

RetailWeek 

RETAIL **HORIZON**
2023

Innovation Round-up

February 2023

Tesco's 'reverse supermarket' where shoppers can donate food

What is it?

Tesco partnered with FareShare and The Trussell Trust to provide food support to over 1.2 million people ahead of Christmas. The grocer opened 'The Give Back Express' pop-up store from November 25 to 27, where customers donated the 25 most needed goods and essential items.

Why does this matter?

The Give Back Express helped the people struggling most with rising food prices and bills due to inflation.

Strategic implications:

As the UK's leading grocer, the initiative strengthened Tesco's brand image and impacted positively on its people and local communities.

STEPIC drivers/Winning Strategies:

Cost-of-living anxiety
Customer obsession/power in purpose



"This winter will be increasingly challenging for many people facing food uncertainty, and food banks and frontline charities need our help more than ever before."

"Whether it's at The Give Back Express, in your local store through our annual food collection, or via your Clubcard points online, even the smallest donation can make a real difference and help to spread a little more Christmas joy this year."

Ken Murphy, CEO, Tesco



Lush opens Lounge to relax stressed-out shoppers

What is it?

"The antithesis of a commercial pop-up", the Lush Lounge is a temporary space in Westfield London, White City, for shoppers to unwind and relax. The immersive space, open till December 20, features mood-based galleries, massage and activities to encourage mindfulness.

Why does this matter?

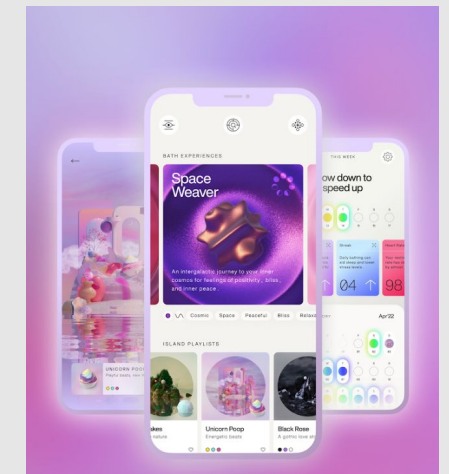
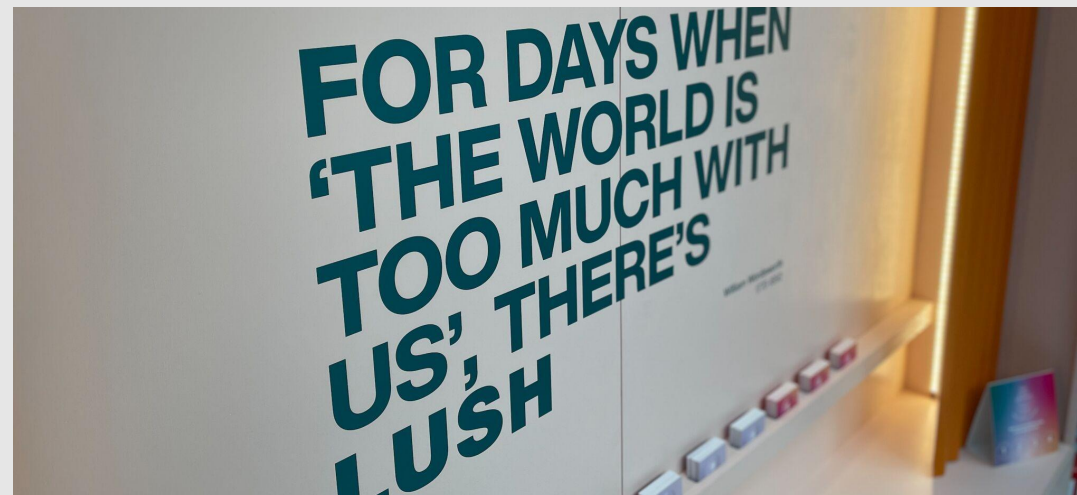
Consumers are facing a barrage of stressors: rising energy bills, inflation and national strikes. Retailers need to be sensitive to their audience, operating with kindness and empathy.

Strategic implications:

Retailers that demonstrate compassion and ingenuity to understand and care for their customers will drive change and win loyalty.

Winning Strategies:

Change overload
Customer obsession



Bathe, the free Lush app, is designed to "maximise the ultimate self-care moments"

Coles introduces store-to-door drone delivery service

What is it?

Australian grocer Coles has partnered with Wing to offer rapid delivery by drone to customers in Queensland. Customers can order from a range of 500 essential items, which are picked by store staff and delivered using drones co-located in the Coles store car park. The Queensland launch on November 2 follows a successful trial in Canberra.

Why does this matter?

Retailers are seeking new ways to offer last-mile convenience to customers. Drones offer an increasingly viable alternative to EVs and bots.

Strategic implications:

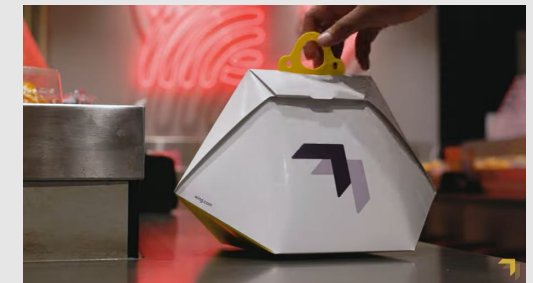
All eyes are on Amazon, which is poised to launch Prime Air in the US in the coming weeks. In the UK a 265km drone 'superhighway' is in development.

STEPIC drivers/Winning Strategies:

Innovation and ingenuity
Flexibility to serve



coles



"This new service reinforces our commitment to enhancing the way our customers shop with Coles by delivering anytime, anywhere, anyhow shopping, while supporting our ambition to be Australia's most sustainable supermarket by continuing to reduce the number of trucks on the road."

James Geddes, head of network development and customer delivery, Coles

October 2022



JD Sports turns Oxford Street store into the world's biggest arcade game

What is it?

Partnering with Snapchat, JD Sports launched an immersive filter allowing customers to transform its store into a playable arcade machine using augmented reality (AR).

Why does this matter?

Retailers are investing in AR to enhance customer experience and there will be a continual blending of online and offline experiences in the future. The AR filter gives loyal customers a reason to go to the store.

Strategic implications:

Enhancing customer experiences will win loyalty. Retailers will maximise AR to create in-store theatre.

Winning Strategies:

Beyond-reality experiences
Innovation and ingenuity



"JD has always been at the forefront of progressing youth culture and supporting talent hustling to be at the top of their game. With this year's campaign celebrating the spirit of competition and the magic of Christmas, we also wanted to push boundaries with dynamic experiences enabling fans to experience the energy and euphoria of the JD ARcade."

Nadia Kokni, global group
marketing director,
JD Sports



AS Watson launches AI-powered skincare solution

What is it?

In October 2022, health and beauty retailer AS Watson launched its AI-powered tool Skinfie Lab. The solution generates personalised skincare product recommendations based on consumers' selfie images. All products are available in Watsons' online store.

Why does this matter?

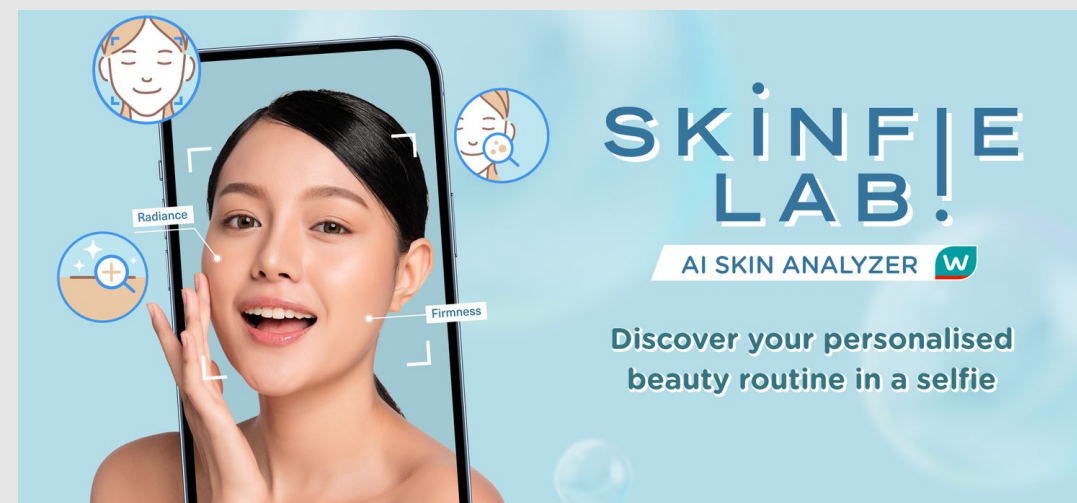
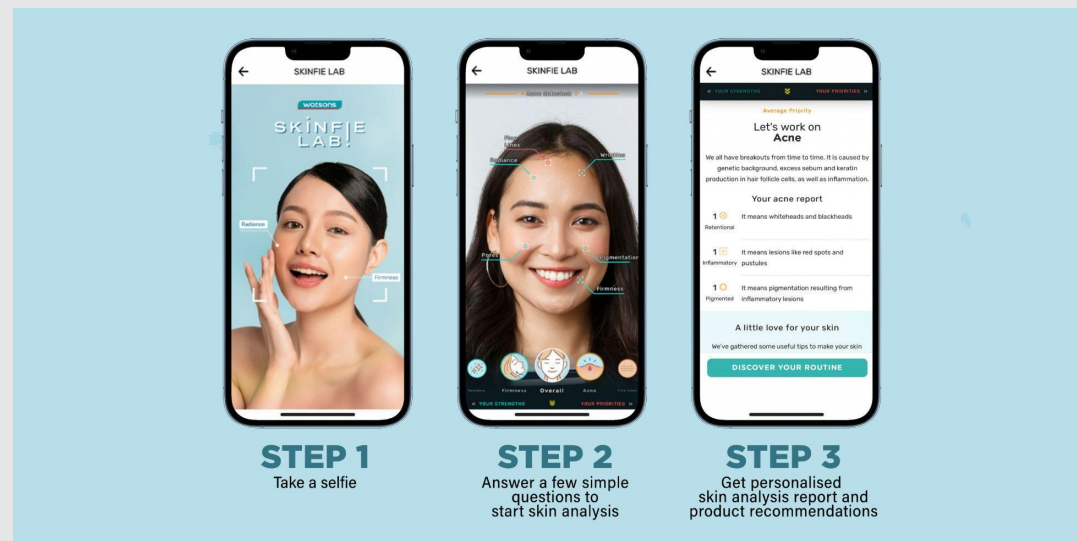
The innovation could be regarded as a driver of change within beauty, applying the latest technology to respond in new ways to demands from online and offline consumers. It also taps into the trend for personalisation in the health and beauty category.

Strategic implications:

This AI skin analyser forms part of the retailer's digital transformation, aiming to deliver a seamless O+O (offline plus online) shopping experience to consumers.

STEPIC drivers:

AI powers the next stage of retail
Engaging customers through beyond-reality experiences



"We believe that Skinfie Lab will change the way customers shop skincare - with only a selfie."

"We've been using cutting-edge technology to innovate and develop new solutions that help deliver seamless O+O shopping experiences to our customers."

Freda Ng, chief digital officer (Asia), AS Watson Group

Printemps opens first virtual department store in the metaverse

What is it?

In October 2022, French department store retailer Printemps opened its first shop in the metaverse. The virtual store features around 30 bestsellers and brand exclusives. It also offers a chance to win one of 30 NFT digital artworks.

Why does this matter?

Not only sports fashion brands, but now also large fashion and department store retailers are catching the NFT and metaverse waves to further explore opportunities in the virtual world.

Strategic implications:

The metaverse and NFTs are a hot topic right now and we anticipate this trend from retailers will increasingly blur the boundaries between the physical and virtual worlds.

STEPIC drivers:

Beyond-reality experiences
NFTs down but metaverse thriving



PRINTEMPS

"The luxury market is changing, and we wanted to bring Printemps to a wider audience and become a place for more brands. But luxury does not always work well online because of the loss of experience."

"So creating a digital store that was even more beautiful and extravagant than the real flagship is our attempt to change that perception and bring something new to digital retail."

Morgane Lopes, digital marketing director, Printemps

October 2022



Amazon Fashion introduces virtual try-on for shoes

What is it?

Amazon Fashion has introduced virtual try-on for shoes and trainers to its iOS shopping app in Europe. This follows the launch of virtual try-on for sunglasses in August. The augmented reality experience is produced by combining Amazon's proprietary Computer Vision Machine Learning tech with a mobile camera stream.

Why does this matter?

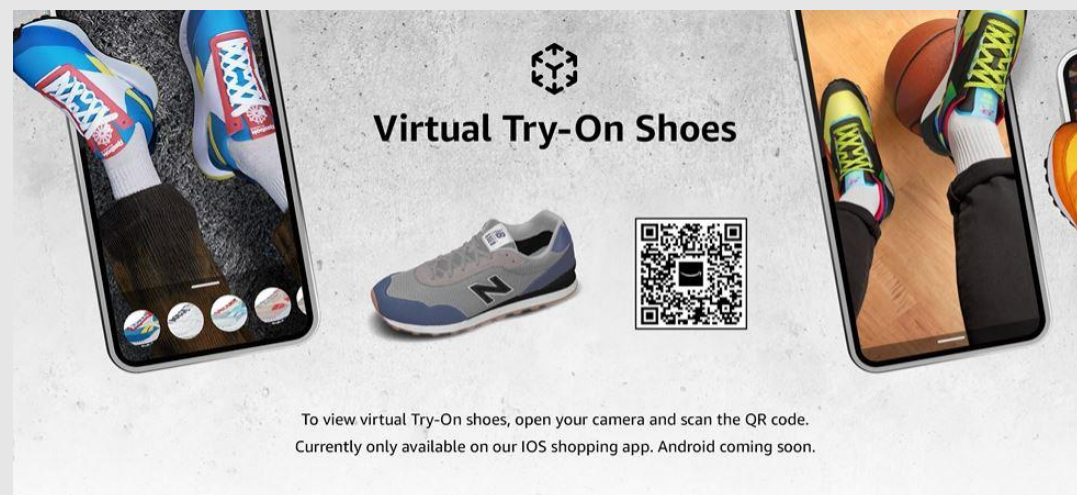
Customers gain a realistic impression of how shoes will look from all angles. They can also take a photo and share it with friends.

Strategic Implications:

Interactive experiences online and in-store will engage customers to make better purchasing decisions – and potentially lower returns.

STEPIC drivers/Winning Strategies:

Beyond-reality experiences
Innovation and ingenuity



Crocs, Skechers and Under Armour are among the brands signed up for virtual try-on with Amazon



Currys trials new AI robots at its Birmingham store

What is it?

In January 2023, Currys rolled out a new trial in its Birmingham store, introducing KettyBot robots to help customers locate specific items in the store. This is a partnership with Leeds-based technology company UXG.

Why does this matter?

The AI robots greet and welcome customers at the door, then guide them to products once an item is selected on the screen. It allows store members to spend more time with customers who need expert advice before making a purchase.

Strategic implications:

As the UK's leading electronics retailer, Currys continues to explore ways to improve and enhance its in-store customer experience.

STEPIC drivers/Winning Strategies:

AI to power the next stage of autonomous retail



currys

"So far, the trial has gone exceptionally well, with both customers and colleagues singing KettyBot's praises. We are very much looking forward to conducting a thorough review during the trial and looking at how we continue to improve and enhance our in-store experience."

Ainsley Sykes, head of commercial initiatives and retail design, Currys

January 2023



Walmart reaches drone delivery milestone

What is it?

Walmart revealed that it made 6,000 drone deliveries from 36 stores in 2022. Orders were delivered within 30 minutes to customers, with over 85% of items in a Neighborhood Market meeting the weight and volume requirements.

Why does this matter?

Walmart has stolen a march on rival Amazon to establish rapid delivery partnerships with DroneUp, Flytex and Zipline.

Strategic implications:

Drones offer an increasingly viable alternative to EVs and bots. Encouraged by the customer response, Walmart aims to scale up to eventually reach 1 million drone deliveries annually.

STEPIC drivers/Winning Strategies:

Innovation and ingenuity
 Flexibility to serve

36

Walmart stores in the U.S. have drone delivery hubs operated by DroneUp, Flytex and Zipline

6,000+

Completed drone deliveries in 2022

5

Customer favorites delivered by drones are Great Value Cookies and Cream Ice Cream, 2lb Bag of Lemons, Rotisserie Chicken, Red Bull and Bounty Paper Towels

7 STATES OPERATING DRONE DELIVERY



30

Minutes or less for drone to deliver after ordering

+85%*

Of items in a Neighborhood Market meet the weight (10lb) and volume requirements to be delivered by drone

*While 85% of items in a NHM meet the weight requirements, Walmart and its partners currently offer up to 20,000 items available for drone delivery.

4,700

Stores located within 90% of the U.S. population, making Walmart uniquely positioned to offer drone delivery at scale

Walmart



"We're encouraged by the positive response from customers and look forward to making even more progress in 2023."

Vik Gopalakrishnan, VP of innovation and automation, Walmart



Deliveroo teams up with Klarna for 'eat now, pay later' finance

What is it?

Deliveroo introduced flexible payments from Klarna to its platform in October 2022. When buying a takeaway, customers can now pay immediately, in 30 days or in three instalments over 60 days.

Why does this matter?

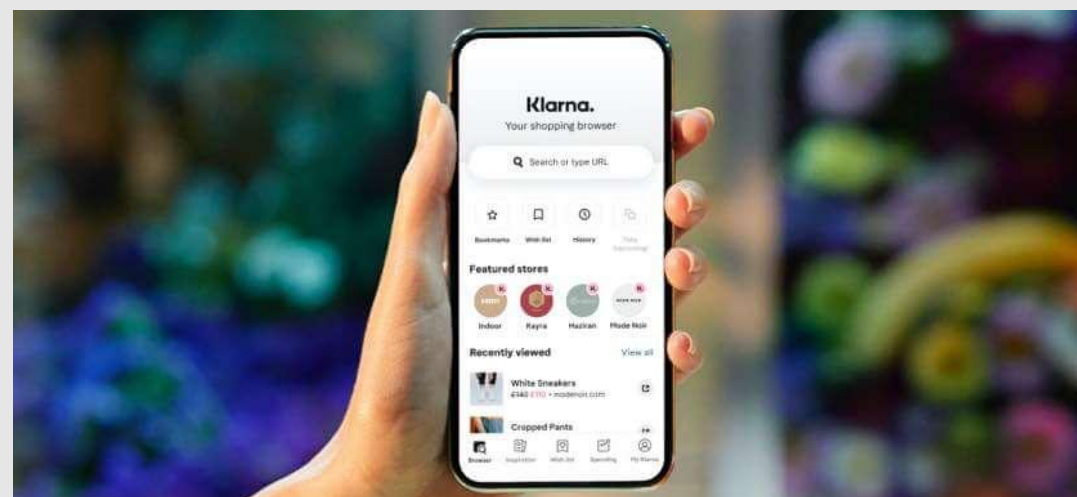
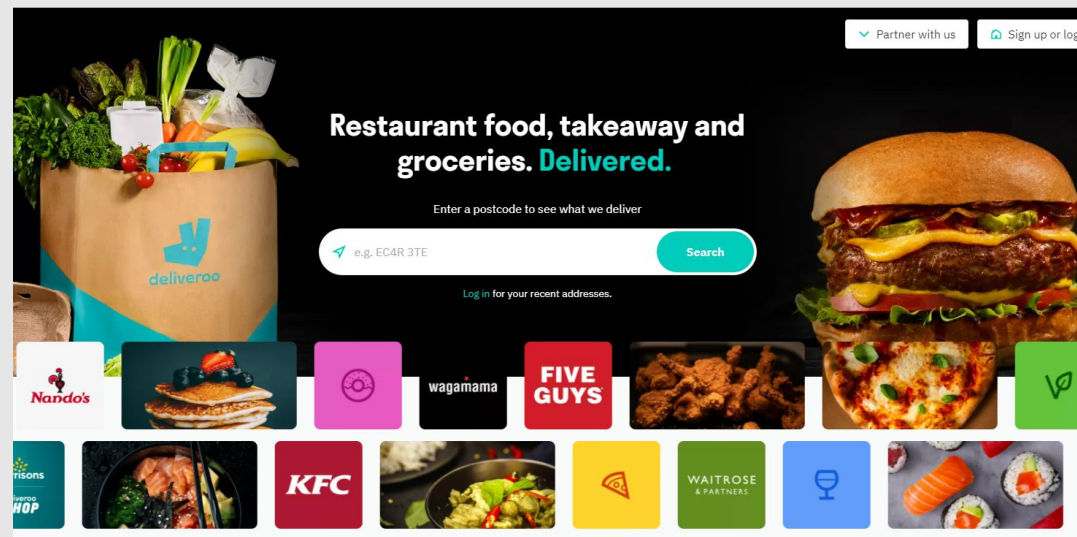
Customers are reining in discretionary spend amid rising inflation and cost-of-living pressures. Spending on takeaways grew by 10% in September, according to Barclays, as eating out shifted to in-home.

Strategic implications:

Buy now, pay later will grow in popularity. Retailers must make responsible choices to support cash-strapped consumers.

STEPIC drivers:

Cost-of-living anxiety
Wealth gap widening even further
Taking responsibility



The move came under fire from Moneysaving Expert and consumer champion Martin Lewis



Dear @Deliveroo do you really need pump debt as a way to pay for takeaways?

Buy Now Pay Later may seem innocuous but it is 1) Not yet regulated 2) Debt, even if done right its 0%

Borrowing should only be if NEEDED, for planned one off budgeted purchase, not a cheeky nandos.

2:54 PM · Oct 12, 2022 · Twitter Web App

"Millions of people are already choosing Klarna and we're giving customers more choice and more flexibility with a safe, secure way to pay online."

Carlo Mocci, chief business officer UK&I, Deliveroo

October 2022



On Running launches global running series 'On Track Nights'

What is it?

Swiss sportswear brand On Running is launching a global running event series, 'On Track Nights'. Open to the public, it will host semi-professional runners alongside local athletes at events aimed to champion a "community-focused, festival-feel approach to racing". The launch follows the opening of the brand's first UK flagship on Regent Street, London, in February. The high-tech store has a floor dedicated to community, including space for workouts and events, and a pop-up bar.

Why does this matter?

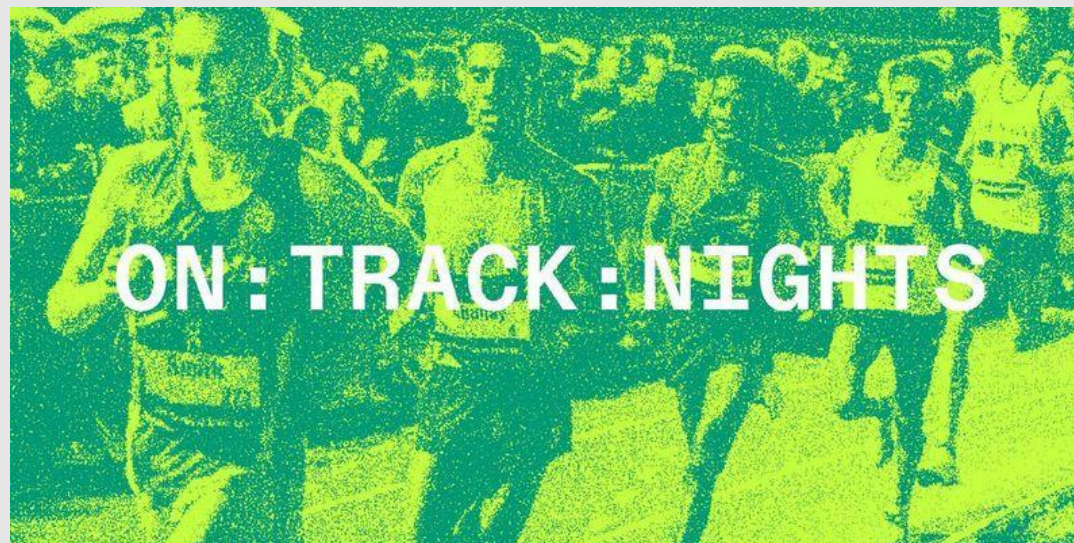
Expanding beyond a core retail offer enables brands to build engagement and grow revenue.

Strategic implications:

Extended ecosystems that offer services beyond shopping will encourage loyalty and repeat spend.

STEPIC drivers/Winning Strategies:

Lean in or branch out
Elevated store concepts
Loyalty reinvented



"Local athletes will stand on the start line shoulder to shoulder with world-class talent. And we're planning on offering a spectacular experience for everyone attending"

Chris Becker, project lead,
On Track Nights Europe



Decathlon reverses its name to highlight sustainability initiatives

What is it?

In Belgium, Decathlon temporarily changed its name to Nolhtaced – online and at three stores in Evere, Namur and Ghent. Decathlon's campaign runs from mid-October to mid-November and aims to highlight its reversed role as a customer of recycled items through its Second Life programme.

Why does this matter?

Like many retailers, Decathlon is working to aggressive ESG targets to reduce carbon emissions. Its Second Life objectives for 2022 are to take back 65,000 products, more than treble the amount in 2021. This will cut CO2 emissions by 17,426,360kg.

Strategic implications:

Retailers that engage customers in their ESG goals will win trust and loyalty. This marketing initiative is a win-win for Decathlon and its customers.

STEPIC drivers/Winning Strategies:

More with less
Power in purpose
Loyalty reinvented



Five great reasons given by Decathlon for customers to participate in Second Life:

1. Your item is no longer used
2. Your child is growing up and needs equipment adapted to their size
3. To dispose responsibly of items that no longer fit
4. To work together to protect our common playground
5. So that this item can give pleasure to other people

eBay launches Luxury Exchange pop-up in New York

What is it?

eBay launched a two-day pop up called the Luxury Exchange in New York's diamond district. Customers could have their jewellery, handbags and watches from a list of brands appraised and exchanged for "closet currency" in order to purchase other authenticated luxury items. The store also housed a station where customers could take high-quality images should they not wish to trade the item, enabling them to list it on eBay in the future.

Why does this matter?

Consumers are investing in the items they own, with eBay research showing that more than half of shoppers see luxury items as a form of currency.

Strategic implications:

The second-hand luxury market will continue to proliferate as consumers monetise possessions.

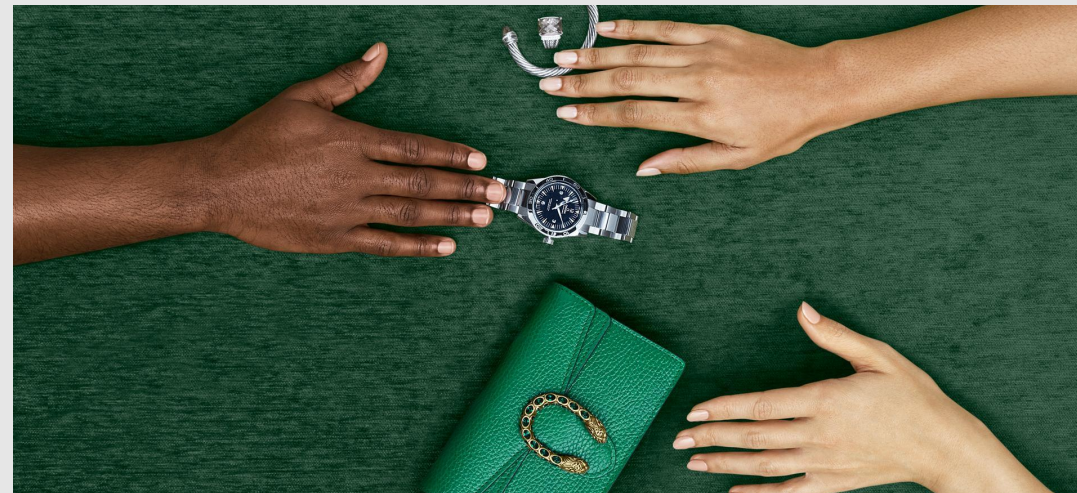
STEPIC drivers/Winning Strategies:

Sustainable partnerships and monetised wardrobes
Innovation and ingenuity



"It's never been easier for luxury enthusiasts to refine their collections in a trusted environment, and we wanted to create an IRL experience that reflects what's happening on eBay every day."

Tirath Kamdar, general manager of global luxury, eBay



John Lewis Partnership launches full-day sustainability summit

What is it?

An all-day event hosted in London discussing a broad range of topics across six sessions, from tackling inequality, what fairness looks like and redefining fashion. Audience members included the public, schools and suppliers.

Why does this matter?

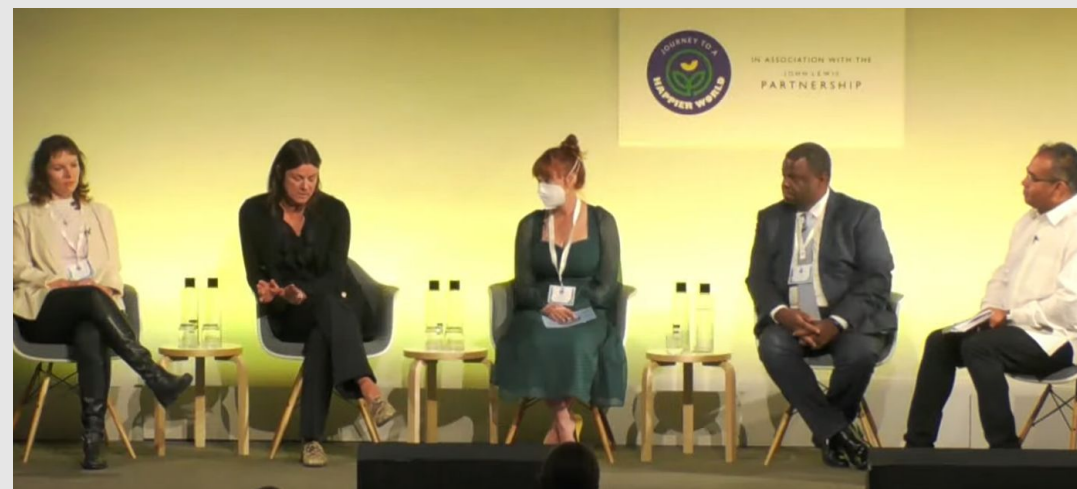
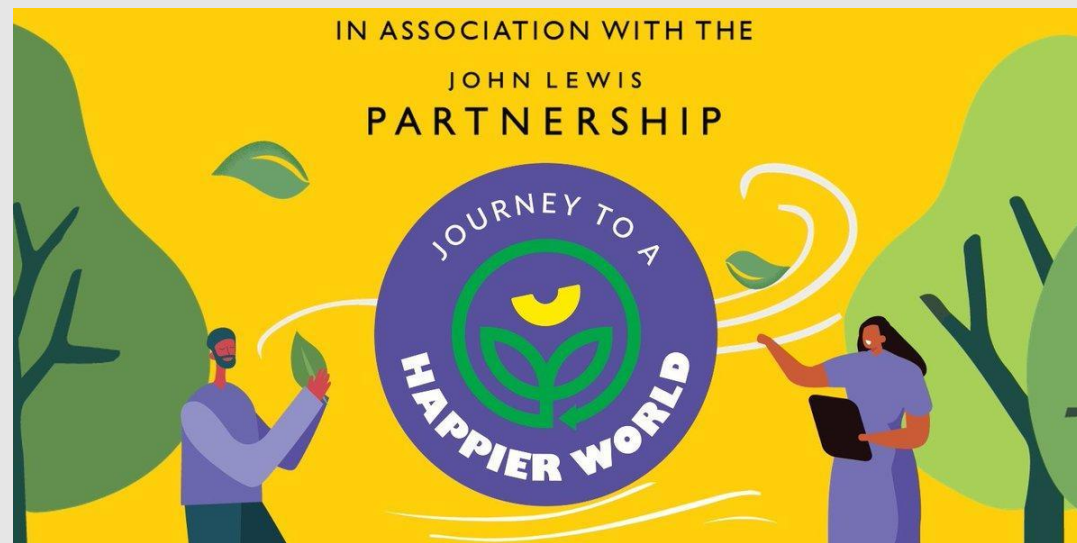
Many retailers will be conflicted about how to manage ESG targets amid a cost-of-living crisis, rising inflation and continued supply chain disruption. The honest exchange of opinions on a wide range of topics proves that retailers can no longer tackle these problems alone.

Strategic implications:

Retailers are looking for and to a wide range of experience and opinion to find a route forward to tackle ESG goals and understand changing consumer attitudes.

Winning Strategies:

Agility and focus
Power in purpose



"Operating in an ethical manner is the right thing to do. It is also a 'must-do' thing."

"Our customers and Partners expect it, especially given the heritage of the business."

Dame Sharon White, chair,
John Lewis Partnership

River Island launches raft of cost-of-living initiatives for staff

What is it?

River Island is introducing a raft of initiatives to support staff during the cost-of-living crisis. Store staff will be provided with care packages containing food basics and personal items that can be shared at home.

In November and January, River Island's staff will receive an 'Islander Support Payment'. A dedicated River Island Financial Support Fund will award non-repayable grants to staff members experiencing financial difficulties.

Why does this matter?

River Island joins a growing number of retailers demonstrating kind leadership, providing support to staff during a tumultuous economic period.

Strategic implications:

Employers that provide help and reassurance will gain employee loyalty and retain talent.

STEPIC drivers/Winning Strategies:

Power in purpose
Taking responsibility



RIVER ISLAND

"I have never known a time when the cost of living has risen so dramatically so quickly and caused so much distress."

"We are committed to helping all of you who make this business what it is."

Bernard Lewis, founder,
River Island

Ganni x Barbour sustainable collaboration

What is it?

Danish fashion brand Ganni has partnered with British outerwear brand Barbour to launch 'a celebration of craftsmanship and longevity'. The collection comprises nine ready-to-wear pieces made using sustainable fabrics and 50 're-loved' pieces, which were upcycled and will be sold in Ganni's London and Copenhagen branches.

Why does this matter?

As retailers become laser-focused on becoming more circular, they will establish partnerships with other like-minded brands to reach goals faster. Pre-loved items are gaining traction as consumers examine consumption habits and look to save costs or search out individual pieces.

Strategic implications:

Creativity when tackling sustainability will result in breaking down circular barriers more quickly.

STEPIC drivers/Winning Strategies:

Strengthened proposition and ecosystems
Power in purpose



"I've always been a big fan of Barbour. Their outerwear is so iconic, you just want to keep their pieces forever, the design is so timeless and the quality is simply that good. It's been such a fun process working together on these two collections. We share a deep commitment to responsibility, which made this collaboration even more meaningful."

Ditte Reffstrup, Creative
Director, Ganni

November 2022



Innovation of the Week is published every Monday

Love this presentation?

Why not book one of our experts to present the findings to your team, examining what they mean for you and your business?

Contact Nicola Harrison
at nicola.harrison@retail-week.com