Innovation in Retail

With CIOs spending 54% of their time on promoting innovation within their firms [1], this paper uncovers the increasingly growing trend of innovation in the retail industry. The paper begins by discovering the history of retail innovations. Traditionally, innovations in retail were found to be incremental but more recently, this trend has shifted and we are seeing an emergence of radical innovations like e-commerce. We have found that innovation in retail is driven by three factors: the economic climate, globalization and technology.

Next, we investigate the relative amount of innovation in the retail industry as compared to other industries like manufacturing and information technology. Innovation in the retail industry is found to differ from manufacturing and information technology industries, as retailers are generally in direct contact with the end-consumer and strive to create customer-centric organizations. Thus, regardless of the cause that spurs innovation, its goal in the retail industry is to improve customer experience.

The paper then takes a deep dive into the world of e-retail, investigating the advantages and threats of this radical innovation to customers and retailers alike. It is concluded that e-retail is a trend that is here to stay and has drastically changed the retail landscape. Today's tech-savvy consumers are becoming increasingly intolerant of errors and inefficiencies on the retailers' end. Thus retailers are required to be more agile and adaptive than ever before.

Subsequently, we examine some of the most innovative and non-innovative retailers in North America and investigate what differentiates them. We focus on the innovation journeys of companies like Walmart, Sears, The Bay and K-Mart, thus identifying the factors that foster lasting and industry-leading innovation. Amongst these factors is the identification of a clear future state vision, having a clearly defined business model and continuous improvement. Finally, the paper concludes with a look into the future of retail innovations, including improvements to customer interactions and the introduction of new technologies. Some concepts that are investigated are innovations in customer interaction, shopping floor layout, customer analytics, indoor positioning of technology, near-field communication and biometric readers. Overall, this paper has presented a holistic view of innovation in the retail industry and identifies the importance for retailers to continually innovate to keep up with increasing demands of modern consumers. We have done this by taking lessons from the history of retail, measuring innovation in retail as compared to other industries, considering the threat of e-retail to brick-and-mortar stores, studying innovative retailers and forecasting the future of retail.