

# THE GLOBAL INNOVATION REPORT

18 RETAILERS  
BLAZING A TRAIL



**WORLD RETAIL  
CONGRESS**

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# INTRODUCTION: INNOVATION ON A GLOBAL SCALE

**G**lobal retail is evolving at pace and, with trading fiercely competitive, retailers must innovate and adapt at speed to maintain customer relevance, productivity and sales performance.

However, transformation is not an easy task against the current economic backdrop. Retailers worldwide are facing volatility and fresh challenges. Notably, these include:

- Supply chain headaches – From produce shortages and geopoliticisation of sourcing to dealing with new regulations, retailers are having to tackle disruption across first and final mile. With this comes cost implications and consumer dissatisfaction.
- Inflationary pressures and cost-of-living crises – At 7.9% as of June 2023, UK inflation remains above the rate of price growth for the US and most of Europe, but that doesn't mean inflation isn't a shared problem globally. In Australia, for instance, inflation hit its highest rate since 1990 in January at 7.8% while in India food inflation, in particular, has risen markedly above economist predictions. Globally, these pressures are weighing heavily on consumers' disposable incomes, forcing retailers to step up their marketing and loyalty efforts and make tough calls on pricing.
- The climate emergency – The Intergovernmental Panel on Climate Change (IPCC), the United Nations body for assessing climate change, has delivered a final warning, with a small window for businesses to act by 2030. Many retailers are announcing new targets in a race to net zero, yet tangible progress is increasingly hard for businesses to realise and measure.
- Labour shortages – In April, premier international retail event World Retail Congress (WRC) conducted new research with global retail leaders and found that 55% were struggling with scarcity of labour. These shortages present a high-impact issue – it was more of a concern for retailers than logistics scarcity (22%) or a lack of finances (22%) – yet many retail executives reported an inability to address the problem effectively.
- The omnichannel battleground – Retailers are striving to deliver great customer experiences online and in store. From reducing touchpoints to make shopping more seamless and convenient to achieving greater personalisation and improving levels of service from retail staff, consumer expectations are rising and retailers must act or risk being left behind.





# INTRODUCTION: INNOVATION ON A GLOBAL SCALE

## SURVIVAL OF THE FITTEST?

Knowing where to invest will be the major differentiator between retail's biggest winners and losers.

This is why Retail Week, WRC and Informatica have come together to produce a snapshot of the technology, data and new thinking being drawn upon by global retailers – spanning 18 international markets – to drive innovation in all areas of business. This includes CX and customer service through to supply chain, stores, ecommerce, marketing and ESG.

In the past two months alone, we've seen Walmart open its largest fulfilment centre to date in the US to increase its order capacity. In the UK, John Lewis Partnership (JLP) has become the first British retailer to gain validation from official body the Science Based Targets initiative for its net zero objectives. And in France, grocer Carrefour has been piloting tech-enabled trolleys – 'smart carts' – with tablet devices that enable customers to place products in their trolleys and tot up the price as they go, while also notifying them of latest offers.

Retailers have so much to learn from their international counterparts. *The Global Innovation Report* provides a window to help them do just that.





# THE GLOBAL **OUTLOOK**

How is global trade faring? Global GDP growth in 2023 is projected to be just 2.7%, according to intergovernmental group Organisation for Economic Co-operation and Development (OECD). This the lowest annual rate since the financial crisis in 2008, with the exception of the 2020 pandemic period. However, there are some markets performing better than others. Here we offer a topline overview of how the 18 economies recognised in this report are forecast to perform, based on the latest data from insights specialists GlobalData, Insider Intelligence, International Monetary Fund (IMF), CEIC, OECD and World Bank.



## **AUSTRALIA**

Real GDP is projected to grow by 1.8% in 2023 and 1.4% in 2024. Tightening financial conditions and a weaker outlook for real incomes is expected to negatively impact growth.



## **GERMANY**

The economy is projected to stagnate in 2023, contracting by only 0.3%, and grow by 1.3% in 2024. High inflation is reducing real incomes and savings, dampening personal consumption.



## **JAPAN**

Real GDP is projected to grow by 1.3% in 2023 and 1.1% in 2024, mainly driven by domestic demand. Core inflation (excluding energy and food) will increase towards 2% as wage growth gains momentum and spreads to small and medium enterprises in 2024.



## **CHINA**

Lifting zero-Covid restrictions has released pent-up demand for in-person services, increasing revenues in industries hard hit by lockdowns. This, in turn, sees China's economic growth forecast to rebound to 5.4% in 2023 and 5.1% in 2024, up from 3.9% in 2022.



## **INDIA**

Moderating inflation and monetary policy easing in the second half of 2024 will help discretionary household spending regain momentum. This, along with improved global conditions, will help economic activity accelerate, with growth of 7% in real GDP in FY 2024-25, up from 5% in 2023.



## **MIDDLE EAST**

Tourism, most notably in Qatar and Saudi Arabia, has recovered since the pandemic and is now reaching record levels. Gulf Cooperation Council (GCC) states in the Middle East are expected to reach 3.2% GDP growth in 2024, up from 2.7% in 2023.



## **FRANCE**

Real GDP is projected to grow by 0.8% in 2023 and 1.3% in 2024. The Russia-Ukraine war, supply chain disruptions and elevated energy prices have hurt economic prospects. Inflation is predicted to remain high at 6.1% in 2023 and to decline to 3.1% in 2024.



## **ITALY**

GDP growth is projected to decline from 3.8% in 2022 to 1.2% in 2023 and 1% in 2024. High inflation is eroding real incomes given subdued wage growth.



## **NETHERLANDS**

GDP growth is projected to slow to 0.9% in 2023, down from 4.5% in 2022, before picking up to 1.4% in 2024. High inflation, rising interest rates and weak external demand have impacted the Dutch economy.



# THE GLOBAL OUTLOOK



## POLAND

Real GDP growth is projected to slow to 0.9% in 2023 as high uncertainty, high inflation and tighter monetary policy weaken demand growth, before recovering to 2.1% in 2024, down from 5.4% in 2022.



## SPAIN

GDP growth is projected to slow to 2.1% in 2023 and 1.9% in 2024 after two years of strong post-Covid growth of 5.5%. Lower inflation and a resilient labour market are forecast to support greater household spending.



## SWEDEN

Sweden's economy is set to see marginal growth. GDP is forecast to increase by 0.3% in 2023 and by 1.4% in 2024, down from 2.4% in 2022. High levels of inflation – 9.3% in June 2023 – are impacting household disposable income in the near term.



## RUSSIA

Russia's economy is extremely volatile with mixed predictions among analysts. Its GDP growth in 2023 is forecast to decline by 2.5% in the worst-case scenario, according to OECD, while World Bank predicts 0.2% growth and the IMF expects 0.7% growth, down from 3% in 2022.



## SOUTH AFRICA

GDP growth is projected to slow to 0.3% in 2023 before picking up to 1% in 2024. This is down markedly from 2% growth in 2022. Higher interest rates and inflation are denting consumption, says the OECD, while electricity outages and lower global growth are weighing on exports.



## UNITED KINGDOM

GDP growth is expected to be modest at 0.3% in 2023 and to improve slightly to 1% in 2024. Headline inflation is projected to slow on the back of declining energy prices and to come down close to target by the end of 2024, with the economy having grown 4.1% in 2022.



## SAUDI ARABIA

GDP growth is projected to slow to 3.1% in 2023 – although this is still higher than the average growth of 2.4% recorded during 2018-22. Economic growth of 4% is forecast for 2024.



## SOUTHEAST ASIA

GDP growth is forecast to be 5.2% in 2023 and 5.4% in 2024 for the Association of Southeast Asian Nations (ASEAN), with countries in the region varying in the pace of their recoveries. This is up from 4.4% GDP growth in 2022.



## UNITED STATES OF AMERICA

Real GDP is projected to grow by 1.6% in 2023 and 1% in 2024. This is down on 2.1% GDP growth in 2022. Growth in private consumption and investment is expected to moderate in response to the tightening in monetary and financial conditions and as savings are further depleted.

# CELEBRATING INNOVATION: A MESSAGE FROM OUR PARTNER

The shift from unbridled ecommerce demand to an uncertain economy and cautious shoppers has prompted retailers to get closer to consumers. This response involves leveraging modern technologies such as AI, machine learning, cloud computing and advanced data management to personalise shopping experiences and enhance customer value.

Retail AI spending is surging to enable diverse applications and use cases, including chatbots, real-time marketing content, dynamic estimated-time-of-arrival calculations and quick product descriptions.

Across all retail AI applications, one common factor prevails: data. Algorithms, large language models, machine learning, deep learning and tools such as ChatGPT all rely on high-quality data. Poor data risks inaccurate products, subpar experiences and shopper dissatisfaction.

A robust data management strategy safeguards current and future AI investments. Informatica empowers retailers to build their own retail AI models with clean, trusted and fit-for-business-use data powered by the Intelligent Data Management Cloud™ for Retail.

This strategy can help retailers accelerate value, minimise risk and deliver transformational results. As our Global Innovation Report shows, the most resilient retailers are pursuing strategies like this that future-proof their businesses.



**Scott Jennings**

Chief Strategist, Retail and Consumer Products  
**Informatica**





# RETAILER REPORTS

## NEED-TO-KNOW INNOVATION FROM AROUND THE WORLD

Retail Week has taken a detailed look at 18 retailers and brands operating across 18 global markets for inspiration about how they're embracing innovative new thinking, technologies and partnerships to drive a path forward.

For each retailer, we've indicated what part of their strategy the innovation prioritises – be it society, technology, economy, policy, industry and/or culture. Read on for strategic profiles of each retailer and what you can learn from them. Plus we'll reveal the key priority areas for you to invest in for global success.



**CULTURE**



**ECONOMY**



**INDUSTRY**



**POLICY**



**SOCIETY**



**TECHNOLOGY**





**B**ased in the Netherlands, Ahold Delhaize was formed in July 2016 from the merger of Ahold and Delhaize Group, combining almost 150 years of food retail experience. Ahold Delhaize's local food brands employ around 414,000 associates in 7,659 local grocery, small-format and specialty stores.

The business' Q1 2023 group net sales were €21.6bn (£18.6bn), up 6.3% from 5.7% in the comparable period of 2022 at constant exchange rates, and up 9.4% at actual exchange rates, compared with 7.2% year on year.

A significant innovator in Ahold Delhaize's portfolio is Albert Heijn, the largest supermarket chain in the Netherlands, with a market share of 34.8% in 2020.

In April 2023, Albert Heijn began trialling True Price, a pricing trial within three of its To Go supermarkets that adds on costs to the consumer taking into account CO2 emissions, water consumption, use of raw materials and working conditions. The trial is a masterclass for fellow retailers in how to create an investment strategy that helps consumers make more sustainable choices.

For example, when customers purchase a cup of coffee, they will be able to see the retail price as well as the True Price – which includes the added social and environmental costs of the drink. If the customer opts for a cappuccino that contains cow's milk, they will pay a higher price than for one made with oat milk due to its higher carbon footprint. According to True Price director Michel Scholte, the concept will help make production chains more sustainable “so future generations and the most vulnerable people don't foot the bill”.

There is innovation elsewhere in Albert Heijn's supply chain, too. Back in March 2019, it announced the launch of a delivery robot that enables consumers to place orders via an app. The robots then source and pack these orders using a virtual floorplan. The robots are now a mainstay in the retailer's strategy and credited with improving customer service.

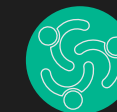
Further robotics innovation is anticipated this year with the launch of Albert Heijn's fully automated Home Shop Center (HSC). Announced last November with the intention to launch by the close of 2023, the HSC will use robots and automated bins to fulfil online orders from the Center warehouse for delivery to homes and stores.

|                                  | Retail Price | True Price |
|----------------------------------|--------------|------------|
| Espresso                         | 1.75         | 1.81       |
| Espresso macchiato               | 2.25         | 2.33       |
| Espresso macchiato havermelk     | 2.00         | 2.07       |
| Koffie                           | 2.00         | 2.08       |
| Flat white                       | 2.25         | 2.46       |
| Flat white havermelk             | 2.25         | 2.37       |
| Koffie verkeerd                  | 2.25         | 2.61       |
| Koffie verkeerd havermelk        | 2.25         | 2.36       |
| Cappuccino                       | 2.00         | 2.28       |
| Cappuccino havermelk             | 2.00         | 2.11       |
| Cappuccino extra sterk           | 2.25         | 2.53       |
| Cappuccino extra sterk havermelk | 2.25         | 2.38       |
| Thee                             | 2.00         | 2.00       |

**True Price.**  
Wat als we alle effecten op mens en natuur meetellen?

Koffie 2.00  
True Price 2.08  
Verander naar 2.00





**E**nter China's biggest retailer to rival the likes of Amazon: Alibaba. The retail marketplace's technological developments are fast-paced and ever-evolving, with sales performance booming as a result. Alibaba's Q1 2023 sales revenue rose 2% in the three months to March to Rmb208bn (£22.52bn).

In March 2023, Alibaba announced the biggest restructuring in its 24-year history as a tech empire, splitting into six business groups: Cloud Intelligence Group, Taobao Tmall Business Group, Local Services Group, Global Digital Business Group, Cainiao Smart Logistics and Digital Media and Entertainment Group. The groups are individually able to raise outside capital and seek their own IPOs, with the exception of Taobao Tmall Business Group, which will stay wholly owned by Alibaba.

For those retailers looking for inspiration when it comes to pioneering technological advances, Alibaba is ahead of the game. The company has a strong focus on artificial intelligence (AI) and recently launched Tongyi Wanxiang, an AI tool that can generate images from prompts.

Announced in July 2023 for enterprise businesses in China to trial, Tongyi Wanxiang will make high-quality generative AI imagery more accessible for facilitating the development of innovative AI art and creative expressions for businesses across a wide range of sectors, including ecommerce, gaming, design and advertising.

Alibaba also launched a new platform, Temu, in September 2022. Temu is a cross-border platform allowing China-based vendors to sell and ship internationally, which has already expanded into Canada, Australia, New Zealand, Germany, France, Italy, Spain, the Netherlands and the UK. While its long shipping times mean it is not a competitor to the likes of Amazon just yet, its quirky, low-cost products and social media marketing strategy are ones to emulate.

Thanks to an aggressive marketing strategy, Temu has already amassed a strong following. It surpassed Shein and Amazon to become the most downloaded shopping app in the US with 33 million downloads in the first three weeks of March 2023, according to market research firm Sensor Tower.

Alibaba is also innovating to improve its sustainability credentials. In April, the retailer signed a three-year deal with French cosmetics company L'Oréal to promote the circular economy in China's beauty industry. Alibaba and L'Oréal chief executives signed a memorandum of understanding, which will see the two firms work together to develop new products and create measurable circular-economy solutions.







**C**arrefour is the eighth-largest retailer in the world by revenue and operates a chain of hypermarkets, grocery stores and convenience stores. The French multinational retailer and wholesaler reported Q1 2023 sales of €22.071bn (£19.10bn), year-on-year growth of 12.3%.

When it comes to game-changing innovation, the retailer has been trialling ChatGPT and generative AI to understand its potential for retail transformation. In June 2023, Carrefour deployed three tech solutions based around ChatGPT and OpenAI technologies, particularly GPT-4. This includes:

1. An advice robot for shopping on carrefour.fr called Hopla, which helps customers choose products for their basket based on their budget, food constraints and ingredients.
2. Description sheets for Carrefour brand products on its website. This enables more in-depth product descriptions and extra product information, with more than 2,000 of its online products benefiting from this solution.
3. Using generative AI to support internal staff purchasing procedures. The tech helps staff with everyday tasks such as drafting invitations to tender and analysing sales quotes.

Looking to improve in-store CX, Carrefour has also launched 15 smart carts in its Sainte Geneviève des Bois Paris store. As mentioned in our introduction, these are shopping trolleys that integrate a touchscreen and are equipped with camera systems and a scale. The touchscreen not only prices up items for the customer so they can simply pay directly at the shopping trolley at the end of their shopping trip via its integrated card terminal, but also notifies the customer about current offers.

The smart cart tech also benefits Carrefour as it collects data on shopping behaviour to inform future marketing, and acts as a security control as the weight system makes self-scanning safer.







**A**ustralian supermarket, grocery retail and consumer services chain Coles was founded in 1914 and is still achieving strong performance well over 100 years since its inception. 2023 Q3 group sales revenue increased by 6.5% to \$9.67bn (£7.51bn), with chief executive Steven Gain attributing the results to the success of Coles' own-brand range, cutting prices on products, free MasterChef cookware (MasterChef pots, pans and utensils were offered to shoppers who spent \$20 or more in one transaction in store or online) and Flybuys points, Coles' rewards programme.

Gain has also placed emphasis on the retailer's technology capacity, with Coles setting an example for strategic financial investments in tech. For instance, the retailer is investing \$1bn (£787m) – its single biggest investment in history – in establishing two fully automated distribution centres (DCs), the first of which opened in April 2023. The Queensland-based DC can process twice the number of cases and hold twice the number of pallets as a standard DC and aims to improve safety and sustainability for employees, suppliers and customers. The second DC is set to open in New South Wales in 2024.

In another technological play, Coles is embracing drones to support fulfilment from store. Capitalising on the knowledge that drones are increasingly offering a viable alternative to electric vehicles and bots, Coles partnered with drone delivery service Wing in October 2022 to offer a store-to-door service in Queensland. Challenging the likes of Amazon Prime Air, the drone delivery offering showcases innovation, ingenuity and a flexibility to serve customers, delivering 500 of the most popular groceries such as bread, fresh produce and snacks.

Coles also digitalised its supply chain in November last year via a partnership with Loscam and Thinxtra. The retailer harnessed their Internet of Things (IoT) technology to deploy a solution to monitor the location of and measure stock for 4,500 smart food bins moving poultry between farms and its distribution centre. Coles said this combined IoT solution is enabling it to have a more connected and transparent supply chain. What's more, the partnership provides real-time data so Coles knows exactly where inventory is at any given time.







**F**ounded in Italy in 1957, Esselunga is now owned by the Capriotti family under the Supermarkets Italiani group. The retailer has around 20,000 employees and controls around 9% of the Italian grocery distribution market.

Esselunga reported turnover of €8.8bn (£7.6bn) in 2022, up 3.2% year on year. However, profits fell to €63.8m (£55.1m), down from €266.5m (£230.2m) in 2021. This was due to high inflation and a deliberate decision to lower the cost of products in order to protect shoppers' purchasing power.

The retailer has been innovating in the way it supports its employees, namely by improving conditions for warehouse staff. Developed by industrial automation and robotics company Comau and IUVO – a spin-off company of the wearable technology BioRobotics Institute (Scuola Superiore Sant'Anna) – Esselunga is the first buyer and testing partner of a wearable exoskeleton named MATE-XB, specifically designed to reduce lower back fatigue during lifting and repetitive tasks.

Launched in June, the exoskeleton provides passive assistance to lower back muscles without using a motor or batteries, storing human energy in a spring. It is pitched at roles in logistics, fulfilment, manual palletising and depalletising, and manual pick and place. Said to accommodate the specific needs of workers engaged in moving heavy or cumbersome loads, the exoskeleton has spotlighted Esselunga's attention to innovation.

UK electricals retailer Currys has also been implementing exoskeletons, first trialling them in November 2022, highlighting how this innovation is becoming a retail focus across Europe.

Esselunga is also innovating to improve its environmental impact and bolster its sustainability credentials. In May 2023, it injected €65m (£56.24m) to open a new superstore in Genoa with a focus on energy saving. Fitted to the city's heating network, the store is A2 energy class and fitted with a photovoltaic system for energy production from renewable sources. Esselunga also opted to add an eco-compactor for the collection and recycling of plastic bottles at the Genoa store.







**S**wedish furniture retailer Ikea was established in 1943 and operates 460 stores in 62 markets. The business reported a total sales increase of 6.5% for the 2022 financial year to €44.6bn (£38.5bn) and reported that it hosted 822 million visitors in its stores and 4.3 billion visitors across its online channels that same year. Driven mainly by the European market, Ikea store sales grew by 13% annually, while digital sales fell by 10% year on year in the 2022 financial year.

The retailer is blazing an investment trail across all areas of tech, store, CX, ecommerce and ESG, with the customer placed front and centre of its strategic decisions.

Focusing on offering superior customer service, Ikea launched an AI bot named Billie in 2021 to handle run-of-the-mill queries, with around 8,500 call-centre workers freed up to become interior design advisers since its launch.

Supply chain and store development are also major focuses. In May 2022, it announced that it was set to spend €3bn (£2.59bn) throughout 2023 on adapting its iconic out-of-town big-box stores to double up as ecommerce distribution centres. This is another example of Ikea investing in customer service, enabling it to increase its order fulfilment capacity.

Owner Ingka Group is also making its biggest-ever investment in stores and fulfilment away from home. It is set to spend €2bn (£1.8bn) on omnichannel growth in the US over the next three years. This marks the largest investment in four decades of operating in the country and will also see existing US Ikea stores modernised to offer home delivery. Ikea has 52 stores in the US currently and US sales for the 2022 financial year were \$5.9bn (£5bn), in comparison with £23bn in sales for Europe.

Promoting sustainability and elevating the store experience are priorities, too. In February 2023, Ikea launched an augmented reality (AR) experience that teaches customers about marine life and sustainability. In partnership with Meta and Warpin Reality, the Swedish furniture chain created the AR game Lilla Äventyret (Little Adventure) to deploy across 21 stores in Sweden for a limited period. The game encourages players to engage with themes such as littering and pollution prevention.

Most recently, in June 2023, the group has focused on CX by acquiring US-based software brand Made4net for an undisclosed sum. Ingka Group acquired 100% of the supply chain solutions provider, which it says will allow it to make online fulfilment run more efficiently.






**JOHN LEWIS  
PARTNERSHIP**

**T**he UK's John Lewis Partnership (JLP) is innovating to revive its fortunes having struggled with sales performance. For the year ending 28 January, 2023, total Partnership sales were £12.25bn, down 2%. Breaking this down across the company's two retail divisions, at grocer Waitrose sales were £7.31bn, down 3%, while at department store chain John Lewis sales were £4.94bn, up a mere 0.2%

In March, chair Dame Sharon White appointed the group's first chief executive, Nish Kankiwala, and he has set about transforming JLP's business model "at pace". In recent months, this ambition has begun to be realised with tech innovations to get closer to consumers, supply chain advancements and progression of the business' sustainability efforts.

In July, to help drive greater personalisation and reduce the level of returns, JLP announced the pilot of an online virtual try-on platform across fashion rental items. Customers input their height, dress size, bra size and a headshot and JLP generates a virtual version of the customer so they can see how the item will fit. In piloting this through rental items, JLP said it is prioritising "circularity first".

Bolstering customer convenience is a growing priority, too. Also in July, JLP rolled out its same-day delivery service – which costs the customer £9.95 per order – to Birmingham, Leeds and Manchester, following a successful one-year pilot in London. Items ordered by 10am are delivered between 7pm and 10pm that day. That same month, JLP's Waitrose partnered with Uber Eats for the first time in a deal that will see Waitrose products delivered from five London stores to customers' doors in as little as 20 minutes. The intention is to expand the partnership to 200 Waitrose stores across the UK by the end of August.

John Lewis has also extended its click-and-collect network with the launch of 72 collection points at Dobbies Garden Centres. The arrangement takes John Lewis' total number of collection points to 5,700. It has also made its Deliver to Yodel Store service free for orders of more than £30, emphasising its focus on the customer.

Elsewhere in supply chain, JLP has been making significant inroads in sustainability. In June 2023, it became the first British retailer to gain validation for its net zero objectives from official industry body the Science Based Targets initiative. The objectives include an aim to become net zero across its own operations by 2035 and across its wider supply chain by 2050 through initiatives such as moving away from fossil fuels, selling products with a lower climate impact and prioritising circularity through the introduction of services including clothing rental. JLP is also the first retailer globally to set validated science-based targets on all greenhouse gas emissions originating from forests, land and agriculture.







**T**he newest retailer featured in *The Global Innovation Report* is Southeast Asian ecommerce marketplace Lazada, which was established in 2012. Its growth story has been intertwined with the development of the region's digital commerce industry as a whole. Lazada posted its second year of profit in 2022 with 413 million baht (£9.31m), growth of 82%, while revenue increased by 40.8% to 20.6 billion baht (£0.46bn). This compares with 2021 when Lazada profit grew by 105% to 226 million baht (£5.10m), with revenue up by 46.6% to 14.6 billion baht (£0.33bn).

Lazada has placed major emphasis on technological developments to keep pace with consumer expectations and offer a seamless retail experience. The site offers tech-enabled tools and solutions to help marketplace sellers onboard, scale up and bolster their operating efficiency. Such is Lazada's influence that Alibaba acquired 51% of the business for \$1bn (£772m) in 2016 and later increased its stake to 83% by investing another \$1bn.

Alibaba has made plans to expand Lazada to Europe to diversify its growth as competition has heated up in China. Lazada recorded double-digit order growth year on year for the first quarter of 2023 to March 31.

Lazada has been at the forefront of ecommerce innovation. Back in September 2018, it launched LazMall, now Southeast Asia's biggest virtual mall, which today showcases more than 32,000 international and local brands. The online platform allows customers to purchase various brands in one place while also offering discounts and promotions. In 2021, Lazada added a LazMall Prestige initiative to enable customers to shop more premium brands such as Coach, La Mer and Bang & Olufsen. Lazada says customers' purchases via LazMall are twice the value of an average buyer on Lazada.

CX is also front of mind and, in May 2023, the retailer launched LazzieChat. Said to be the first ecommerce AI chatbot of its kind in Southeast Asia, the solution is powered by OpenAI ChatGPT technology in Azure OpenAI Service. LazzieChat can answer users' shopping queries on the Lazada platform to provide a more engaging, informed and personalised shopping experience.

Group chief technology officer Howard Wang said that AI such as LazzieChat is bridging the gap between offline and online shopping, driving new developments (these include using algorithms to recognise inappropriate content so it can respond to user queries with regard to the challenges of the growing development of natural language chatbots) and making online shopping a "seamless activity for everyone".

Lazada is adopting AI in other areas of its business, too, working with Microsoft in the Asia-Pacific region to use AI to deliver personalised recommendations, enhance the customer experience, provide faster customer assistance and transform the buying experience.







**M**ajid Al Futtaim is a family-owned, Emirati holding company based in Dubai. Launched in 1992, the conglomerate owns and operates shopping malls, retailers and hotels in the Middle East, North Africa and Central Asia.

For 2022, the company reported full-year consolidated revenue growth of 12% year on year to AED 36.3bn (£7.6bn) with profits up 4% year on year to AED 4.1bn (£0.87bn).

A key area of innovation that other retailers can learn from centres around how Majid Al Futtaim is transforming its payments offering. In June 2023, it partnered with shopping and financial services app Tabby in a long-term deal. While buy now, pay later services are nothing new, this collaboration is particularly significant as it is not limited to online transactions. When using the facility in store, customers will be given a Tabby Card – Tabby’s offline payment solution – and will then have later payments deducted. The vision is that this in-store solution will be rolled out in the United Arab Emirates (UAE) across Majid Al Futtaim’s brands and mall tenants before being expanded internationally.

Elsewhere the retailer is driving sustainability developments. In May 2023, Majid Al Futtaim teamed up with Scan Global Logistics to launch a pilot using sustainable aviation fuel. The collaboration is part of the retailer’s plan to think “holistically” about the impact its business has on the environment and the communities in which it operates. Aiming to reduce carbon emissions for air-freight shipments of Majid Al Futtaim Lifestyle fashion products from Asia to the UAE, the pilot is running until the end of August.







**H**eadquartered in Saudi Arabia, Panda is one of the largest grocery retail chain businesses in the Middle East. Founded in 1981, it now boasts more than 100 million customers annually and has 182 stores across 40 cities. Panda is owned by Savola Group, which reported revenue of SAR 393 million for Q1 2023, up from SAR 271 million the previous quarter.

Panda is in the process of transforming its stores and supply chain under a strategy called the Customer Experience Revival Program (CXR), launched in 2022. The company has developed a comprehensive overhaul of its supply chain, in-store operations and employee engagement, giving a fully immersive shopping experience.

Savola has credited Panda for reducing its losses, with the retailer's CXR initiative having started to "yield positive outcomes in terms of higher sales intensity in completed stores".

The programme was credited for helping the retailer win Store Design of the Year (Large) – Saudi Arabia award at the June 2023 Retail Asia Awards. Panda was lauded for enhancing customer experience by focusing on five strategic pillars: category management, improving product range, upgrading display, elevating customer service levels and prioritising fresh offerings.

Advancements include adding click-and-collect services across all its stores and rolling out a 'Glow' beauty care concept, which allows customers to access tech-enabled booths for make-up trials and the latest offers.

The programme has, according to market intelligence site Retail Asia, enabled Panda to improve its net promoter score by an average of 5-8% across different consumer segments.







**A** subsidiary of Reliance Industries, Reliance Retail is the largest grocery business in India. Launched in 2006, it now has a network of nearly 2,500 stores and runs digital commerce platforms JioMart and Milkbasket. Reliance Retail reported gross revenues of Rs2603.64bn (£24.63 bn) for the fiscal year 2023, a 30% year-on-year rise.

Reliance Retail has also been innovating in store development, having launched Tira, an omnichannel beauty retail platform in April 2023. The platform offers a personalised shopping experience with the Tira app and website, as well as the opening of a flagship Tira store at Jio World Drive in Bandra Kurla Complex in Mumbai. With a focus on technology and customised experiences, the online platform has shoppable videos, blogs, tutorials, trend-setting tips, personal recommendations and a virtual try-on feature. Meanwhile, the Tira store also offers the latest beauty tech tools such as virtual try-on and a skin analyser to offer customised looks and create personalised purchases.

Elsewhere in store development, fashion and lifestyle brand Reliance Trends opened a new technology-enabled multi-brand store in Surat in July 2023. The aim of the brand is to use advancements in technology to gain traction from Gen-Z shoppers, as well as increase overall footfall. Reliance Trends aims to offer shoppers a more interactive experience.

Spread over a shopping area of 8,000 to 24,000 sq ft, each Trends store has wide aisles, coordinated displays and highly trained fashion professionals to offer 'best-in-class service'. Trends stores offer a range of brands including Rio, fashion targeted at Gen-Z women, and The DNMX, the latter being a range developed with a clear focus on Gen Z and offering exclusively crafted fashion garments such as denims and T-shirts.






**TENDAM**  
GLOBAL FASHION RETAIL

**S**panish fashion retail group Tendam operates in 86 countries with 1,462 directly operated stores. In 2020, the business embarked on a transformation strategy to roll out an omnichannel model with customer experience at its heart.

For the fiscal year 2022-2023, Tendam reported an 8.8% sales rise to €1.2bn (£1.04bn). Recurring profit amounted to €285m (£247m), representing a 3% growth compared with the previous fiscal year.

Building a brand community is key for Tendam, with loyalty club members now standing at 32.7 million (up 8.4%) at the end of the 2022 financial year, with 2.5 million new members joining up over the period. Tendam's data analytics and transformation director Carlos Abellán says that its investment in loyalty schemes means the business has a "unique window" on customers. "We see people and can track purchases from the client and have an interesting view about what they are buying," he says. "That's a big advantage when you want to do a recommendation or client segmentation."

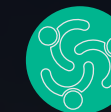
To win over customers and prioritise purpose, Tendam is also focusing its investment on sustainability. In a collaboration announced in January 2023, the retailer joined forces with fashion brands Decathlon, H&M, Ikea, Inditex, Kiabi and Mango to create the Association for the Management of Textile Waste. The organisation aims to manage clothing and footwear waste generated in the Spanish market through a Collective System of Extended Producer Responsibility (SCRAP).

The associated companies are aiming to give a collective boost to textile recycling in Spain, advancing towards a circular model through the correct management of waste from the sector. The companies intend to jointly work on the operational, financial and data model of SCRAP for the management of clothing and footwear waste in the Spanish market.

Tendam's commitment to ESG was also showcased by it joining the Carbon Disclosure Project back in 2020. This organisation requires participating retailers and businesses – currently totalling 15,000 – to disclose their environmental impact and scores them accordingly. At the end of the 2022 financial year, 43% of the products in Tendam's collections boasted sustainable characteristics. The company also eliminated 97% of single-use plastics.






**Walmart**

**U**S grocery giant Walmart is a leading retailer that operates approximately 10,500 stores and Sam's Clubs – a chain of membership-only retail warehouse clubs – in 20 countries. The retailer employs 2.1 million staff around the world, with nearly 1.6 million of these in the US.

Walmart raised its full-year forecast with 2023 fiscal first-quarter sales rising nearly 8%, with revenue reaching \$152.30bn (£118.9bn). With its earnings beating expectations, the retailer said it now anticipates consolidated net sales to rise approximately 3.5% in the fiscal year.

Those looking to innovate with automation, robots and drones should look to Walmart, as these are all significant in how the retail giant is transforming its supply chain. Automation will speed up order processing at its ecommerce fulfilment facilities. Walmart's fully automated facility in Brooksville, Florida, uses robots to handle inbound shipments of some 3,400 packages, with sensors and robots separating them before they are moved to an automated grid. Walmart has stated that, by the end of its fiscal year 2026, 65% of its stores will be serviced by automation and 55% of volume in fulfilment centres will move through automated facilities.

While this increase in automation may worry employees, Walmart chief executive Doug McMillon said in April 2023 that the retailer's goal is to keep and develop people, with tech and colleagues working in harmony.

McMillon shared that Walmart is shifting to roles that require less physical labour with a higher rate of pay. Over time, the company anticipates increased throughput per person due to the automation, while maintaining or even increasing its number of associates as new roles are created.

## NOTABLE RETAIL INNOVATION COMING OUT OF THE US

### Amazon

Retailers needing a supply chain overhaul would be wise to watch Amazon. Praised for having a “best-in-class supply chain strategy” in Retail Week's Supply Chain 2024 report, the US giant's ability to provide rapid and consistent next-day delivery, pick-up lockers in third-party locations and a Prime subscription service that engenders significant loyalty has transformed retail and influenced others.

### Domino's

As of June 2023, pizza chain Domino's is now offering Pinpoint Delivery, a prime example of how retailers can learn from the hospitality market. The new service allows customers to drop a pin in Google Maps and Domino's will deliver to wherever they are – customer convenience at its best.







## WILDBERRIES

**F**ounded in 2004, Wildberries is Russia's biggest online retailer, selling clothing, shoes, cosmetics, household products, electronics, books, jewellery and food items. The retailer trades in 15 other countries, including France, Germany and Israel.

In FY 2022, the company's revenue measured by gross merchandise volume increased 98% to 1.67trn rubles (£13.6bn) with buyers purchasing 1.9 billion products – up 81% on the previous year. The sales increase is likely to be partly linked to the impact of the Russia-Ukraine war. With sanctions making the Russian market an increasingly hostile environment for foreign retailers to trade in, Wildberries has been able to increase its market share monumentally.

At the beginning of 2023, the total area of the entire Wildberries logistics infrastructure exceeded 2.7 million sq m. The retailer has focused on investing in logistics capabilities to develop the customer experience when it comes to delivery, speed and costs. It opened a third logistics centre early this year, located in Kazakhstan, in the city of Shymkent. Due to its location close to the border with China and Uzbekistan, the new centre allows local entrepreneurs to significantly expand their range of goods offered through the online marketplace. It will also speed up the delivery of goods and cut logistics costs.

Retailers looking to develop more sustainable logistics should take heed from Wildberries' new data centre at its logistics hub in Moscow, with the company using direct free-cooling technology to power its own operations. The technology not only allows the company to increase the reliability of the entire infrastructure, but it also reduces the amount of electricity consumption, making the hub more environmentally friendly.

Supply chain innovation can also be seen in Wildberries' returns policy; it charges customers 100 rubles per item for returns (equivalent of 83p), helping its bottom line as a result. Wildberries chief executive Tatyana Bakalchuk said this balances the interests of buyers and sellers, and, as of December 2022, the business has no plans to stop the policy.

This is a tactic other retailers can learn from when it comes to dealing with the headache that is returns logistics. Ikea, for instance, also charges for returns – and at a steep fee too, of £25.







**W**oolworths is a sub-Saharan African retailer offering a range of primarily private-label products. Founded in Cape Town in 1931, Woolworths South Africa is the country's largest retailer, with more than 700 stores throughout its home country and 10 other African countries. The retailer also has a multichannel focus, with an online presence across its major brands.

For the 26 weeks to December 2022, Woolworths reported a 15% rise in revenue to R45.1bn (£1.90bn) on the previous 26 weeks and a stellar 70.1% increase in adjusted profit before tax to R3.8bn (£0.16bn).

Woolworths is leading the way when it comes to tech, with the company having inked a deal with First Insight for its Next-Gen Retail Tech Platform. The progressive collaboration gives competitors food for thought as it aims to optimise product development, sourcing and merchandising capabilities, with the goal to bolster margins and drive customer engagement.

Woolworths said it would use First Insight's platform to gather zero-party, voice-of-customer data and operationalise product testing for faster and better merchandising decisions in its womenswear division. Significantly, the company said the partnership will empower Woolworths with actionable insights to guide its product investment, pricing and marketing decisions. And with actionable insights being key to delivering tailored results, it's a power play that others would be wise to emulate.

Woolworths is also investing in sustainable innovation in its delivery offering; in May 2023, it became the first South African retailer to launch an extensive rollout of electric-powered vans to deliver online purchases. Launched in partnership with supply chain solutions provider DSV and electric vehicle company Everlectric, the move is part of the company's commitment to reducing its carbon footprint and promoting sustainability in the retail industry.

Woolworths head of online and mobile Liz Hillock said the rollout of 41 vehicles will have the potential to save more than 400,000kg of tailpipe carbon emissions. She also highlighted that, with the exponential growth of the company's online business, switching to electric delivery vehicles is a "smart and sustainable solution that benefits everyone".







**Z**abka is a chain of Polish convenience stores. Founded in 1998, the business now has more than 9,000 stores across Poland and boasts annual revenues of more than \$1.5bn (£1.17bn).

Żabka is leading the way in combining convenience with cutting-edge payments and now runs Europe's largest chain of autonomous AI-powered convenience stores.

Retailers, including Amazon, have struggled to drive return on investment from checkoutless stores; last August, for instance, Amazon announced it was putting a halt to widescale expansion of its Fresh stores as a result of slow sales due to the cost-of-living crisis. In July this year, it revealed it would be shuttering three UK Fresh stores as part of its "optimisation strategy". Yet Żabka appears to be turning the tide.

First launched in June 2021, Żabka's AiFi-powered Nano stores – it now has more than 50 – are open 24/7 with no staff, shopping baskets or checkout areas. Customers gain entrance by tapping their payment card on the store-door terminal and, once inside, they simply take products off the shelves and leave. A camera system uses AI algorithms to identify the goods taken and charge the right amount, with payment taken from the card scanned and receipts sent to the customer's phone number.

The concept has proved successful in Poland, where ultra-convenience is in high demand for consumers. Żabka reports that the stores helped maintain its high net promoter score of 85 points (any score above 50 is considered to be 'amazing'). This shows that checkoutless stores, running seamlessly and in the right locations, can prove fruitful.

Żabka also launched the second edition of its flagship Żabka Future Lab accelerator in October 2022, looking to tap into nascent retail innovations. The Future Lab accelerator allows tech start-ups to test their products at scale, with nearly 3 million consumers using Żabka's services daily. The company also offers R&D support, expertise, access to an established network, investment and publicity.







**G**ermany's Zalando is Europe's largest online fashion retailer with localised websites in 17 markets, which includes local marketing, fulfilment, payment options and customer care. Founded in 2008, it has been active in the UK since 2010, but customer numbers there remain small compared with its core markets of Germany, Austria and Switzerland.

In May 2023, Zalando reported a 2.3% increase in group revenue year on year to €2.25bn (£1.98bn) in its first quarter, while gross merchandise volume jumped 2.8% to €3.2bn (£2.81bn).

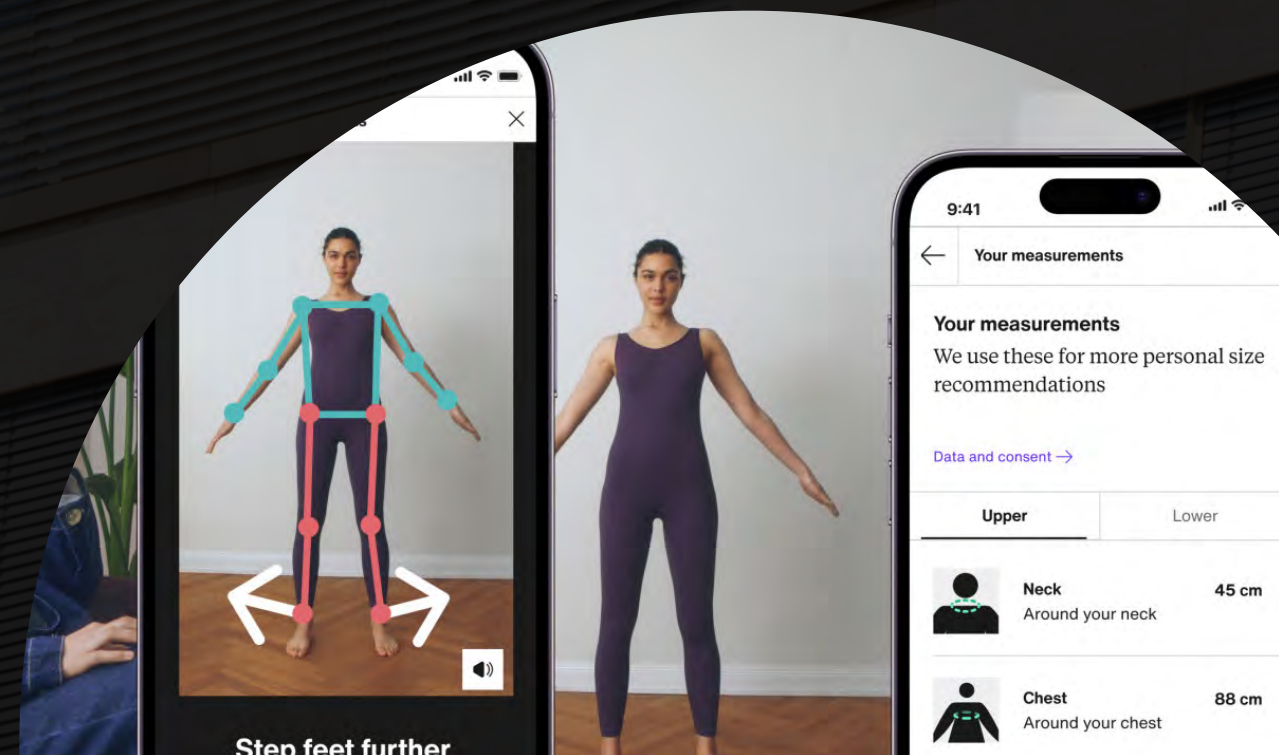
For the quarter, Zalando broke even, in comparison to a loss of €51.8m (£45.5m) reported in the first quarter the previous year. The retailer is now focused on growing its profitability this year after sales slowed against a "challenging economic backdrop" in 2022.

Technology has been one of the company's driving forces in recent years, with Zalando introducing software in 2022 that enables its partners to better track their sales and returns data on the platform.

This year, Zalando plans to further strengthen the platform with software upgrades including logistic and automation improvements, as well as launching the Connected Retail app, to "increase the efficiency and output of partner stores".

Significantly, Zalando has been investing to improve personalisation via its virtual fitting-room roll-out and has already reduced size-related returns by 10%. The virtual fitting room was piloted across 25 markets in April 2023, with customers able to use a 3D avatar created using their height, weight and gender to see how jeans will fit them. Looking to harness technology to reduce costly returns, Zalando's size-and-fit team uses a combination of methods to predict whether items will run small or big, and to create personalised size recommendations.

Zalando is also using tech, specifically AI, to better the customer experience. In April, it launched a 'fashion assistant' powered by ChatGPT, which it says will unlock the potential of generative AI to enhance the experience of discovering and shopping for fashion online. The OpenAI technology allows customers to ask questions using their own fashion terms and words, helping them navigate through Zalando's large assortment in a more intuitive way.







**7**-Eleven is owned by Japanese Seven & I Holdings through Seven-Eleven Japan and was founded in 1927 in Dallas, Texas. 7-Eleven operates, franchises and licenses 77,711 stores in 19 countries and territories. Seven & I Holdings revenue for the 12 months ending May 31, 2023, was \$44.8bn (£38.6bn), a 1.51% increase year over year.

7-Eleven offers an omnichannel approach to stores, as well as turning to mobile technology to attract customers and offer special promotions and discounts.

Looking to drastically reduce the need for cash registers, which account for about 30% of overall store operations, the retailer launched app checkout in Japan in September 2021, following a successful launch in the US. The solution enables customers in store to scan the price of products via their phone's camera and pay via the app. Two years after launch, 7-Eleven said the solution has enabled store staff to be more productive by focusing on other services, while the app enables the business to offer customers weekly recommendations and promotions, incentivising them to spend more.

Japan's 7-Eleven was ahead of the game in terms of excelling in CX, having fulfilled its first fully autonomous drone delivery to a customer's home way back in July 2016. Its drone investment has continued, with the retailer trialling three-minute drone delivery services in Gapyeong, Japan, throughout 2022.

Pioneering ways in which to lead the sustainability charge, the retailer has also started selling smoothies made out of discarded fruit and vegetables to help reduce its food waste. Launched in 2022, customers are able to make smoothie-in-cup products that they blend themselves using automated machines at 21,000 stores nationwide. The products use fruit and vegetables that have been discarded because of their second-rate appearance.





# WHERE TO INVEST FOR GLOBAL SUCCESS

**H**arnessing innovation is clearly a prime strategy for retailers across the globe to bolster their offerings and improve their supply chains, consumer experience, sustainability goals, staff working conditions, productivity and brand loyalty.

Significantly, many world-leading retailers are capitalising on the same trends, giving a clear indicator of what retail peers should learn from in order to get closer to consumers and achieve greater return on investment.

**These shared trends are priority areas for retailers to invest for global success:**

## 1. Prioritising customer convenience

Customer convenience is front and centre of the technological advances profiled in this report. For example, Žabka is aiming to bring greater convenience using AiFi technology in its Nano checkout-free stores, Carrefour has focused on smart carts and Lazada's LazMall allows customers to purchase various brands in one place. The word 'frictionless' gets thrown around a lot, but global brands are taking significant steps to make customers' lives easier – and other retailers should learn from these.

## 2. Supply chain transformation

From Coles digitising its supply chain to Walmart using automation and drones to drive ROI and Ikea doubling up stores as ecommerce fulfilment centres, major retailers are not standing still when it comes to operational efficiency. The Walmart example shows how automated warehouses are generating pay-offs in staffing, with the company anticipating either maintaining or increasing its number of staff due to the new roles automation is creating from increased throughput per person. This then overcomes a challenge often cited by critics.

## 3. Upgrading store experiences

Enhancing stores to go beyond the transactional is becoming a top focus for many global retailers. Panda, Ikea, Carrefour, JLP, Reliance Retail and Žabka are all making significant financial outlays to better their in-store offerings. The likes of AI, aesthetics and sensory experiences are being developed to go above and beyond, offering an 'experience' rather than the standard purchase-and-leave format.

## 4. Utilising AI

Of all the technological advances, harnessing the power of AI is becoming the go-to choice for the world's leading retailers. Alibaba, Carrefour, Lazada and Zalando have all harnessed progressive tech in order to develop offerings such as ecommerce AI chatbots, enriching brand product sheets and creating virtual fashion assistants.

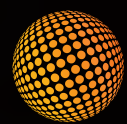
## 5. Sustainability innovation

Consumer purchasing decisions are progressively being influenced by companies and brands that showcase strong ESG credentials. Moreover, retailers are investing in sustainability because it's the right thing to do – and they want to bring customers on the journey with them. Tendam, Ikea and Alibaba's profiles all show how eco-friendly initiatives and innovations must be explored for retailers to make tangible progress.



# THE GLOBAL INNOVATION REPORT

18 RETAILERS  
BLAZING A TRAIL



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