



What Is Innovation?

Experts contemplate the meaning of innovation and its role in convenience retail

By Renée M. Covino

“Innovation” is a seductive industry term that gets tossed around a lot, but what does it mean exactly?

Albert Einstein said we cannot solve problems by using the same kind of thinking we used when we created them. Using his logic, innovators utilize new thoughts and creative brainpower to solve problems. The end result — innovation.

But what does innovation look like in the retail world and, more specifically, in the convenience channel?

To answer this question, *Convenience Store News* started a dialogue with experts from various corners of the retail/supplier arena. They pondered the meaning and role of innovation in this industry, and cast their vote for the greatest retail innovation to date. Some of

their viewpoints are unique. Many core ideas overlap. But they all offer up excitement for where retail innovation is headed.

PERSPECTIVE 1: LET'S GET “PHYGITAL”

Innovation in retail means getting “phygital” or, in other words, effectively blending the physical store experience with digital information, according to Angela Fernandez, vice president of retail grocery and foodservice for GS1 US, a standards organization.

While she recognizes that consumers are in convenience stores because they are pressed for time, that doesn't mean they lack the desire for quick access to information about a product via their smartphones. Consumers across all channels are looking for this,



according to Fernandez. She would like to see more convenience stores partner with their distributors and suppliers to be able to answer consumer questions like: What's in this granola bar? Where was it made? Does its packaging have a minimal impact on the environment?

"More companies are launching data quality programs to ensure consumers can trust the information they find online," Fernandez told *CSNews*. "Additionally, more technological innovation with better data quality can enable more vigilant food safety measures like POS [point-of-sale] alerts about expiry dates or recalled items."

Fernandez, therefore, believes the greatest innovation in retail to date is the "way that packaging is

blending with digital information." She wants us to imagine this IoT (Internet of Things) world where packaging is the connected medium for information.

"What if you didn't have to Google a product name to get info about it? You can scan the product and pull up the ingredients, coupons, recipes and other rich content," she said.

GS1, in fact, supports the SmartLabel transparency program so that consumers can quickly access brand-authorized product information in a consistent digital format.

"Some major companies who are active in GS1



US initiatives are also SmartLabel early adopters, including Hershey's and Unilever, pointing to their commitment to product information transparency," said Fernandez. "Additionally in the c-store industry, 7-Eleven has been very public about being the first convenience store to implement GS1 Standards on fresh food products. They are using these global supply chain standards for accurate product information and improved product transparency."

PERSPECTIVE 2: LET'S GET THEM GOING

Tyson Foods' Nancy Todys, director of c-store and vending channel development, believes that for convenience stores, innovation greatness is found in the form of better ways to meet the everyday needs of consumers on the go.

"Much of the innovation today is in food packaging, such as packaging that protects flavor and integrity over longer periods of time, while giving the consumer full visibility to the product quality prior to purchase," said Todys.

By making consumers' lives even more convenient, she sees mobile store sites and apps as one of the greatest innovations in the industry to date, allowing for online ordering of prepared food that's ready for pickup when the consumer arrives at the store. "It gives consumers back time for their busy lives," she said.

PERSPECTIVE 3: LET'S GET PERSONAL

With a world of products available 24/7 for virtual perusal today, fewer shoppers are taking the time to step into a brick-and-mortar convenience store anymore, and so personalization is the key to retail survival, believes Enda McShane, CEO of Velocity Worldwide, which specializes in personalization technology and creative marketing.



"Whether that means having personalized in-store experiences for loyal customers, special deals to attract new customers, or even interactive robots that connect via consumers' mobile devices to help bring the shopping experience to life, the bottom line is that retail innovation should always revolve around the customer," he told *CSNews*.

The way McShane sees it, the greatest innovation in retail to date is the use of platform technology focused on the customer. This allows retailers to have deeper insights into who their customers are, so they can truly understand their habits and shopping behaviors.

"Once retailers have that type of data, they can then activate it to engage with personalized in-store experiences at all points of the customer journey — pre-store, in-store and post-store," he said. "Acting on useful customer data insights is the best way to build lasting customer relationships."

According to a recent survey conducted by Velocity Worldwide and Sapio Research, 53 percent of retailers wait for customers to walk into or check out of a store before engaging with them. "That is absurd," stated McShane. "Retailers need to be engaging with customers before they even walk into a store if they really want to influence shopping intent and, ultimately, sales."

The customer journey is cyclical, he stressed. "When only 35 percent of retailers analyze data in real-time, there is a majority of retailers missing out on important ways to capture insights about their customers and engage with them to build brand loyalty."

McShane cautions that "true retail innovation" isn't reliant on the latest tech trend. "It comes from having actionable data as the critical first step to a winning retail customer experience," he said. Not only does data help strengthen relationships with customers, but also with the brands retailers stock. It allows both parties to act on



valuable data and customer insights to grow their businesses, he explained.

PERSPECTIVE 4: LET'S GET VIRTUAL

In its simplest form, innovation in the retail world is business enabled by technology, according to Ryan Dee, creative director at Interactions, a Daymon Worldwide marketing company. He views the greatest innovation in retail to date as twofold technologies: virtual and augmented reality (VR/AR) and artificial intelligence (AI) with voice recognition.

While still in the experimental stage, virtual and augmented reality offer compelling tools for reimagining retail tasks in both the frontend and backend, Dee told *CSNews*. "From intuitive information overlays to immersive sessions, these platforms are poised to assist the store associate of the future," he noted.

Regarding AI/voice recognition, Dee said, "Artificially intelligent assistants can respond to voice commands to streamline the completion of specific tasks and offer hands-free access to relevant information. When paired with contextual understanding, these systems can move toward predictive assistance, enhancing the associate experience further."

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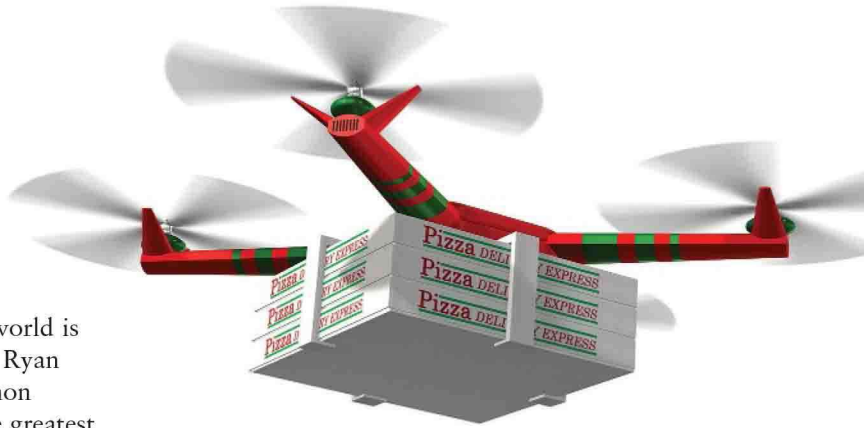
— Don Stuart, Cadent Consulting Group

PERSPECTIVE 5: LET'S GET DYNAMIC

Retail is becoming an arena in which to explore, expand and be gratified, according to Jean-Eric Penicaud, cofounder of Survey.com, which measures product introductions and brands at convenience stores.

"If you are a consumer, you know that if you ask, you shall receive and if you explore, you shall be surprised," Penicaud relayed to *CSNews*. "The hyperlocal network of convenience stores and the proximity to demand offers the perfect distribution channel for new trends and dynamic consumer feedback."

In Penicaud's view, being able to target the consumer "live" based on their needs and expectations through



mobile, iBeacon and rewards programs, to name a few, has become "a serious differentiator" — and, in his view, the greatest innovation in retail to date.

"Constant feedback and data has allowed the industry to maximize volume at much lower costs," he stated. "But there is still a great deal of both data and experiential integration that needs to take place in order to bridge the gap between our parents' retail experience and today's customized individual experience."

PERSPECTIVE 6: LET'S GET SEXY

With high-volume, low-margin products, innovation within convenience stores will come by way of experience and service, said David Sheldon, vice president of client engagement for retail design firm Retail Design Collaborative.

"[It's] when technology and the consumer experience are fused together in a unique way," said Sheldon, who believes that ecommerce has taken a big bite out of physical in-store shopping and "people want to be seduced and mesmerized in the experience they have, which is where technology plays a part."

The rise of ecommerce has been a benefit to the retail industry in a way that physical stores have had to up their game and be better at creating a unique platform for customers to engage with their brand, Sheldon told *CSNews*.

As an example, he offered up the new Nordstrom "service-focused" concept store in Los Angeles, which was pared down from the typical 140,000 square feet to 3,000 square feet (closer to the c-store range). This store focuses on "product, style, fit and experience," according to Sheldon. "Nordstrom is banking on the fusion of technology colliding with experience in a fun, productive and unique way."

He challenges convenience stores to get "sexier" in this vein.

PERSPECTIVE 7: LET'S GET SEAMLESSLY CONNECTED

Retail innovation means continuously exploring ways to do more with less, with recent advancements in

payments technology being a prime example, according to Jim Allen, senior vice president, global head of SMB operations at First Data.

“POS solutions are no longer just a means to collect payments. Instead, modern payment solutions are enabling convenience store owners to manage every aspect of their businesses remotely on a single, cloud-based platform — from collecting and analyzing sales data to managing loyalty and rewards programs,” he said.

Payment devices are also becoming critical points of engagement between the retailer and the consumer. “Through innovation, we are able to help retailers make that engagement a seamless interaction,” Allen added.

The way he sees it, some of the great innovation in retail to date includes QR code-based transactions and the ability to embed payments technology directly into any number of “connected” devices. He stressed, though, that with security and fraud threats evolving at a rapid pace, retailers must constantly adapt to protect their customers and their companies.

Ultimately, retailers should aim to go beyond simply selling products and instead strive to provide a customer experience that is convenient, secure and enjoyable, he said. “Through innovative payment options to rewarding loyalty programs, retailers can embrace new and evolving technologies to connect with customers and keep them coming back,” Allen concluded.



PERSPECTIVE 8: LET'S GET (EVEN MORE) CONVENIENT

By definition of what they are, convenience stores need to think about how to leverage innovation to be more convenient, according to Don Stuart, managing director of the Cadent Consulting Group.

“Close-in innovation should leverage this convenience strength,” he said.

He also told *CSNews* that “true disruptive innovation” may totally change the convenience model. For example, in addition to a gas pump, c-stores could have a merchandise pump, whereby consumers press the screen while they pump gas (a screen by the pump or a screen on their phone) and the merchandise selected is directly delivered to their vehicle either by an automated mechanism or by hand.

Stuart also imagines what the world of c-stores might look like when they no longer have gas as a draw and the world switches to electric cars. C-stores might consider offering fast battery chargers unmatched in any type of home or alternative source. He envisions “batteries that can be charged almost instantaneously with special equipment that creates a real need and draw for the convenience stores of tomorrow.”

He goes even further, imagining that convenience stores might become “third-place meeting areas” or, even more outrageous but not out of the question in his mind, self-driving vehicles could be sent to c-stores to pick up an electronic order for delivery.

Stuart sees retail innovation evolving for tomorrow and beyond by improving the old model via better information and less friction. “Minimization of the store hassles, but duplication of the store virtually,” he said.

“We are at the most exciting time in retail innovation during our lifetime,” he added. “It is disrupt or be disrupted. It is thrive or die.” **CSN**

