



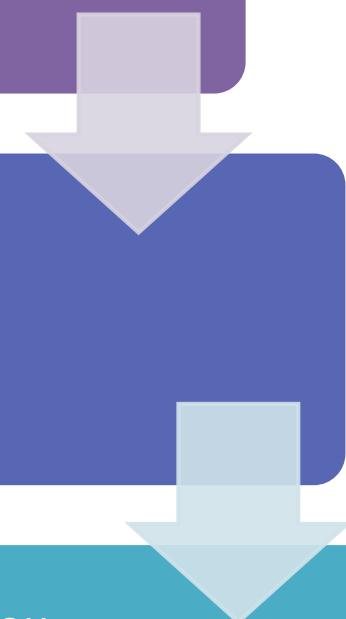
Retail
Analysis

Insight Presentation, February 2014

IGD'S INNOVATION TRACKING – TOP IDEAS WE'VE SEEN RECENTLY

IGD and Innovation

The IGD team tracks **innovation and trends** closely to help you capture new ideas and assess **which are most relevant for the future**



Each week, we feature the **“Innovation of the Week”** on IGD’s Retail Analysis newsletter – this presentation recaps on exciting examples we’ve spotted recently

As a Retail Analysis subscriber, you can also find inspiration in IGD’s **Innovation hubpage** and in our **Retail Excellence** series



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New technologies re-define the way we pay

Innovation: New payment solutions from around the world are both transforming the shopping experience and the way businesses sell



What have we seen so far?

- **Apps fast-track our shopping journey** - Mobile apps can significantly reduce queue times and more retailers including Wal-Mart, Auchan, Sainsbury's and Casino are testing scanning and payment options (as we explore in [12 reasons apps create a new retail reality](#))
- **'Cardless' and hands-free payment** – We're seeing more and more instant payment solutions, ranging from QR code scanning (SnapScan in South Africa) and digital wallets (Google, PayPal) to facial recognition (Uniqul), biometric scanning (Pulsewallet) or Google Glass (Intuit)

What should be on your horizon?

Keep an eye out for 'Twitter-commerce' which has already proved itself a viable purchasing avenue after the hashtag payment campaign with American Express last year

So what next? Our opinion...

Expect more payment innovations in 2014. Solutions like Intuit for Google Glass could prove popular with early adopters and smartphone payment is likely to become more prevalent as customers' acceptance grow and businesses test new secure ways to fast-track till payments. This is a global phenomenon with implications for both advanced and emerging economies.

In-store trials for facial recognition

Innovation: Facial recognition at the checkout is a new concept for shoppers, providing instant, safe and hands-free payment



Innovation: With facial recognition, retailers can also target shoppers with tailored deals and suggestions for a truly personalised experience



What examples have we seen?

- With **Uniqul**, your face is your new security pin, as facial recognition software matches you to your pre-registered payment account for easy checkout
- **Beacon** is a similar development that automatically recognises a user's PayPal account via their smartphone, allowing merchants to visually confirm customers

IGD Opinion

According to IGD ShopperVista research, 64% of shoppers view speed and ease at checkout as a top factor in store choice, so facial payments could supplement other initiatives to fast-track in-store journeys.

What examples have we seen?

- **Synqera** uses facial recognition to assess the mood of individual shoppers, matching it to their purchase history and loyalty data to offer them the most relevant deals and targeted adverts
- **Facedeals** is an app that tracks shoppers off-line using cameras in brick-and-mortar stores to scan faces, texting shoppers with discounts once inside the store

IGD Opinion

Facial recognition enables on-the-go personalised offers. Customers' acceptance (or lack of) will dictate the rate of adoption by retailers.

Shelf edge adverts get a digital revamp

Innovation: Mondelez US to test shelf cameras to better understand shopper behaviour and offer tailored adverts to drive impulse purchasing



Innovation: Tesco to install cameras and screens in UK forecourts which will offer tailored adverts depending on the type of shoppers in-store



How does it work?

- The units will use various technologies from motion and weight sensors to facial recognition to collate shopper data and how they interact with products
- Screens attached to the shelves will offer personalised messages to the shopper, including tailored promotions

IGD Opinion

Although still in production, this initiative will help the brand learn more about its shoppers in-store. Ultimately, it aims to drive impulse buys through tailored adverts and promotions in real time. However, Mondelez will need to address the security implications of cameras.

How does it work?

- OptimEyes will be positioned at tills, scanning customers to determine age and gender. Matching this info with loyalty data, it will then tailor the adverts at the till
- Adverts will be altered according to time, date and even current purchasing trends

IGD Opinion

Tesco wants to deliver more targeted offers. This example complements a suite of new initiatives rolled out by Tesco to achieve its goals – from Clubcard tailored vouchers to targeted TV advertising in partnership with BSkyB.



Online puts shopper convenience at its heart

Innovation: Click and Collect out-of-stores is gaining momentum with tests underway to multiply touch-points for customers



How does it work?

- Asda trialled a click & collect service in several London Underground stations before Christmas and now Tesco, Waitrose and possibly Amazon plan to do the same
- By ordering before 12:00, the same-day delivery service enables you to pick up your order from 16:00 that day
- Asda uses its delivery vans, parked in dedicated bays at the station car park

IGD Opinion

By offering a click & collect solution in stations, UK online retailers offer new convenience for commuters. This model is replicable across other cities around the world.

Innovation: Volvo has showcased its latest development, which lets its drivers use their boot to schedule convenient and hassle free deliveries



How does it work?

- Through its Volvo on Call app, 'digital keys' are created that allow deliveries to be placed into the boot of a car with the shopper receiving immediate alerts
- Once delivered the digital key ceases to exist, reducing security concerns

IGD Opinion

Easy to use and convenient on-the-go services are becoming more popular with shoppers who are looking to save time and fit shopping into their daily routine. We think this is a great development to add to the range of services already available.

Amazon sprints towards faster deliveries

Innovation: Amazon has begun trialling the use of drones to achieve deliveries in under 30mins



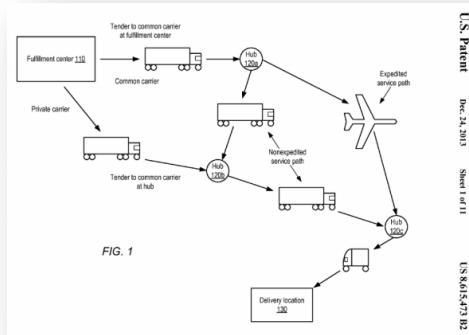
How does it work?

- Unmanned aerial vehicles piloted by GPS technology will be capable of delivering packages up to 2.3kg (c. 86% of Amazon orders)
- The Prime Air scheme will hopefully be launched in 2015 following potential changes to aviation rules

IGD Opinion

With the ability to deliver within half an hour of ordering, drones have the potential to alter food shopping with customers able to order last minute ingredients in time for dinner, particularly if it is linked with AmazonFresh.

Innovation: Amazon has patented a new shipping method to shorten delivery times



How does it work?

- Using big data, Amazon will predict what customers are likely to buy and ship items before orders are placed
- These items may be delivered to local hubs, where they can be quickly dispatched once ordered
- Items already en route to shoppers may be suggested to them, offered with discounts or even delivered as gifts

IGD Opinion

By minimising the delay between ordering and receiving purchases, Amazon could drive sales from customers wanting products immediately. But will the predictions be accurate enough to avoid wasted journeys?

Want more inspiration?



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Online & Digital Summit 2014

18-19 November 2014, London

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