

INNOVATIVE RETAILERS REPORT

Top 25

most pioneering businesses in retail

A Retail Insider production in association with PCMS



PCMS

Introductions



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Retail Insider

Welcome to the first Retail Insider Innovative Retailer report that seeks to shine a light on the most innovative businesses of the past year that are proving great inspirations to the rest of the retail industry.

Retail Insider runs a regular column focused on individual innovative retail businesses and such has been its popularity with readers that we had for some time thought the idea of producing a ranked report of these retailers would make an interesting read. And here it is.

It is easy to fall into the trap of thinking that innovation is purely the preserve of the youngest, most agile start-ups. But this would be wrong. It is my belief that there are numerous examples of innovative retailers out there who have been around for many years. As such, the objective of this report has been to highlight retailers from across the board – from the youngest of operators right the way through to the longest established merchants. As long as they have been pushing things forward then they could rightfully earn a place in this report.

During the course of the year a search took place to find these innovators. From this long list a short-list was drawn up and a carefully selected Advisory Panel scored each retailer on specific criteria, which ultimately produced the final Top 25 ranked list.

It is interesting that the results show how impressively some of the longer established businesses fared. The Top five contains only one true digitally-driven business – the mighty Amazon. The rest are – you could say – very much of the old school but they all share one key characteristic: they are unwilling to stand still and are instead hell-bent on innovating.

Along with the newer, more disruptive retailers, who are also featured in this Top 25 I'd like to take this opportunity to congratulate the older retailers for their achievements. They all contribute to making the lives of us consumers so much more enjoyable whenever we decide to go shopping.

I would like to thank the Advisory Panel for their vitally important contribution to this maiden Innovative Retailers report. Their role has been crucial and their input much appreciated.

Finally, I would also like to express my gratitude to the sponsors of this report PCMS Group for making it possible for Retail Insider to deliver a production that does justice to the quality of the names in this inaugural Top 25.



STEVE POWELL

DIRECTOR OF SALES, PCMS GROUP

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PCMS is delighted to sponsor the inaugural edition of this Innovative Retailers report.

The word 'innovation' in retail is often mistakenly associated purely with 'technology'. Of course, technology has an important part to play but the true essence of retail innovation is driven by the requirement to make changes to something established and introduce new methods and ideas in order to provide a positive consumer experience whenever, wherever and however they choose to transact with a retailer brand.

As the consumer-connected world continues to evolve, the expectation of 'information now' and 'on-demand' services means retailers have to be in-tune with their customers in order to provide a relevant, responsive and satisfying experience.

We all know economic times have been tough recently, so the need to maintain and grow the share of consumer spend is more important than ever; and this has led retailers to innovate their brand and technology proposition more than ever before in order to succeed.

This report focuses on such retailers, new and old, and provides insight and ranking based on how innovation is influencing their operations and the retail industry at large.

Congratulations to all the retailers who made the Top-25 and thank you to the Advisory Panel and Retail Insider for producing this insightful and interesting report.

The Advisory Panel



ZIA ZAREEM-SLADE
CUSTOMER EXPERIENCE
DIRECTOR
FORTNUM & MASON

With responsibility for creating and delivering the customer experience across all channels, her role at Fortnum & Mason involves all brand delivery, from the products and services available, to how it is presented in store and online. She has over 15 years' experience creating multi-channel and digital experiences at Selfridges, John Lewis, Virgin Atlantic and Tesco.



VINCE GWILLIAM
SENIOR PARTNER
BRIDGEPOINT

Having joined Bridgepoint in 1987 he is now a senior partner and a member of its consumer sector team with responsibility for the business' retail investments. He presently sits on the board of Pret A Manger and has been involved with Hobbycraft, Pets at Home and Adams Childrenswear.



SIMON RUSSELL
DIRECTOR OF RETAIL
OPERATIONS DEVELOPMENT
JOHN LEWIS

Appointed to his current role in March 2012 he is responsible for the 'shop of the future' vision from both a customer experience perspective and a business operating model, along with the delivery of all retail programmes including the key IT omni-channel infrastructure. Russell is using the experience he gained as head of multi-channel between 2010 and 2012. Prior to that he managed both the company's Bluewater and Sheffield branches.



ANTHONY FLETCHER
CEO
GRAZE.COM

Fletcher moved into the CEO role at Graze.com in December 2012 after serving as UK managing director and chief marketing officer at the healthy snacks company, beginning in 2009. He has used the marketing and product skills he honed while at Innocent Drinks where he held a number of roles latterly as innovation manager.



PETER WILLIAMS
CHAIRMAN
BOOHOO.COM

Currently Peter is chairman of two online retailers – Boohoo.com and Mister Spex – and of property regenerator U+I Group. In addition, he is a non-executive director of Rightmove and Sportech as well as being a Trustee of the Design Council. During his executive career he was chief executive at both Selfridges and Alpha Airports.



SIMON CALVER
FOUNDING PARTNER
BGF VENTURES

After a career in large companies such as Unilever, Pepsi and Dell he returned to leading early stage businesses as COO of Riverdeep and CEO of LOVEFILM, which he led for seven years up to its sale to Amazon in 2011. Calver left to become CEO of Mothercare, leading its transformation and digital turnaround plan. In July he became a founding partner of BGF Ventures to launch a new £200 million early stage venture company, investing in tech entrepreneurs across the UK. He also chairs Moo.com and aSuitThatFits.com.



SIOBHAN FITZPATRICK
MARKETING &
MULTI-CHANNEL DIRECTOR
MAPLIN

Recently moved to Maplin with dual responsibility for marketing and multi-channel, which follows a three year spell at Homebase where she was director of multi-channel. Previous roles at Argos involved multi-channel strategy and brand development.

The Methodology

Innovative retailers can be defined as large retailers that continue to change their proposition in order to keep fresh or equally they can be much smaller start-ups that operate using entirely new cutting-edge retail models.

One of the objectives of Retail Insider is to seek out these retailers with the key criteria being that their innovative nature sets them apart from the mainstream.

From the long list of businesses that Retail Insider has unearthed over the past year, a short list of 25 was drawn up. This list was then given to a specially selected Advisory Panel who independently scored each retailer on a variety of criteria comprising:



How innovative?

To what level has the company delivered a notable level of innovation that truly sets it apart from the competition.



The influence / potential influence on the rest of the industry?

For established retailers, what is the level of impact the organisation has had on the broader retail sector. For newer operators, what is the likely impact they could have as they build out the proposition.



The quality of the business?

The level to which the business has been built on solid foundations and with a credible management in place.



Level of success / potential future success?

For established retailers, what has the company achieved to date, and for newer operators what is the potential for them to deliver a high level of success in the future.



Proof of ongoing innovation?

Regardless of the age of the company, is there proof that there is constant innovation, which will enable the company to maintain its position at the forefront of events.

Collation of these scores helped create five tables, based on each of the criteria, as well as a table for the all-important overall score. The final report contains each of these separate tables.

Top 25 Innovative Retailers

amazon

1 AMAZON

Established in 1995 Amazon is the largest online retailer with annual revenues bigger than the GDP of many countries. From well-known humble beginnings selling books in a garage it feels like there is nowhere Amazon doesn't dare to tread. Its long list of innovations includes: launching operated-websites for other retailers, streaming services, the Kindle reader, selling cloud storage, instant ordering via the Dash button, voice-controlled ordering technology Echo, and even a physical bookstore. It is also going big on logistics buying boats and planes. And it is making a big play of grocery deliveries. Finally, Amazon does not give its partner companies any customer data at all. They keep it all and use it to tempt that customer back to their own site to sell them anything they could possibly want.





Founded straight after the war by two brothers by the name of Karl and Theo Albrecht (ALDI is a contraction of Albrecht Discount) Aldi is one of the dynamic duo of German discounters storming the UK. With an impressive market share and sales growth of 15% in 2015 Aldi continues to attract more and more white collar professionals away from the Big Four supermarkets and has become a place where the money-conscious professional increasingly trusts the Aldi own brand label. The secret of its success: Aldi has always bought in very large volumes from one supplier and then sells the goods on under its own label. As a rule there will be, say, one kind of own brand cereal on sale and perhaps a major brand name variety. The average Aldi sells only a fraction of the lines of a big Tesco. There is no expensive advertising in-store (or in fact a marketing budget at all). The point is to take away 'power of pricing' away from the brands. It sounds limiting but for a shopper used to looking down a vast aisle of similarly-boxed cereals and wondering where to begin it is a relief. Although Aldi is absolutely fanatical about the price differential that exists between it and its competitors it has recently added online shopping and in-store bakeries to the mix. But always with its eye on price it is building a vertically integrated operation in China for non-food goods that it can sell online all year round.

ZARA



The mythic status of Zara's supply chain and its 'Just In Time' philosophy, which allows exactly the right amount of stock with no excess to hit the stores at exactly the right time is already legendary in retail. Founded in 1975 with one shop in Spain it now boasts over 2,000 stores across multiple markets. Turning conventional fashion retail wisdom on its head Zara takes its design cues from its customers in-store, which is then fed directly back to designers who begin to modify the range immediately and the results will then be in-store within a fortnight. This compares with around six months for normal mainstream competitors. Twice a week like clockwork Zara store managers will order their new stock and twice a week they will receive replacement shipments. Part of Zara's mystique is that it only manufactures small runs, giving products a scarcity value and meaning that customers are willing to pay full price for them. Over 85% of Zara stock is sold at its intended price, which compares very favourably with the usual womenswear retail rate of as low as 50%. Because Zara owns so much of its own manufacturing and delivery processes, it only has to commit to 15-25% of its new range six months in advance, and maybe 50% by the beginning of the season – all the additional capacity can be used to design new items right in the middle of the season and if something suddenly takes place in the world of fashion then the company is poised to react instantly. And despite having to pay higher salary costs for its Spanish-based manufacturing centres, Zara can trade off the frequent transportation costs against the fact that it does not need to warehouse vast amounts of stock. Its clear visibility over its own supply chain coupled with its speed to market for new garments give it an unstoppable advantage over its competitors with their distant manufacturing and distribution bases that are subject to endless unforeseen disruption.



4 IKEA

A global phenomenon with over 300 stores in nearly 40 countries IKEA was founded by Ingvar Kamprad when he was 17 in 1943. In 1948 he added furniture to the limited range and by 1951 it was necessary to produce the first IKEA catalogue – which was and continues to be free to everyone. Jump to now and they print 197 million of them. They cleverly cut every cost corner they can without compromising on the quality to design it, while using alternative design – companies who make buckets are used to produce their chairs. Sofas are covered in materials like denim from a totally different industry. And supermarket trolley manufacturers help them with sofa frames. Ikea replaces one third of its product lines each year to keep up the customer interest. The company is constantly on the move and is now running pilot programmes to repair and recycle furniture, and 3D printing spare parts as it predicts developed countries are hitting 'peak stuff'.



5 AUDI

The car maker runs a small number of ground-breaking salesroom sites including one on London's Piccadilly, which have had an astronomical impact on sales. In 1987 there were 20 different Audi models, now there are 40. No showroom can hold them all so the team at Audi developed a system that requires only two physical cars on the showroom floor and this still raised sales figures by 70%. This was done through the development of software that allows the buyer to customise their own car using the model in the showroom as a base, neatly turning on its head the idea that people need to see the exact car they're going to buy before they commit. The number of variables is staggering: in the newest Audi Q3 model there are 3.5 million possible configurations. Audi has identified two trends in car buying. One is digitalisation and the second is what they call simplicity, which refers to the fact that customers demand complex personalised designs but they want very simple processes to be able to do it. Audi research indicates that a third of buyers would purchase a car purely online if they could and it spotted the gap in the market for a showroom based around digital concepts. The procedure works as follows: the customer along with the sales person uses the software to look at all the fabrics/design permutations possible on the model – this is done on touch screens via tablets. The final design is then visible on large screens located around the showroom and is viewable in a spin-around 3D version making it visible from every angle. The customer then leaves with a personalised code and brochure, which is referenced when ordering the car. This code can be used on the customers' own computer to edit the car profile at home until the absolute final design is ready. Expect the roll-out of this revolutionary car buying system across the globe in the coming years.



6 BREWDOG

A brewery and beer retailer that is very firmly based in Scotland (Elion is the main bit with a site in Fraserburgh used as the test bed for beers), BrewDog has bars and shops scattered all over the globe. It was founded in 2007 by two young Scots who have given the company something of a reputation – from their antics of brewing a beer that was served out of a stuffed squirrel, to producing the world's strongest beer (called Tactical Nuclear Penguin), and driving tanks through the City of London when raising money through crowdfunding.

BrewDog is also well known for its run-ins with the watchdog Portman Group, mainly over the alcoholic strength of its beer. The company was eventually cleared of contravening the code of practice. Afterwards as a little gesture the brewery produced a supremely weak beer just for the fun of it and called it 'Nanny State'. More good marketing you could say, but BrewDog is not just a terrific marketing machine, its beer is also very good and the company takes a major hand in selling plenty of the liquid. BottleDog is the name of the chain of beer shops it is busy setting up. The first one opened in Grays Inn Road in London and sells 250 beers. Drinkers can take beer home from taps in the shop. Many of these drinkers have been funding BrewDog's expansion and the latest round has just brought in £16 million. This will be used to build a brewery in the US, setting up a distillery, and the opening of more bars and shops.

graze

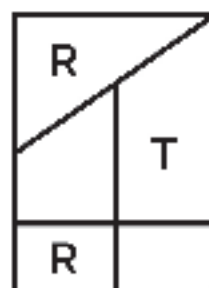
7 GRAZE

Ground-breaking business predicated on the efficiency and convenience of the regular postal system and the growing popularity of healthy snacking. There are around 100 different quirkily-named snacks on the Graze website – some are very healthy, some are unhealthy sounding like deconstructed carrot cake but are in fact healthy and some just are what they say – like a chocolate brownie with dipping sauce or banoffee pie. But the important thing is that even the unhealthy ones will not be killing you because they are all snack sized. Graze aims to make healthy exciting and it seems to be working because this company, which has only been going since around 2010, had an annual turnover of £70 million last year. It works on a subscription model meaning that customers choose how often they want to receive the box through their letterbox (weekly, bi-weekly, or monthly) and after indicating basic preferences or allergies, Graze's algorithms do the choosing for you. The customer does not know what will be in the box from one delivery to the next but Graze is a very agile brand, if the market moves and customer preferences change it can reflect to that immediately. A large FMCG company will spend millions of pounds on launching one new product into the snack market while the food scientists at Graze have created hundreds of new products, which might be produced only the one time. Competition is increasingly fierce, however, Graze is still comfortably number one so when the big retail names wanted healthy snacks to sell in-store it was Graze they approached. So now you can find individual Graze snacks in Sainsbury's, Boots, and WH Smiths to name a few, which gives the company multi-channel coverage. Customer data shows that these store shoppers are completely different to the online buyers, which implies that there is a whole other customer segment waiting to be tapped.



8 EATALY

Eataly founded by Oscar Farinetti is a retailing phenomenon in both Italy and the US (where Farinetti's son Nicola runs things) and will soon open a franchise in Selfridges allowing UK customers to see what all the fuss is about. Imagine a really luxurious but not too overpriced supermarket where you can go and eat some of the lovely things you see on sale, say eat a pasta dish where the flour used to make the pasta is on sale next to the kitchen and you can take a class in pasta making and learn how to make the delicious thing you just ate. This in essence is Eataly. The first outlet opened in Turin in 2007 and is now one of its main tourist attractions while the rest of the chain expands quickly across the globe. This is no general flat-pack roll out though as each outlet is tailored to its local market. The menu selection in the New York outlet for example is very different to the one in Chicago, which will be 100% different to the one in Tokyo. Chicago-based customers for example like fried food so there is a restaurant Il Fritto selling only fried foods just for the Chicago branch. The founders always partner with a savvy local who will help them towards a successful integration into the local culture; in the US for example Eataly works as a joint-venture with celebrity chef Lidia Bastianich who runs the cookery school in the stores. Within the Italy-based stores the emphasis is on finding out the most regional and tiny local suppliers. But around the rest of the world, thousands of oils, pastas and other unique ingredients, which have never before been available to anybody outside of Italy, are shipped to the waiting masses.



9 RENT THE RUNWAY

Rent The Runway was conceived out of research showing the average American woman buys 64 pieces of new clothing every year and 50% of that will only be worn once. There are all kinds of straplines that have been used to describe Rent The Runway: 'Why buy a dress you'll only wear once?', 'Think of us as your best friends with a much bigger closet', and 'favouring access over ownership'. In 2009 Rent The Runway launched as a purely online entity but in 2013 the company opened shops (locations include New York, Washington and Las Vegas). It has bought around 65,000 dresses and opened up a whole new market for the 150 or so designers it works with. Rent The Runway is a five million member strong new customer acquisition channel, at an instant a vast number of young professionals who think nothing of parting with lots of interesting data about themselves. And perhaps as Millennials with a penchant for the sharing economy Rent The Runway will just convert its clients to be renters for life. Each dress is displayed with its rental cost next to its retail price. The eye-watering difference alone would be enough to convince clients to keep on renting. There is of course a vast logistics machine at work here considering that 60% of dresses returning in their pre-paid envelopes on any given day will be turned round immediately for re-shipping out again the same day. At the latest count the average number of rent-outs per dress was 30. A 1,000 algorithms chug through all the data constantly forecasting demand, analysing seasonal changes, setting prices against all those factors, tracking garment locations so as to select the most efficient method of return, either overnight or three-day return. The company is at heart a technology firm, which just happens to specialise in consumer goods. The plan is to extend the model to other types of goods now that the concept has been proven with dresses.

FARFETCH

10 FARFETCH

Farfetch brings together 400 boutiques and 1,600 luxury brands from around the world onto its online platform. Many of these are small independent operators that are massively empowered by the international reach that Farfetch gives them. The company undertakes all the heavy lifting integration of these retailers' and brand owners' websites onto the Farfetch platform. Customers then use the Farfetch platform to enjoy seamless shopping across these brands – giving them the ability to buy from multiple stores via a single basket and payment transaction. Farfetch then oversees the fulfilment, which now includes same day delivery in the top 10 cities around the world in which it operates – including London, Los Angeles and Miami. It presently ships product to 190 countries, which has helped it grow sales by 70 per cent to more than \$500 million last year. This looks set to grow as it pitches itself up against big rival Yoox Net-A-Porter with the launch of its new division Black & White. This creates websites for luxury brands, which operate separately from the main Farfetch platform. It has initially created the online store for Manolo Blahnik. Farfetch very much also believes in the value of physical stores and bought London business Browns, which it uses to test innovations that could benefit the many boutiques and labels that use its marketplace.

BLOOM & WILD

11 BLOOM & WILD

This flower delivery company was founded in 2013 and exists to make it easier for people to send each other flowers through the regular postal system. The plan was to originally set up an online flower ordering service to be either the freshest, or the most convenient, or available through a subscription service. However, the company soon realised that subscriptions work best for services that one is buying for oneself and that people buy flowers for themselves on impulse not once per month so eventually B&W decided that the optimum opportunity was going to be flower gifting of the most convenient kind with a subscription option. And the most convenient method of delivery is through the letterbox. As many as 90% of letterboxes will fit a B&W box 60cm long by 3.8cm high and 18.4cm wide. Using some tricks of the trade 20 stems can be fitted into these boxes – they put heads at both ends, place netting on the heads to compress them to the exact box size and prevent them moving around, and cut some stems shorter. And of course that element of surprise is one of the big innovations for the brand. People don't expect to come home from work, find a cardboard box on their mat, which when they open it is full of flowers. The entry point is pitched at £20 but the most popular orders retail at around £25, however that includes the Royal Mail first class delivery, whereas with other suppliers you will be adding a £7-8 delivery charge to the bill. B&W do an average of several thousand orders a week this year, an increase of seven-fold on last year and the mantra is that today's recipients are tomorrow's buyers so coupons are put in with every order and the company bookmarks important dates and then sends customers a reminder that flowers are due several days before. The flower gifting market in the UK is worth £600 million a year (50% is online) – expect this company to grab an increasing share of that market.



12 PIRCH

Pirch is a high-end US company founded in 2009 selling designer bathrooms, kitchen, and outdoor furniture through a number of showrooms. But these are not just any showroom. They are as far removed from the usual vast sheds as it is possible to imagine. The two founders Jeffery Sears and Jim Stewart identified the process of furnishing some of the most important rooms in the house as a tedious traipsing around, trying to turn on taps that don't work, prising open oven doors that won't open, getting into showers that have no running water, turning on hobs that have no flames, and then finding out when it's too late that you've bought the wrong thing completely. So in Pirch showrooms the toilets really are plumbed in and every store has a range of private, reservable showers. The ovens in the kitchen area can actually cook things. And washing machines will spin your clothes clean. Every store has a team of chefs on hand who are constantly cooking on the appliances and answering consumer questions as well as providing free food of course. Additionally the stores run cooking classes which are extremely popular and book out months in advance. Of course all of this works out very expensive but the company spends nothing on marketing and rates everything on customer satisfaction. And they are very satisfied spending an average of two hours per visit to a Pirch store. This includes drinking the complimentary barista-made coffee on arrival, eating freshly prepared snacks from the kitchen department, showering in the bathroom section, watching a bit of television while the washing is spun dry. With some Pirch stores achieving sales of \$3,000 per square foot this innovation really does pay its way.



13 SOCIAL SUPERMARKET

There are two locations for this community-based shop, one in Barnsley in Yorkshire and the second in Gypsy Hill, South London, which attempt to stem the huge flow of waste caused by manufacturing mistakes such as mislabelling for example on allergens. The overwhelming majority of people can eat a mislabelled product but it cannot be sold to the general public. Social Supermarket therefore hooovers up a fraction of the mis-packaged, damaged, over-ordered, and wrongly labelled products in existence. These account for 50% of the goods on the shelves at the Social Supermarket, with the rest short shelf life (best before dates). The parent company, Company Shop, has been working in the UK for 35 years operating staff shops in large retailer and manufacturer head offices where staff can purchase products at a reduced price if they are broken or faultily packaged etcetera. Manufacturers are fine with this well controlled selling of such goods but none would be willing to let a general market develop in their carefully built-up brands where the goods are sold at a substantial discount. Company Shop has taken this controlled access staff concept and brought it to the public domain because everyone buying from the Community Shops in Barnsley and Gypsy Hill is on means-tested benefits. Community Shop buys the surplus from manufacturers (with the agreement of retailers and distributors – the original recipients of these goods) and sells it at up to 60% discount. The challenge then arises as to how to educate the clientele in how to cook these possibly unknown foods. For this purpose Social Supermarket has developed The Hub – an educational resource that teaches the customers how to ensure the food does not go to waste a second time.



14 BOXPARK

Situated on the Bethnal Green Road, in London's trendy Shoreditch the first BoxPark is a collection of 60 shipping containers turned into retail units that are let out to a never ending list of interested retailers at a fraction of the rental of a normal shop and with no demanding covenants. Founder Roger Wade first customised a container when attending trade shows with his then venture fashion brand BoxFresh as an alternative to spending money on flimsy booths. In 2011 having sold BoxFresh Wade opened the world's first ever pop-up mall with 40 containers downstairs and 20 food/café units upstairs named BoxPark. Although large brands are allowed into the mix they must be doing something innovative and different. For instance Puma had its TWENTYONE concept store offering only 21 styles of footwear on sale at any one time and every 21 days it all got changed around. An online marketplace has been added selling various independent brands and the second BoxPark is scheduled for opening in Croydon during the summer of 2016 with a focus on food and drink.



15 HOTEL CHOCOLAT

Founders Angus Thirlwell and Peter Harris began selling confectionary together in 1988 and via several company detours arrived at Hotel Chocolat in 2003. Now standing at over 80 stores, including three in Copenhagen, Hotel Chocolat is testament to the success of its vertically integrated structure because in 2006 it went the whole mile and bought a chocolate plantation. The huge advantage in doing this, for Thirlwell, is that it protects the company's intellectual property. No one knows what is about to hit the market until it's out there. And as they control supply of their core ingredient the right stock is always in there at the right time. This is particularly important at key times like Christmas. The company also opened a hotel as well as a number of restaurants. Much of this was funded by the truly revolutionary idea of a 'chocolate bond'. Many participants were existing members of the Chocolate Tasting Club of which there are 100,000 members that are central to Hotel Chocolat's constant product innovations. The business is now moving towards IPO.



16 OCADO

No list of truly innovative operators would be complete without online grocery delivery company Ocado. It is headquartered in Hertfordshire but has two giant warehouses in Hertfordshire and Warwickshire servicing 11 'spoke' sites around the country. In 2000 three ex-Goldman Sachs bankers decided to set up an online-only supermarket that was effectively a vast automated delivery machine and today it remains the only dedicated online supermarket in the world. As with so many other online ordering companies the original innovation was all about software and it is that and not food that is its real marketable product. Originally, of course, partnered with Waitrose, Ocado caught the eye of Morrison's, which changed its mind about an online offering and handed the task over, lock, stock and barrel, to Ocado. In the world of retail where two years is a lifetime Morrison's has signed up for 25 years. Ocado's innovation centres on its delivery mechanism. Other supermarkets have a mix of 'dark stores' - depots laid out as normal shops where human pickers go round with a trolley and get the stuff - and picking from regular stores. Some even have semi-automated warehouses with a mixture of robots passing the orders to pickers at high speed. In contrast, Ocado operates fully automated warehouses at an enormous cost of development. This is why in the Grocer magazine surveys of successful online food ordering invariably places Ocado at the top of the pile. Robots don't read barcodes incorrectly and they don't get tired. Ocado also has an own label range, which although tiny at the moment, will no doubt grow - especially as the Waitrose deal is scheduled to run only until 2017. It is best to think of Ocado as mainly a technology company rather than a retailer, which can licence its software to third-parties.



17 T2 TEA

Founded in Australia 20 years ago but with a growing number of outlets in the UK and US, T2 is on a mission to do for tea what has been done for chocolate and coffee, namely a refining of the national palate away from weak tea bags served with too much milk and sugar. With 200 different teas on offer an education is certainly called for. T2 achieves this partly with high-end and well-designed tea making kit like the T2 Teamaker - a piece of glass engineering more resembling a cafetiere, which is really selling the benefits of loose leaf tea. Another innovation for the customer is the tasting bar, which again normalises all the paraphernalia you can use to brew tea while the in-store employees give you the low down on the many teas on offer. There is also a 'smell table' and the 'wall of tea' - comprising floor-to-ceiling bright boxes. This packaging of the tea makes the product range look slightly like a library (think the chocolate library in Selfridges for a similar idea) with the core lines branded in orange boxes. In terms of customer loyalty there's the 'The Tea Society', which consists of regular buyers in three tiers (tea society, high tea society, secret tea society - you need to spend more than £1,000 to get to this level). In short, yes it is selling coals to Newcastle but so elegantly and differently that all is forgiven. By the end of 2019 there should be 100 overseas stores - with 50% of them in the UK.

TIMPSON

Great Service by Great People

18 TIMPSON

With more than 1,000 tiny shops in the UK providing cobbling, dry cleaning, key cutting and engraving services Timpson's is a very recognisable high street name. What they are not so well known for however is their innovative approach to employment. Timpsons is one of the very few retail employers in the country who will take on ex-offenders and train them to work in their shops. Over 10% of Timpsons workforce is made up of this category of employee – and most types of criminal are represented from the most serious crimes down. It's a decade since the idea was first tried and at the outset there were teething problems aplenty, however, the company persevered and now nearly 20 of their shops are managed by ex-prisoners. In fact in one prison there is a mock-up Timpson shop where inmates are trained. The obvious advantage for the company is a fanatically and fantastically loyal staff base. James Timpson, CEO (who received the OBE for his services in recruiting disadvantaged people), has claimed the company has the lowest staff turnover in Europe. Other innovative moves include the addition of the Timpsons Pod – there are around 250 of them at the moment, these are the tiny retail units which house Timpsons shops in supermarkets and retail parks. However, all Timpson's premises are extremely small, the same goes for the High Street – the company has always slotted its premises into the tiny, awkward units which has saved it a fortune in rent. Finally the company operates a dynamic pricing structure – all part of its employee empowerment – which means that the company issues price guidelines but if an individual manager wants to strike a deal with a customer then they can.

appear [here]

19 APPEAR HERE

This small and young company is unsurprisingly headquartered in Hoxton, East London and run by a small team. Founder Ross Bailey has exploded the old-fashioned and stuffily legalistic world of retail leases. Simply put it's an online marketplace, which brings together vacant retail space and people who might want that space. Bailey's vision is that Appear Here could be an Airbnb for shops. Across the world he wants to build a space for goods, a brand launcher, one-off pop-up - whatever is required basically. His clients can instantly see if a unit in the required district of New York, Barcelona, or Maidstone is available and Appear Here takes a commission on every transaction done – about 10-20%. Bailey concedes that the landowning fraternity is basically a conservative one but the trend on retail lease length is firmly downward. In 1991 the average retail lease length was 20 years, by 2001 it had dropped to less than 10 years and in 2011 it was less than five. So Bailey is really just taking a natural progression that bit further. Clients upload their own legals, or use the standard licence agreements. Everything is double-checked, signed online and clients can pay monthly or upfront. Appear Here's 3,000-4,000 clients range from luxury goods, to brands who occasionally want to launch shops like Microsoft and Google to small independents. The landlord has a 'concierge' who looks after them and brings good fits to their attention. However, the fact which seems most revolutionary for Appear Here is that just when online had retail all sewn up, it turns out that consumers don't just want to look at a screen – they sometimes want shops from brands that aren't even retailers. Appear Here services that need perfectly.



20 NOTONTHEHIGHSTREET

Founders Holly Tucker and Sophie Cornish, wanted an online shop where the goods were unique, British, and ethically produced. So they set it up themselves and the company now works with more than 5,000 suppliers who have 200,000 unique products listed on the site, which has 2.5 million active shoppers. Still the best known platform of its kind, personalisation is its stock in trade so from personalised tax disc cufflinks to the iconic bus blind poster where you insert the important destination points of your life onto a Routemaster-style font NOTHS has someone who can make it. Every new supplier pays a one-off joining fee and then a commission rate for every transaction and competition to join the ranks is fierce. But of course the producer gets a strong umbrella presence featuring a dedicated homepage and then all the benefits of a much bigger companies' marketing support, press coverage and access to customer data as the company has an open source policy on data. The appointment of former online director at Tesco Simon Belsham as CEO shows there are big plans afoot to keep the company at the forefront of its market.

JUST EAT

21 JUST EAT

Founded in 2001 Just Eat now operates in 15 countries. It took as its starting point the difficulty that very small restaurant/takeaway operators have, selling their products online with all the technology and back-room operations involved. The procedure they developed is as follows: the customer types in their postcode and finds all the takeaways in their area, plus reviews left by other customer. They then order on the Just Eat site and the order is transmitted to the restaurant – which will have a little receiving box precisely for that purpose. Customer chooses how they pay and whether they collect or have it delivered and the process is complete. The business now attracts 700,000 visitors per year to its website in the UK alone, with 59,000 outlets using the service – who each receive 60 orders a day via Just Eat worth £1,000. These good providers pay a commission while for consumers there is no charge and they have the benefit of a huge 'visibility of choice'. Just Eat is now looking to act as a channel for big branded high street restaurants to sell online.

flying tiger copenhagen

22 TIGER

Another Scandinavian design success story, Tiger was founded in Copenhagen and now has over 250 stores across 19 countries – with a tenth of these in the UK. The first notable thing about Tiger is that there are few concessions made for location so a Tiger store in Japan will look exactly the same as an outpost in Denmark. In addition, founder Lennart Lajboschitz believes that all consumers in big cities buy exactly the same things. The emphasis in Tiger is on beautifully designed small items for a minimal cost with nothing costing much over £30. A case in point is batteries – buying batteries is perceived as a male preoccupation so Tiger, whose customer base is overwhelmingly female, produced colourful, Day-Glo variants in rainbow colours, which became a signature product. One and a half thousand products are designed for Tiger every year and a very tiny group of people stock this entire global business. This is achieved by Tiger's other great innovation of rolling-out one great design look across as many as 50 different products. A motif of Russian dolls could find itself on a mug, a food container, a tea-light holder, a photo frame and a Sellotape dispenser. Tiger do not sell products that cannot adapt to this multi-design initiative.

tossed

23 TOSSED

Healthy lunch provider Tossed has been in the salad/lunch food business for more than 10 years and currently sells through 26 units including several in Dubai and more than a handful in Welcome Break service stations around the UK. It was almost alone in the category initially but it now has myriad competitors including Pret a Manger, Leon and ITSU. But it is still keeping ahead of the pack with the concept being taken to a very different audience via the Welcome Break partnership and new lines including warm rice or quinoa-based meals called Tossed Pots. These have quickly become best sellers with growth hitting 250% year-on-year. But it is for the development of innovations around meal ordering technology and cashless stores that Tossed is really standing out. The company's typical customer personalises their own salad by choosing base ingredients, premium ingredients, vegetables and finally their preferred dressing. This has always been done in conjunction with a serving assistant at a counter. However, so much time was being wasted ordering that after 18 months of development a kiosk was launched – effectively a tablet, which takes the order direct from the customer. This leaves all the Tossed employees to concentrate on the business of making the salads as fast as possible. As well as less waiting times, the average spend has also nudged upwards. There is also a Click & Collect option whereby the customer orders their salad online or via a new app and then collects it from the collection point in-store. But equally revolutionary is the decision to go completely cashless meaning there is no safe required, or cashing up, or theft, or cash handling. Expect future innovations to include more use of customer data allowing the site to predict, upsell and filter customer's eating preferences.



24 HEDONISM WINES

The brainchild of Russian telecoms tycoon Yevgeny Chichvarkin who moved to the UK after selling his company Yevrosnet, Hedonism is a temple to wine located in two knocked together retail units on Davies Street in London's Mayfair. On opening it created an immediate storm of publicity centring on its more extravagant product lines such as a bottle of Chateau d'Yquem at £98,000 or the 1774 Jura Vin Jaune at £72,000, the entrance chandelier that is made up of 125 wine glasses and the range of Primat bottles (they hold 27 litres of your favourite tippie). But in spite of its innovative design and glitz its other big game-changing policy is the sheer range of wines it stocks: 8,000 lines of alcoholic product. Alongside the extravagant prices also come 700 bottles of wine retailing under £30. The other big innovation was friendliness. As the founder saw it there was something at the top-end of wine retailing which was missing and it was great customer service. At Hedonism every customer will be treated with the same concern – regardless of whether they are spending £10,000 or £25. Even the security tags on the bottles, and each and every bottle has one, have been specially designed to make people still feel comfortable in picking up bottles. There is also a play area for children and a pile of records to put on the turntable if you feel like it, too. It is comfortably the most efficiently upmarket off-licence in London.



25 WALTHAMSTOW VILLAGE STORES / SPAR

Long before Walthamstow had a 'village' James Brundle and his brother Chris used to walk past an unloved and rundown off licence on the Orford Road in London E17. In 2008 Brundle and another sibling Siobhan O'Donnell decided to buy it, turn it around and run it as a Spar. After a mere three years they won the accolade of Best Convenience Store in the country, and two years after that made it to the final 10 of the Best International Convenience Store. The premise is simple: The shop is not just a shop. It is also a restaurant, because Brundle also bought the premises next door and converted it to restaurant Eat17. The shop operates under the Spar umbrella, which the founders say works well because they can keep their independence and as long as the store continues to order the basics from Spar then any niche products are their own affair. The entrepreneurial family created their bacon jam range that is stocked beyond their own store - nationally. The E17 store's success has led to a second larger unit (still working with Spar) in a converted cinema in E9, which includes a café/bar and upstairs restaurant.

Top 25 Grand Totals

Position	Retailer	Total Score (out of 700)
1	Amazon	555
2	Aldi	499
3	Zara	497
4	IKEA	485
5	Audi	477
6	Brewdog	471
7	Graze	469
8	Eataly	458
9	Rent The Runway	440
10	Farfetch	439
11	Bloom & Wild	438
12	Pirch	431
13	Social Supermarket	426
14	BoxPark	422
15	Hotel Chocolat	421
16	Ocado	415
17	T2 Tea	409
18	Timpsons	404
19	Appear Here	403
20	NotOnTheHighStreet	402
21	Just Eat	399
22	Tiger	383
23	Tossed	383
24	Hedonism Wines	365
25	Walthamstow Village Stores / Spar	335



Most innovative

To what level has the company delivered a notable level of innovation that truly sets it apart from the competition.

Position	Retailer
1	Amazon
2	Aldi
3	Zara
4	IKEA
5	Audi
6	Brewdog
7	Graze
8	Eataly
9	Rent The Runway
10	Farfetch
11	Bloom & Wild
12	Pirch
13	Social Supermarket
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20	NotOnTheHighStreet
21	Just Eat
22	Tiger
23	Tossed
24	Hedonism Wines
25	Walthamstow Village Stores / Spar



Influence on industry

For established retailers, what is the level of impact the organisation has had on the broader retail sector. For newer operators, what is the likely impact they could have as they build out the proposition.

Position	Retailer
1	Amazon
2	Aldi
3	Zara
4	IKEA
5	Audi
6	Pirch
7	Brewdog
8	Hotel Chocolat
9	Graze
10	Farfetch
11	Just Eat
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19	Social Supermarket
20	Tiger
21	Timpsons
22	Ocado
23	Tossed
24	Hedonism Wines
25	Walthamstow Village Stores / Spar



Quality of the business

The level to which the business has been built on solid foundations and with a credible management in place.

Position	Retailer
1	IKEA
2	Zara
3	Amazon
4	Aldi
5	Graze
6	Audi
7	Eataly
8	Brewdog
9	Timpsons
10	Bloom & Wild
11	Hotel Chocolat
12	Ocado
13	Social Supermarket
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19	Not On The High Street
20	Pirch
21	T2 Tea
22	Tiger
23	Appear Here
24	Just Eat
25	Walthamstow Village Stores / Spar



Top 25 - Future success

For established retailers, what has the company achieved to date, and for newer operators what is the potential for them to deliver a high level of success in the future.

Position	Retailer
1	Amazon
2	IKEA
3	Zara
4	Aldi
5	Audi
6	Eataly
7	Brewdog
8	Graze
9	Rent The Runway
10	Farfetch
11	Bloom & Wild
12	Timpsons
13	Social Supermarket
14	BoxPark
15	T2 Tea
16	Hotel Chocolat
17	Just Eat
18	Pirch
19	NotOnTheHighStreet
20	Tiger
21	Ocado
22	Tossed
23	Appear Here
24	Hedonism Wines
25	Walthamstow Village Stores / Spar



Proof of ongoing innovation

Regardless of the age of the company, is there proof that there is constant innovation, which will enable the company to maintain its position at the forefront of events.

Position	Retailer
1	Amazon
2	Brewdog
3	Audi
4	Graze
5	Rent The Runway
6	Zara
7	Aldi
8	Farfetch
9	Eataly
10	Bloom & Wild
11	IKEA
12	Social Supermarket
13	BoxPark
14	Ocado
15	Pirch
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21	NotOnTheHighStreet
22	Just Eat
23	Walthamstow Village Stores / Spar
24	Timpsons
25	Hedonism Wines



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