONISE RETAIL 9/10

DIGITAL PERSONAL SHOPPING SERVICE

TOPMAN

PERSONAL SHOPPING IS NO LONGER SIMPLY FOR THE IN-STORE ELITE AS TOPMAN LAUNCHES ITS DIGITAL PERSONAL SHOPPING SERVICE

OVERVIEW

As retailers attempt to harness the power of innovations in digital technology, video conferencing might seem slightly old hat. But Topman is using Google+ Hangout video conferencing technology to offer a personal shopping service.

Normally only on offer at the retailer's flagship Oxford Street store, the new service allows customers who are not able to visit the change to enjoy the personal shopping experience. Users can request specific styles of clothes they would like to try, book one-on-one video-chat personal shopping sessions and purchase items directly from the Hangout.

BENEFITS FOR RETAIL

Video conferencing technology through services such as Google+ allows retailers to extend their in-store customer service and experience to a much wider range of people than just those who are able to visit the store. It also means retailers can engage more effectively with customers that are accessing the brand through digital channels.



POTENTIAL CHALLENGES

Although customers will be able to purchase items directly from the hangout, once they have used the service will they return? There are also considerations around the ability for retailers to offer this service more widely.

FUTURE PROSPECTS

Topman is one of the first retailers to offer a service like this, so there is potential growth

for other fashion retailers in this area. As other technologies such as virtual mirrors and wearable devices develop, they will complement this service.

JUDGE FEEDBACK MATTHEW TOD, PWC

This service seems both interesting and innovative, but I question how well it will scale? And will it be profitable for retailers?

It's relevant because for time-poor shoppers who can't make it to store, or who don't want to go to a store, it enables a more engaging interaction. It also probably has better results in average order and returns than ecommerce.

It's different because a retailer is finally doing it instead of simply just talking about it. Although it probably won't change the industry, it will be an interesting addition if it can be made profitable. It should also act as a wake-up call to all retailers to evaluate digital technology and how they might harness it to serve specific customer engagement segments better.

SCORECARD

EASE OF USE 7/10

INNOVATION 7/10

LONGEVITY 7/10

BENEFIT TO THE CUSTOMER 6/10

POTENTIAL TO REVOLUTIONISE RETAIL 4/10

DRONES

DHL USING PARCELCOPTERS

DRONES HAVE BEEN RIDICULED FOR BEING SCIENCE FICTION, BUT ARE ROBOTS THAT CAN DELIVER ORDERS WITHIN 30 MINUTES THE ANSWER TO FULFILMENT IN THE FUTURE?

OVERVIEW

The drones market is developing quickly, with announcements from Amazon that the retail giant is hoping to add the technology to part of its delivery capabilities. But it has been beaten to the punch by DHL, which began to use unmanned helicopters to deliver medication and other urgent goods to a World-Heritage wetland in Germany following a successful nine-month research project into the technology.

Both Amazon and Google are in the development stages for their own drone services, with Amazon announcing last year that it wants to use drones to deliver customers' orders in 30 minutes or less.

BENEFITS FOR RETAIL

The increased fulfilment options drones offer retailers alongside the potential cost savings of using unmanned drones for delivery combine to make this technology potentially very attractive for retailers.

POTENTIAL CHALLENGES

There are several challenges retailers need to consider including the logistics of having these devices buzzing around the skies of our cities, safety issues, the weight limits the relatively small drones have at the moment, and not least the extremely tight current aviation laws.

JUDGE FEEDBACK DAVE SHEPPARD, EXPERIAN FOOTFALL

Look at any sci-fi film and you will see streams of lanes of flying craft travelling on both parallel and perpendicular flight paths high above dystopian cities. Could this be the future of parcel delivery fulfilment if DHL, Amazon and others get their way?

Aviation law will be the single biggest barrier to the successful introduction of commercial drones. Skies full of automatic drones, all on potentially conflicting flight paths is worrying enough, let alone when considering everything else that occupies the skies at the moment. Obviously this isn't an issue for the current successful use of drones that we see as part of media or sporting events – though these are still constrained to specific areas.

There are several practical issues to consider too. With drones limited to a small payload of a

number of kilograms, size and weight could cause complications.

Another issue is the practicalities of receiving the parcel. If no one is home in your second-floor apartment, what would the drone do? All promotional video shows landings in fields, on long family driveways, or dedicated landing pads for the DHL medical supplies North Sea trials to the island of Juist. The reality of the logistics of where a drone could land and how you physically get your parcel once it's landed will limit its practical use.

In the short term, its niche use may focus on either hard-to-reach remote locations or for time-critical emergency/medical situations – where there are benefits over traditional logistics methods. For the rest of us, the skies may remain clear for a while yet.



FUTURE PROSPECTS

Are robots that can deliver orders within 30 minutes the answer to fulfilment in the future? The technology is still in its early stages, even with DHL in Germany, and developers have a long way to go to turn this niche service into something that can be used on a commercial scale.

SCORECARD

EASE OF USE 3/10

INNOVATION 9/10

LONGEVITY 8/10

BENEFIT TO THE CUSTOMER 4/10

POTENTIAL TO REVOLUTIONISE RETAIL 4/10

HUB-AND-SPOKE SUPPLY CHAIN

ARGOS

RETAILERS ARE CONSTANTLY LOOKING FOR WAYS TO BE INNOVATIVE IN THEIR FULFILMENT METHODS. THE HUB-AND-SPOKE SUPPLY CHAIN FROM ARGOS IS A PRIME EXAMPLE

OVERVIEW

The hub-and-spoke strategy is simple: larger hub stores stock an expanded range of products, which are delivered directly to smaller spoke stores several times a day.

At Argos this works in conjunction with the retailer's digital concept stores, allowing customers to browse the entire online range. If the product is in stock in the hub store, shoppers can order it for same- or next-day delivery to the smaller spoke store.

BENEFITS FOR RETAIL

The system allows retailers to easily offer a wide range of products in stores of all sizes, offering increased convenience for customers and decreasing the need for distribution centres.

The increased fulfilment options this system offers – either an immediate, same-day, or next-

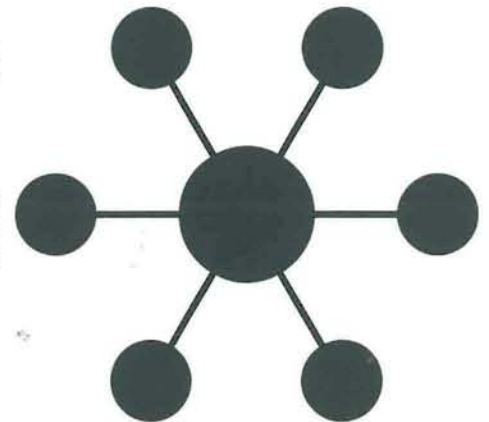
day delivery – is extremely attractive to customers, as is being able to access the entire product range from even the smallest of stores.

POTENTIAL CHALLENGES

The long-term success of this kind of fulfilment model has not been proved and relies on a large estate of smaller and larger stores – something Argos has been criticised for in the past.

FUTURE PROSPECTS

This fulfilment system, when it sits alongside digitally enabled stores, really blurs the lines between digital and physical trading. It is potentially an extremely disruptive innovation that will force retailers to reconsider their delivery and fulfilment offerings to customers in the future.



JUDGE FEEDBACK JOHN DAVISON, GARTNER

Satellite fulfilment centres or warehouses are not new in retailing. For example, for some years prior to the advent of digital sales channels, large department store operators used off-site satellite warehouses as collection points for their customers rather than holding their inventory in the store.

That has been given a new twist in recent years – particularly by food retailers – with the advent of so-called 'dark stores', i.e. former stores that have been converted to fulfilment centres for nearby shops in an attempt to improve replenishment cycles and thereby improve stock availability for city centre shops.

In the same vein Argos has been looking at next-day collection on an extended range

of products which are available for online ordering by using larger local stores as 'hubs' from which the goods can be collected for 'spoke' stores.

For each of the initiatives above, retailers are adding new nodes into their supply chains.

It must be realised that many of these consumer-driven supply chain systems are increasingly adding to both the retailer's supply chain cost as well as in some cases store operation costs.

The retail supply chain will increasingly become a major factor in executing competitive differentiation strategies for multichannel fulfilment – particularly at store level – and the technologies listed above will assist in this.

SCORECARD

 EASE OF USE 7/10

 INNOVATION 7/10

 LONGEVITY 6/10

 BENEFIT TO THE CUSTOMER 7/10

 POTENTIAL TO REVOLUTIONISE RETAIL 6/10

IN-STORE GROCERY SHOPPING WITH HOME DELIVERY LATER

TESCO SHOP&GO

WHILE HOME DELIVERY IS NOT NEW, PURCHASING GROCERIES IN-STORE THEN HAVING THEM DELIVERED LATER IS THE LATEST IN A SERIES OF DELIVERY OPTIONS NOW AVAILABLE TO SHOPPERS

OVERVIEW

The latest development in shopping and delivery options now on offer to consumers, Shop&Go is a new service offered by some central London Tesco stores that allows customers to do their grocery shop in store then have their shopping delivered later free of charge.

The service is particularly useful for customers who can't easily get their shopping home, or who aren't immediately heading home.

BENEFITS FOR RETAIL

As another delivery weapon in grocers' arsenals, services such as this provide ultimate convenience for customers. It forms part of the grocer's multichannel offering, which includes click-and-collect stations alongside

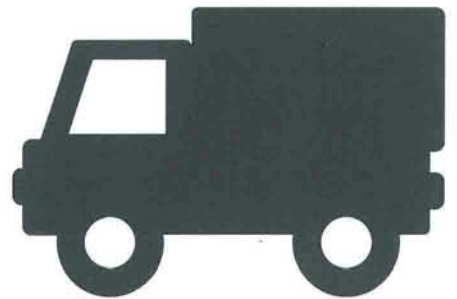
the more traditional online shop with home delivery. Crucially, it is free for customers who spend over a certain amount.

POTENTIAL CHALLENGES

It's another logistical service Tesco needs to consider, and the practicalities of offering home delivery within one-hour time slots are not suited to all stores or areas.

FUTURE PROSPECTS

As services such as Shop&Go proliferate, customers will expect all retailers to offer them and those that don't will be left behind. Shop&Go is already proving popular with customers so will likely experience future growth if retailers can get their proposition right.



JUDGE FEEDBACK JOHN DAVISON, GARTNER

For some time retailers have experimented with various multichannel fulfilment processes such as: order online and pick-up from store; order online and pick-up on return from airport; pick online orders for store delivery to customer's address; pick online order from one brand from retailer for customer; pick-up in store from another brand of retailer, and so on.

More recently leading retailers have introduced shop and pay in store for delivery later. For example both Tesco and Waitrose have launched/piloted customer home delivery services.

This latest multichannel fulfilment process to be offered to customers is not a new retail process but its widespread use would provide further convenience and choice to the customer, for example commuters who want to shop during lunch times

but cannot otherwise store fresh or frozen products at workplace locations.

However, while there are encouraging signs for home delivery, in the past grocery retailing has often found it difficult to generate a profitable model for home delivery from food retailing in not just the UK but further afield in countries such as the US.

Outside of food retail, the sectors that have most direct experience of dealing with home delivery are department stores, home improvement and DIY retailers and furniture retailers.

In these types of retailers order management and more importantly distributed order management systems (DOMs) play an important role. Gartner believes that DOMs will be an increasingly important technology in the future success of customer fulfilment.

SCORECARD

EASE OF USE 7/10

INNOVATION 6/10

LONGEVITY 6/10

BENEFIT TO THE CUSTOMER 7/10

POTENTIAL TO REVOLUTIONISE RETAIL 5/10

IN-STORE INTERACTIVE TOOLS

THOMAS PINK WITH RED ANT

FROM INTERACTIVE TABLES TO DIGITAL INTERACTIVE SIGNAGE AND MOBILE HUBS, RETAILERS ARE EMBRACING DIGITAL ADVANCES TO PROVIDE IN-STORE INNOVATION

OVERVIEW

Retailers are embracing digital advances in store to offer customers a blended shopping experience.

The interactive table at Thomas Pink's Heathrow Airport store allows shoppers to design their own shirts, play brand videos and access Thomas Pink's lookbook, map, store and weather information.

The focus is on customer experience as well as convenience.

BENEFITS FOR RETAIL

Interactive tools in store have a wealth of benefits for retailers, from showcasing the product range to allowing customers to personalise items. But these tools also add something special to the physical shopping experience.

The system also offers links to external

sources, which increases the convenience for the customer, and incorporates more into the retail experience.

POTENTIAL CHALLENGES

The concept of bespoke in-store services is not a new one and, in today's multichannel market, in-store innovations are just one area in which retailers need to excel and stand out.

FUTURE PROSPECTS

Customers will continue to want more from their physical retail experience and in-store interactive tools will form part of that repertoire.

Personalisation is another trend that looks likely to continue. This combination means interactive in-store tools such as this could become more common in the future.



JUDGE FEEDBACK MATTHEW PREBBLE, ACCENTURE

The challenge traditional stores face in competing with online retailers has been well documented. We have seen some well-known UK fashion retailers experimenting with in-store technology to improve the holistic customer experience.

That has ranged from tablet-equipped staff and browse-and-order kiosks to virtual rails, providing consumers with more access across all products, whether or not they are in stock.

The Thomas Pink interactive design table offers similar services; access to the wider product range, inspiration for consumers in the virtual lookbook and the opportunity to connect further with the brand. All of these things work to join the dots for the consumer from online to in store and provide a 'wow' factor, building brand

awareness and affinity in a high-traffic spot.

The distinguishing feature of the interactive design table, which allows you to design your own shirts, isn't a new concept. Other retailers have offered something similar since 2007, but it does play to the consumer desire for personalisation.

An interesting feature of the design table is its link to other data sources. By providing weather information it is expanding into a broader ecosystem and defining relevance to the consumer on a different level.

The next step should be to link that information back to the brand and products and provide recommendations on what to buy today, depending on the weather forecast for wherever the customer is travelling.

SCORECARD

EASE OF USE 7/10

INNOVATION 3/10

LONGEVITY 5/10

BENEFIT TO THE CUSTOMER 6/10

POTENTIAL TO REVOLUTIONISE RETAIL 5/10

INTERACTIVE SOFA STUDIO

JOHN LEWIS

JOHN LEWIS IS TAKING PERSONAL SOFA DESIGN TO NEW DIGITAL HEIGHTS WITH ITS INTERACTIVE SOFA STUDIO

OVERVIEW

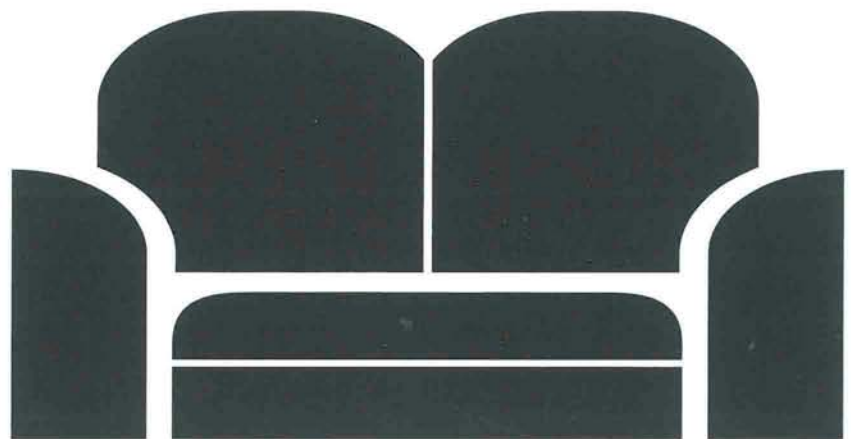
John Lewis is piloting a new digital tool that allows customers to create their own sofa using 3D printing and RFID tagging, giving people a better idea of what their sofa will really look like. The new service is being trialled at the company's Oxford Street store, with the eventual ambition to roll it out to every store that offers the current Any Shape, Any Fabric service.

BENEFITS FOR RETAIL

The service, which gives shoppers a 3D model of what their sofa will look like, combines the digital and the physical to give customers something tangible on which to base their purchase. It combines several existing technologies to improve the retail experience, and has potential applications for other large, bespoke purchases.

POTENTIAL CHALLENGES

While this product is very suited to the John Lewis market, it is quite niche, and it may not translate into other companies outside the furniture arena.



FUTURE PROSPECTS

If this trial is successful, the service will be rolled out across John Lewis stores, but its future potential is around creating a more interactive and personal shopping experience.

JUDGE FEEDBACK MATTHEW TOD, PWC

This service simplifies the sofa and fabric choosing process but doesn't add a huge amount over existing screen-based technology. It helps with the family debate over sofa shape and covering by making it more physical and real than a screen based solution. Having models is space saving, and definitely helps.

What makes this system different is that

it's an interesting combination of technologies pulled together into a simple and engaging tool.

Although this system is great for customers, it's not going to change the industry and looks very much like a stepping stone to a virtual reality-type service. It may well open up other areas and products though, such as personalisation of products.

SCORECARD

EASE OF USE 8/10

INNOVATION 8/10

LONGEVITY 4/10

BENEFIT TO THE CUSTOMER 5/10

POTENTIAL TO REVOLUTIONISE RETAIL 2/10

LIGHTING NAVIGATION SYSTEMS

PHILIPS

IN ONE OF SEVERAL LOCATION-BASED INITIATIVES, PHILIPS HAS DEVELOPED A LIGHTING SYSTEM THAT INTERACTS WITH SHOPPERS' SMARTPHONES

OVERVIEW

Philips is trialling a lighting system that can relay location-based information to customers via a smartphone app that provides shoppers with special offers and information relevant to their current location. It also allows retailers to specifically target customers when they are already engaged in store.

Working in a similar way to beacons and other internal technologies, the lighting system can be extremely targeted because it relays offers based on the shopper's proximity to products in the store. It can also act as a personal shopper, helping customers find products.

BENEFITS FOR RETAIL

Retailers can send targeted information to customers based on their precise location in

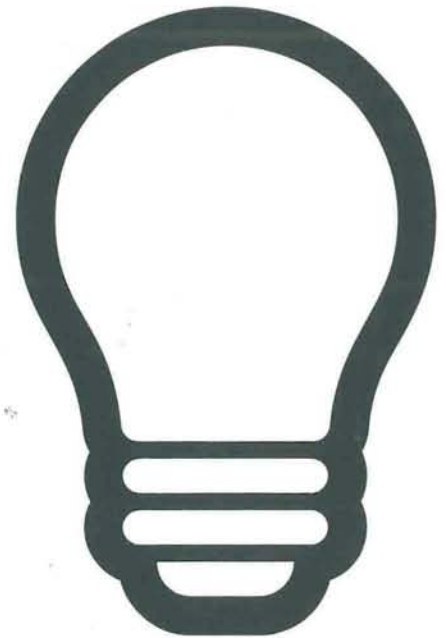
the store. As the system is integrated into the lighting system, it also means companies don't have to invest in any specific infrastructure to house the new technology.

POTENTIAL CHALLENGES

Customers must first engage with the retailer either through an app or by other digital means. As this technology is relatively new, costs and scalability are unclear.

FUTURE PROSPECTS

As the benefits of technologies such as this become apparent to retailers and consumers, it will gain in popularity as retailers are able to bring together the physical and the retail shopping experience, and shoppers are able to access in-store deals.



JUDGE FEEDBACK MATT PREBBLE, ACCENTURE

We are seeing a flurry of activity in the indoor location-based services space. Rising experimentation with location-based technologies is moving us closer to the retail nirvana of mimicking the online experience of personalised one-to-one communications within the physical store. Philips' answer to this is a connected lighting system that enables retailers to interact with shoppers' smartphones using Visible Light Communication (VLC).

For consumers, the benefits are similar to other micro-location-based tools that attempt to pinpoint the consumer's location within the store. For example, shoppers can save time navigating a grocery store using a guided path, receive personalised communications and localised content, and redeem relevant offers.

One challenge with this technology is that for it to work, the phone's camera has to face out so that it can communicate with the light source. If employees also used the tool, this solution could offer the potential for retailers to improve the customer experience by being able to go directly to the customer's aid, handling out-of-stocks and restocking and providing in-store navigation.

Philips asserts that this solution leverages something retailers already have – lighting – so there is no need to install a significant number of beacons to gain accuracy through the store. However, it is not clear yet what the costs would be to refit the store for LED lighting.

The real value and power of this technology could be through the integration of additional data via a partner ecosystem.

SCORECARD

 EASE OF USE 6/10

 INNOVATION 6/10

 LONGEVITY 7/10

 BENEFIT TO THE CUSTOMER 7/10

 POTENTIAL TO REVOLUTIONISE RETAIL 6/10

MOBILE PAYMENT APP HARRIS + HOOLE

THE TESCO-BACKED COFFEE CHAIN HAS AN APP THAT ALLOWS CUSTOMERS TO PAY WITH ONE TOUCH WHEN THEY ENTER THE STORE

OVERVIEW

Harris + Hoole has enhanced its mobile app with a payment facility that allows customers to load prepay amounts with just one tap meaning they don't have to touch, scan or tap at the counter.

The jump in technology makes mobile payments even more convenient for the customer.

After checking in on their phone as they enter the shop with just one tap, prepaid customers can then put their phone away and simply confirm their choice of drink with the barista.

BENEFITS FOR RETAIL

Systems such as this app not only benefit customers from a convenience perspective, but it also benefits retailers as they eliminate the need for a payment exchange, reduce

queue times and can help create a relaxed retail environment.

POTENTIAL CHALLENGES

Investing in the technology that enables this across an entire store portfolio can be costly for retailers, and it also requires the customer to have engaged previously by downloading an app.

FUTURE PROSPECTS

Although mobile payment technology has yet to really hit it off with consumers, the growing popularity of contactless payment suggests its popularity will increase.

Any innovation that makes the retail experience more convenient for customers is likely to catch on.

JUDGE FEEDBACK DAVE SHEPPARD, EXPERIAN FOOTFALL

For many retailers, delivering a smooth and seamless customer experience is of utmost importance. Harris & Hoole is achieving this with its prepay app: create a profile with your coffee preferences, put money in your account and then 'check-in' at its shop and wait for the staff to provide you with your drink. Perfect.

This is a demonstration of how our smartphones are aiding our consumer experience while providing an 'extra shot' of CRM data to the retailer. We feel more comfortable sharing mobile profile information with those we trust – without realising that it unlocks the insights into why we use that retailer.

This app is arguably no different from the Starbucks loyalty scheme – it's about the enticement to engage, followed by convenient

ordering, fulfilment and payment. Mobile technology can now assist retailers with all this, but only after the consumer has given their consent. This model works well for the die-hard aficionado, but not for the casual browser, for whom neither trust nor engagement are established.

Mobile-driven, CRM-laden loyalty through pre-paid accounts for trusted traders will become a huge and easy-to-enable growth area, with benefits to both consumers and retailers. The trick will be in encouraging an enticing mobile payment model that is not necessarily dependent on in-advance consumer commitment. That would be the immaculate opportunity where enticement, convenience and conversion can all be achieved in store, in the palm of the shopper's hand.



SCORECARD

EASE OF USE 8/10

INNOVATION 8/10

LONGEVITY 9/10

BENEFIT TO THE CUSTOMER 9/10

POTENTIAL TO REVOLUTIONISE RETAIL 8/10

MOBILE PAYMENTS

APPLE

MOBILE PAYMENT TECHNOLOGY IS DEVELOPING ALL THE TIME, BUT WILL APPLE PAY BE THE FIRST TO REALLY TAKE OFF?

OVERVIEW

The technology uses near-field communication chips in new Apple devices to make contactless payments in store using fingerprint technology without the need to unlock the device or open an app.

The technology giant unveiled Apple Pay as part of its iPhone 6 launch this year. It has already signed up several retailers in the US including McDonald's, Bloomingdale's and Walgreens.

Several other mobile payment apps and technologies also exist, but the market is quite fragmented and has yet to see a real pick up from consumers.

BENEFITS FOR RETAIL

Aside from the speed at which this technology allows customers to purchase goods, it also increases convenience and has the potential to bring together lots of different payment options into one.

JUDGE FEEDBACK MATTHEW TOD, PWC

At last – what took them so long to develop a mobile payment system?

Mobile payments will help reduce transaction friction by reducing the number of credit cards, coupons and loyalty cards a shopper has to carry. There is also something rather good about not having to stuff change back into your pockets or fumble around for a card.

This system is different because it's from Apple. A trusted 'cool' brand is involved that

gives it the edge over all previous attempts. A broad ecosystem of developers and partners around Apple who will bring it to life is also important.

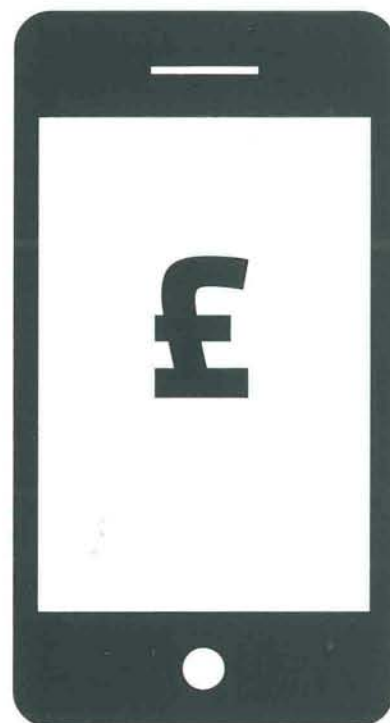
POTENTIAL CHALLENGES

As the technology is still relatively new, the number of retailers and banks signed up to it is limited. And there are still concerns from customers over the security of their data, although Apple has done much to address these.

For retailers, contactless payments also require an investment in up to date, contactless payment systems.

FUTURE PROSPECTS

Customers have yet to embrace mobile payments, and it may take some time for both the market and consumers to fully come on board with the new technology. But the convenience factor, combined with the weight and popularity of the Apple brand, might be the thing needed to capture consumer hearts.



SCORECARD

 **EASE OF USE 8/10**

 **INNOVATION 5/10**

 **LONGEVITY 8/10**

 **BENEFIT TO THE CUSTOMER 7/10**

 **POTENTIAL TO REVOLUTIONISE RETAIL 7/10**

MOTIVATIONAL MIRROR IKEA AND XBOX KINECT

THE MOTIVATIONAL MIRROR FROM IKEA IS DESIGNED TO GIVE BRITS A MORALE BOOST. BUT THE KINETIC TECHNOLOGY IT USES COULD HAVE WIDER IMPLICATIONS

OVERVIEW

Ikea is testing an interactive motivational mirror to provide customers with positive messages including 'suits you sir'. The mirror is being trialled in the retailer's Wembley store and uses Xbox Kinect motion sensor technology to trigger the motivational messages that are delivered by a voice recording and text on the mirror.

The retailer is rolling out the mirror after a study that showed 33.6% of the British public are critical about their body shape, and around two fifths of those surveyed revealed they would smile more if they received a compliment on a daily basis.

BENEFITS FOR RETAIL

This fun product has already received quite a lot of attention for a retailer that is known for its personality. It has a feel-good factor that appeals

to many consumers, and could be used in a wide variety of retail settings from changing rooms to window displays.

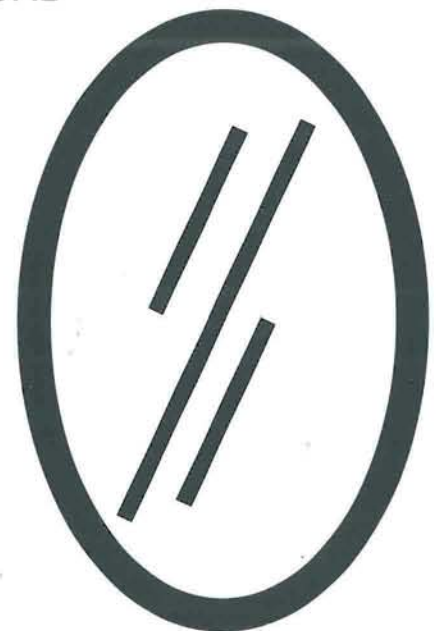
POTENTIAL CHALLENGES

Still in the early development stages, this innovation is not yet widely available, and its commercial viability is unknown.

FUTURE PROSPECTS

The proliferation of this innovation depends upon its popularity with customers and on retailers getting the right setting for piloting something like this.

The potential is in using the Xbox technology to shape future store design and collect useful customer data, rather than in this specific product.



JUDGE FEEDBACK ANITA BALCHANDANI, OC&C STRATEGY CONSULTANTS

For those of us who grew up in awe of the *Snow White* fairy tale, a talking mirror is no novelty. What's new to us, however, is the role played by kinetic technology and the future opportunities this presents for retailers.

Ikea's motivational mirror uses a kinetic motion sensor to detect context clues when scanning the movements of an onlooker's body.

At present, the mirrors are not for sale and are rather intended as an in-store feature, which bestows the nation with a "much needed morale boost". Indeed, Ikea commissioned national research, which revealed that about 44 million people in the UK are self-critical of their appearance and 49% receive no compliments in an average week. Ikea's implied intention to raise awareness of self-esteem issues resonates with

many of the recent high-profile campaigns led typically by fashion and beauty retailers such as Dove. Ikea's success at jumping on the self-esteem bandwagon, however, is questionable. The mirrors are generally regarded as a gimmick.

Gazing beyond the surface of the motivational mirror, it becomes clear that the real opportunities reside in harnessing kinetic technology in future retail innovation. Retailers are not only able to collect and assess data based on the movements of their customers, they can also trial customer reactions to products and store features. Before nationwide introduction of new products for example, customer satisfaction with the proposition can be assessed. These insights have the potential to shape future product development and store design.

SCORECARD

EASE OF USE 8/10

INNOVATION 7/10

LONGEVITY 3/10

BENEFIT TO THE CUSTOMER 4/10

POTENTIAL TO REVOLUTIONISE RETAIL 5/10

ONLINE ORDERS TO SHOPPERS' CARS

VOLVO

VOLVO'S ROAM DELIVERY SERVICE ALLOWS ONLINE ORDERS TO BE DELIVERED DIRECTLY TO SHOPPERS' CARS USING NEW DIGITAL KEY TECHNOLOGY

OVERVIEW

Volvo is piloting a service that allows online orders to be delivered directly to shoppers' cars. Using an app on a smartphone or tablet, Volvo's Roam Delivery service will enable car owners to have online deliveries left in vehicles or have returns collected from them through new digital key technology.

The service will enable courier companies to use digital keys that will lock and unlock cars for a controlled period of time. Car owners can track when their vehicle has been opened and locked via their smartphone or tablet.

Many Volvo cars are already enabled with the technology as it's part of the company's On Call app, which it has been using for 13 years.

BENEFITS FOR RETAIL

The system could be another service in retailers' delivery arsenal as companies attempt to keep up with increasing customer demands. Roam allows goods to be delivered directly to an individual on the move, saving

in courier costs of missed first-time deliveries and differentiating retailers that offer the service.

POTENTIAL CHALLENGES

Security is potentially an issue for customers, although Volvo said multiple security checks will be in place for couriers and emphasised it has used the digital key technology for some time so there are not likely to be any surprises.

As this is a new service, more trials will be needed before consumers fully trust it and retailers understand how this could fit into their fulfilment portfolio.

FUTURE PROSPECTS

As consumers demand ever more convenient and sophisticated returns and delivery services, innovations such as Volvo Roam will become attractive to retailers in a bid to stand out from the crowd and offer customers what they want.

JUDGE FEEDBACK MATTHEW PREBBLE, ACCENTURE

Volvo's Roam Delivery service has the potential to be an impressive solution. Turning the car into a collection point is providing the ultimate service in terms of convenience, flexibility and choice. It moves us closer to a world where companies seamlessly integrate themselves in shoppers' lives.

If Volvo forms a functioning ecosystem, this could create a blueprint for future connected world solutions. What's more, it could potentially provide an opportunity for consumer goods manufac-

turers to provide this service directly to consumers, bypassing retailers.

The next step is to scale this service, starting with the need to educate shoppers that their car and valuables left inside remain secure (both from the delivery person and passers-by seeing goods loaded into the vehicle). Companies will watch closely to see how the economics work – will consumers pay for this and how will logistics be managed as popularity increases? Time will tell.



SCORECARD

 EASE OF USE 6/10

 INNOVATION 7/10

 LONGEVITY 6/10

 BENEFIT TO THE CUSTOMER 8/10

 POTENTIAL TO REVOLUTIONISE RETAIL 6/10

PREDICTIVE ANALYTICS

OTTO AND BLUE YONDER

SOME RETAILERS ARE CRUNCHING NUMBERS TO IMPROVE EFFICIENCY AS THEY HARNESS THE POWER OF BIG DATA TO ANTICIPATE CONSUMER BEHAVIOUR

OVERVIEW

Focusing on the need for sales forecasts to move beyond traditional static processes, predictive analytics enable retailers to make system-based decisions and help increase ordering accuracy by predicting future demand.

Etailer Otto worked with Blue Yonder to develop a system that would help the retailer predict future demand, and so know what to stock up on. The result was a reduction in end-of-season merchandise and a big increase in forecasting accuracy.

BENEFITS FOR RETAIL

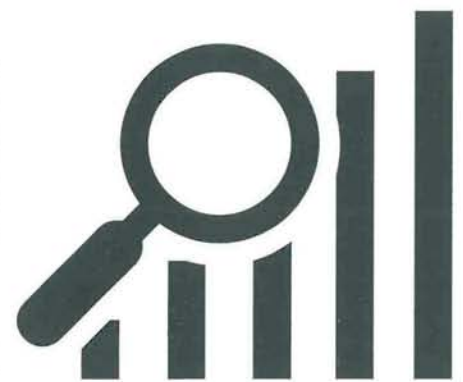
There are many potential benefits for retailers, from reduction in wastage and better forecasting accuracy, to improved customer relationships and even better sales.

POTENTIAL CHALLENGES

The challenge for retailers when it comes to predictive analytics is effective use of data. Many retailers have still not cracked big data, and there can often be too much information that is not effectively broken down. Until retailers understand how best to analyse and use the data they collect, they won't be able to improve efficiency.

FUTURE PROSPECTS

Effective use of data to predict sales trends, customer shopping habits and help with ordering has been hailed as the future of retail, and many companies are investing in understanding it better. Retailers that manage to use their data effectively for personalisation as well as predicting sales trends really will stand out from the crowd.



JUDGE FEEDBACK JOHN DAVISON, GARTNER

Predictive analytics is about extracting an analytical model from data that anticipates future behaviour or estimates unknown outcomes.

The technology is experiencing a surge of interest with retailers keen to improve demand forecasting in order to maximise product availability to the shopper. It is also being deployed as retailers become increasingly concerned with establishing key metrics around reducing churn and maximising cross-selling and cross-channel buying propensities.

As a result of the evolution of multichannel retailing, there has been an explosion in the amount of both structured and unstructured information available.

That has led to increasing need for tools and technologies to understand and predict patterns

within that information in order to maximise revenue.

It should be noted that, despite some consolidation, the predictive analytics market is still highly fragmented, and its diversity complicates, for example, the merchandise planning and buying processes.

Furthermore, business and data analysts seeking patterns within information must know when a particular mining and predictive analytics technology is applicable and will provide the best results.

There is not one best overall tool, technology or methodology for data mining and predictive analytics. Predictive analytics require a solid understanding of the underlying information, mathematics and analytic process phases.

SCORECARD

EASE OF USE 5/10

INNOVATION 6/10

LONGEVITY 6/10

BENEFIT TO THE CUSTOMER 6/10

POTENTIAL TO REVOLUTIONISE RETAIL 6/10

SAME-DAY CLICK-AND-COLLECT DELIVERY

ASDA

AS CONSUMERS' DELIVERY EXPECTATIONS BECOME MORE DEMANDING, RETAILERS SUCH AS ASDA ARE OFFERING SAME-DAY DELIVERY WITH CLICK-AND-COLLECT

OVERVIEW

After a successful trial at six sites on the London Underground network, Asda has introduced same-day delivery at 250 click-and-collect points for customers who order online before 1pm. Of the 250 collection points, 120 are drive-thru units where shoppers can receive goods directly in their cars.

BENEFITS FOR RETAIL

Same-day delivery to click-and-collect points offers customers a convenient way to do their shopping and is a direct response to the increase in popularity of click-and-collect.

Retailers are constantly building on their fulfilment networks so adding services such as this can be relatively straightforward.

POTENTIAL CHALLENGES

Same-day delivery relies on excellent fulfilment networks and extremely accurate stock visibility, which could be a challenge for some retailers.

FUTURE PROSPECTS

Customers' expectations in this area will continue to increase, so retailers need to constantly innovate and push the boundaries of what they can offer.

Same-day delivery will likely become a lot more common and when combined with click-and-collect it offers customers the ultimate convenience experience.

JUDGE FEEDBACK JOHN DAVISON, GARTNER

Many retailers, including Boots and Debenhams, have introduced click-and-collect.

One of the potential benefits of the service is that the customer still goes to the store and may well be susceptible to upselling by shop staff when collecting their order. They may even purchase additional items when navigating through the store to collect their order.

But grocers, following earlier implementations by Tesco, Asda, Sainsbury's and Waitrose, now offer same-day collection. There has been some experimentation in terms of how the customer collects their order when visiting the retailer.

Retailers must ensure all proposed innovations should be modelled on the customer

process rather than the retailer's processes.

Asda, Sainsbury's and Waitrose have also been involved in deploying temperature-controlled lockers in selected store car parks from which customers can collect shopping using a PIN code.

Gartner expects the major grocers to continue to lead the retail sector in customer fulfilment and forecasts that over the next two to three years grocery will be the fastest-growing online retail sector.

The leading food retailers have now begun experimenting with additional collection points to the store and its environs – collection points for same-day ordering now include selected underground railway stations, for example.



SCORECARD

 EASE OF USE 7/10

 INNOVATION 8/10

 LONGEVITY 6/10

 BENEFIT TO THE CUSTOMER 7/10

 POTENTIAL TO REVOLUTIONISE RETAIL 7/10

SOCIAL-SELLING PLATFORMS

TESCO USING BUYAPOWA

ENCOURAGING SOCIAL SELLING VIA SOCIAL NETWORKING SITES IS NOT A NEW IDEA, BUT THIS YEAR SEVERAL RETAILERS HAVE LAUNCHED THEIR OWN SOCIAL-SELLING PLATFORMS



OVERVIEW

Social selling allows customers to earn deals and rewards when buying online if they encourage others to buy similar products through social media.

Although this is not a new idea, some retailers such as Tesco have launched their own platforms for social selling. The grocer recently rolled out social commerce functionality to its non-food website through a partnership with co-buying platform Buyapowa.

The partnership allows customers to earn deals and rewards when buying products if they encourage others to buy similar products on Tesco Direct.

BENEFITS FOR RETAIL

Personal and peer recommendations are important to customers, and often result in higher conversion rates than other types of marketing. Combined with the rewards on offer for those who are recommending, and the data this potentially gives retailers access to, there are many benefits for retailers that can get their offering right.

POTENTIAL CHALLENGES

This kind of selling relies on trust, and not just brand trust but trust of those making the recommendations, which is something out of retailers' control.

It may also work better with some products rather than others, and be best suited to products customers tend to want reviews of.

FUTURE PROSPECTS

The power of social media is only increasing, and retailers that can harness its popularity and turn that successfully into sales will take some reckoning with in the future.

JUDGE FEEDBACK DAVE SHEPPARD, EXPERIAN FOOTFALL

Social selling is arguably just another 'word of mouth' method of customer-referral marketing. The key to its success is in the utilisation of the strong networks of trust that exist among us socially, and our propensity to share things with others that we trust.

And the rewards are certainly compelling. It delivers on the promise of co-buying, people power, discounting and rewards for those loyal customers. There is also a sense of control that makes the buying experience interesting and unique – set your maximum prices, vote on products you want to see, win rewards/prizes and watch the prices decrease as more of your friends also join the fray.

The approach may succeed more with certain product categories (electricals, computer games/DVDs, wine) where consumers are on the look-out

and happy to wait for a good deal. It also provides insight about the consumer and the behaviour of them, the packs they influence and the packs they follow. Though there is probably a large percentage of consumers using social media for customer service and loyalty enhancements, I would, however, question how wide a spectrum of demography will be found as part of this analysis.

This concept is not new but has been invigorated by our use and proliferation of social media. The platform and our desires to both interact and share all exist and could form the building blocks of the success of this approach. Ultimately, it will be a prospective customer's combined social trust in both their friends' recommendations and the underlying payment platform in order for them to commit.

SCORECARD

EASE OF USE 9/10

INNOVATION 7/10

LONGEVITY 8/10

BENEFIT TO THE CUSTOMER 8/10

POTENTIAL TO REVOLUTIONISE RETAIL 6/10

STREET VIEW IN STORES

JOHN LEWIS AND TESCO
WITH GOOGLE STREET VIEW

RETAILERS INCLUDING JOHN LEWIS AND TESCO ARE OFFERING CUSTOMERS THE OPPORTUNITY TO TAKE A TOUR OF THEIR FLAGSHIP STORES USING GOOGLE STREET VIEW

OVERVIEW

Stores including John Lewis' Oxford Street flagship and Tesco's Extra store in Watford have been mapped by Google Street View. The technology enables customers to 'browse' the stores at their leisure and easily find products.

BENEFITS FOR RETAIL

At the moment the technology is not interactive, so it's more of a showcase for flagship stores than something people can use to make purchases.

But as the technology develops retailers could sell specific products and give

customers the in-store experience through innovations such as this.

POTENTIAL CHALLENGES

Store formats can change regularly, as can promotions and products, so keeping this updated may provide a challenge.

FUTURE PROSPECTS

If retailers are able to harness this application and increase its functionality to include pricing and even purchasing, it could have a big effect on retail, aside from the more superficial benefits of allowing customers to see inside a store.



JUDGE FEEDBACK ANITA BALCHANDANI, OC&C STRATEGY CONSULTANTS

One of Google's most successful applications is transferred into a new dimension with in-store Street View. This new venture from outside to inside acts to both improve a retailer's online presence and highlights the unique visual and interactive aspects of the traditional in-store retail experience.

At present it is purely a tool to explore a 360° view of the store, lacking the detail and functionality to compare prices or make purchases. Although in its current guise it appears to have limited application in retail, there are three ways in which it shows a lot of promise.

Firstly, you could imagine it being extended into click-to-buy, allowing customers to

browse and actually purchase products.

Secondly, it has the potential to provide a valuable dataset for B2B applications. Retailers could not only use it to comparison-shop but, if updated sufficiently frequently, to remotely ensure compliance with merchandising guidelines across a geographically diverse store estate.

Thirdly it may be more immediately applicable in adjacent sectors such as hospitality, for the purposes of event planning or assessing the ambience of a venue. With more supermarkets opening their own cafes this is increasingly relevant for the traditional retail sector.

SCORECARD

 EASE OF USE 8/10

 INNOVATION 6/10

 LONGEVITY 8/10

 BENEFIT TO THE CUSTOMER 5/10

 POTENTIAL TO REVOLUTIONISE RETAIL 6/10

VIRTUAL REALITY HEADSETS

TOPSHOP USING OCULUS RIFT

VIRTUAL REALITY HEADSETS CAN PROVIDE A COMPLETELY IMMERSIVE EXPERIENCE, ALLOWING USERS TO FEEL LIKE THEY ARE PRESENT IN A VIRTUAL WORLD

OVERVIEW

Although the technology is still relatively new to retail, virtual reality headsets have the potential to transport customers to a virtual retail world. Topshop is using the technology to give shoppers the chance to feel what it's like to be on the front row at its Unique fashion show.

Tesco has also trialled the technology to build a virtual version of one of its stores.

BENEFITS FOR RETAIL

There are myriad other opportunities for retailers; from creating an immersive shopping experience for customers while they are at home, where they can even virtually try on items, to allowing retailers to create a virtual reality version of their flagship store.

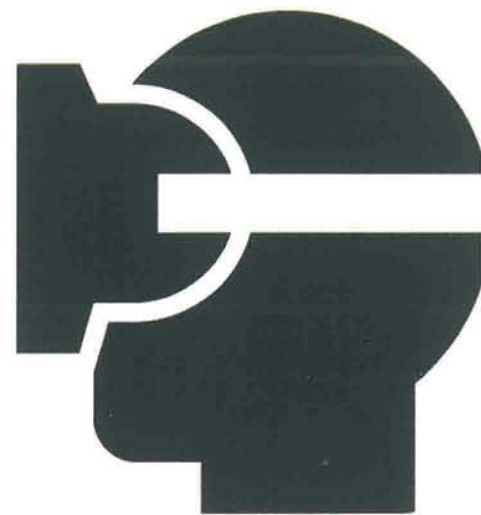
Originally aimed at the gaming market, the headsets could allow customers into areas they have never previously been able to go.

POTENTIAL CHALLENGES

The device is available in an early developer's version, and the company, which was bought by Facebook in March, is working on the next modal, but is not available to customers yet. At the moment, customers also have to be connected to a computer as the headsets are only displays.

FUTURE PROSPECTS

If combined with augmented reality technol-



ogy, social media networks and made more mobile, this innovation could create a virtual world that changes the way customers experience retail from remote locations.

JUDGE FEEDBACK DAVE SHEPPARD, EXPERIAN FOOTFALL

Virtual reality headsets are certainly not new, but their adoption has been previously hampered by both the immediacy and convenience of the technology, and a lack of authenticity in the experience encountered.

It looks as though Oculus Rift will remove these issues, and the gaming industry will benefit from it. But what about retailers and consumers? Shoppers are comfortable today with navigating and browsing proficiently via their fingertips. They would soon cool to the novel idea of virtually navigating a representation of a physical store – while it looks real, it still cannot offer other senses, such as the ability to touch and feel.

Instead, the immersion needs to be geared towards the virtual. Virtual runways are a good

place to start, where there is an incentive to be present and interact. The trick will be to find both the virtual environment and a user interface that offers a relevant, value-adding and seamless experience.

One issue is the closed nature of virtual reality and the entirety of engagement required – shutting out the real world. An alternative may be a half-way-house with augmented reality, where headsets can traverse both the physical and virtual realms into one seamless consumer experience.

This may require significant investment for what might become a niche solution, potentially limiting both the desire to create compelling retail immersive experiences and the inclination for consumers to explore them.

SCORECARD

 **EASE OF USE 5/10**

 **INNOVATION 8/10**

 **LONGEVITY 7/10**

 **BENEFIT TO THE CUSTOMER 6/10**

 **POTENTIAL TO REVOLUTIONISE RETAIL 3/10**