



2024 State of the Industry

Innovation in Retail



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Incisiv's 2024 "State of the Industry: Innovation in Retail" presents key findings and analysis from a study of 138 US & Canada retailers and 100 LATAM retailers. Some key themes in this year's findings include:

- Broadening innovation perspectives beyond industry standards.
- The impact of AI and other technological advancements on retail innovation.
- Leadership's role in fostering a culture of innovation.

This report is particularly useful for those involved in developing an organization's innovation strategy, introducing new products and services to enhance customer satisfaction and drive growth, or keeping abreast of the evolving landscape of retail technology and innovation strategies.

Unless stated otherwise, all data in this report is from the "2024 State of the Industry Survey: Innovation in Retail". Detailed survey methodology, industries covered, and respondent firmographics are available at the end of the report.

Embracing Innovation: A Unique Art Gallery

This report isn't just an eBook; it's also an art gallery. Alongside our findings and analyses, we've integrated five unique pieces of Generative AI Art as chapter breaks. These artworks embody the spirit of innovation —bold, unafraid, and limitless.

Our approach this year is a testament to the very essence of innovation we explore in retail - pushing boundaries, exploring new horizons, and reimagining the familiar into something fresh.

Enjoy this unique journey through the intersection of industry intelligence and artistic imagination.

At a Glance: Key Highlights from 2024 Findings

An industry-agnostic approach to innovation benchmarking emerges, with only **3% of US & Canada retailers** seeing themselves as leading against technology firms and digital native brands.

[More in Chapter 1](#)

Retailers seem stuck in no-man's-land, lacking a clear execution plan for innovation strategies. Only **22% of US & Canada retailers** and **18% of LATAM retailers** have dedicated innovation teams.

[More in Chapter 2](#)

From the need to better integrate digital and physical experiences in the US & Canada to being able to re-capitalise existing technology innovation in LATAM, **innovation means different things in different markets.**

[More in Chapter 3](#)

Artificial Intelligence (AI) is emerging as a key focus for innovation in retail, with **83% of US and Canada retailers** and **67% of LATAM retailers** scaling or exploring AI investments.

[More in Chapter 4](#)

Unifying digital and physical experiences is a top priority for both US & Canada and LATAM, a significant gap between intent and action remains.

[More in Chapter 5](#)

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Chapter 1

Beyond Retail Peers:

Measuring Innovation Success Against Digital and Tech Titans

Generative AI artwork inspired by the work of Shigeo Fukuda - a famous sculptor, graphic artist and poster designer known for his optical illusions.

A Broader Lens for Innovation Leadership

Consumers don't compartmentalize expectations. Uber sets the benchmark for frictionless "checkout". Netflix drives what consumers know as engaging and relevant personalization. Disney and Apple blend the digital and the physical so harmoniously that channels disappear, and only the experience remains.



Retailers don't compete with just their next-door neighbor anymore. They compete against the expectations set by customer experience leaders across industries and categories. As lower barriers to entry spawn newer, more nimble competitors and new business models such as marketplaces pose a threat, enterprises must strengthen their value proposition by innovating new experiences and services.

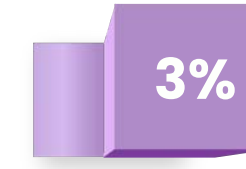
Navigating the Perception Gap: US & Canada Retail's Quest for Innovation

There's a striking contrast between perception and reality of innovation leadership in the US & Canada. This disparity underscores the need to expand horizons and redefine the path to innovation leadership.



LEADERS

While **17%** of retailers consider themselves leaders among their direct peers...



VISIONARIES

...only **3%** place themselves on par with tech giants.

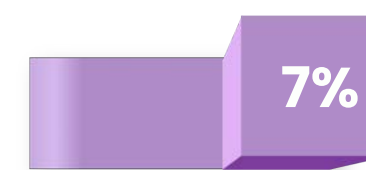
Influence Beyond Borders: LATAM's Innovation Perspective

The presence of global market heavyweights like Walmart and Leroy Merlin exerts a significant influence in LATAM. Their footprint goes beyond immediate competition; they are setting new benchmarks in innovation that ripple through local market dynamics.



LEADERS

11% of retailers lead their peers in innovation maturity,



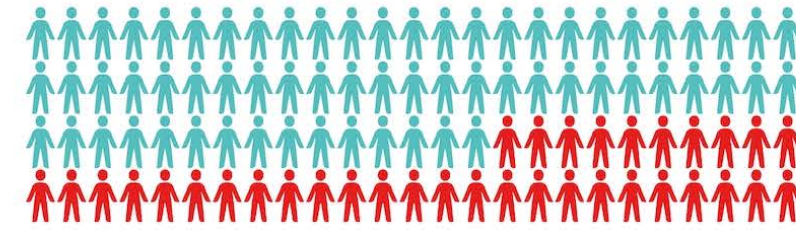
VISIONARIES

and **7%** lead in all industries.

Catalyst of Committed Leadership in US & Canada

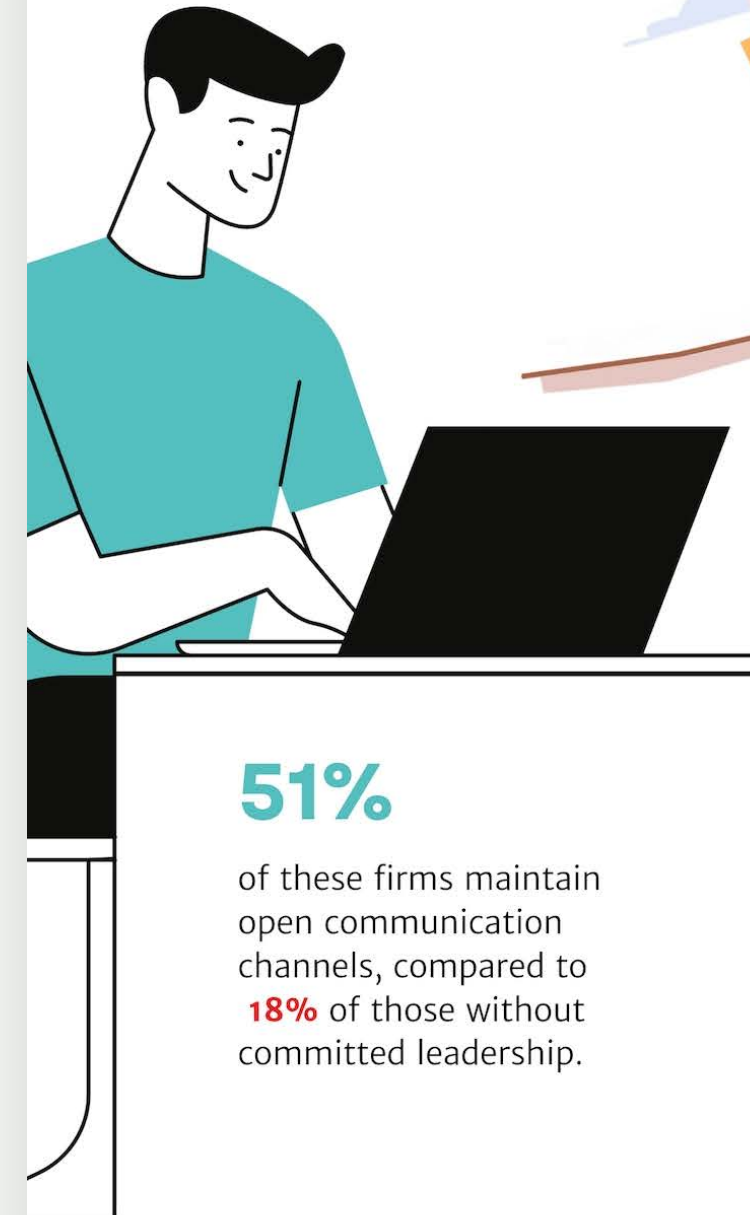
In the US & Canada, committed leadership is the cornerstone for innovation, with **65%** of leadership teams committed to innovation. This commitment translates into motivated teams, technology adoption, and collaborative culture.

To propel innovation in the US & Canada, fostering committed leadership is paramount. It empowers teams, accelerates technology adoption, and drives collaborative endeavors. Retailers should empower leaders to champion innovation, nurture a culture of open communication, and strategically allocate resources. In the competitive and rapidly evolving retail landscape, cultivating committed leadership is the linchpin to staying ahead.



65%

of leadership teams of retailers in the US & Canada are committed to innovation.

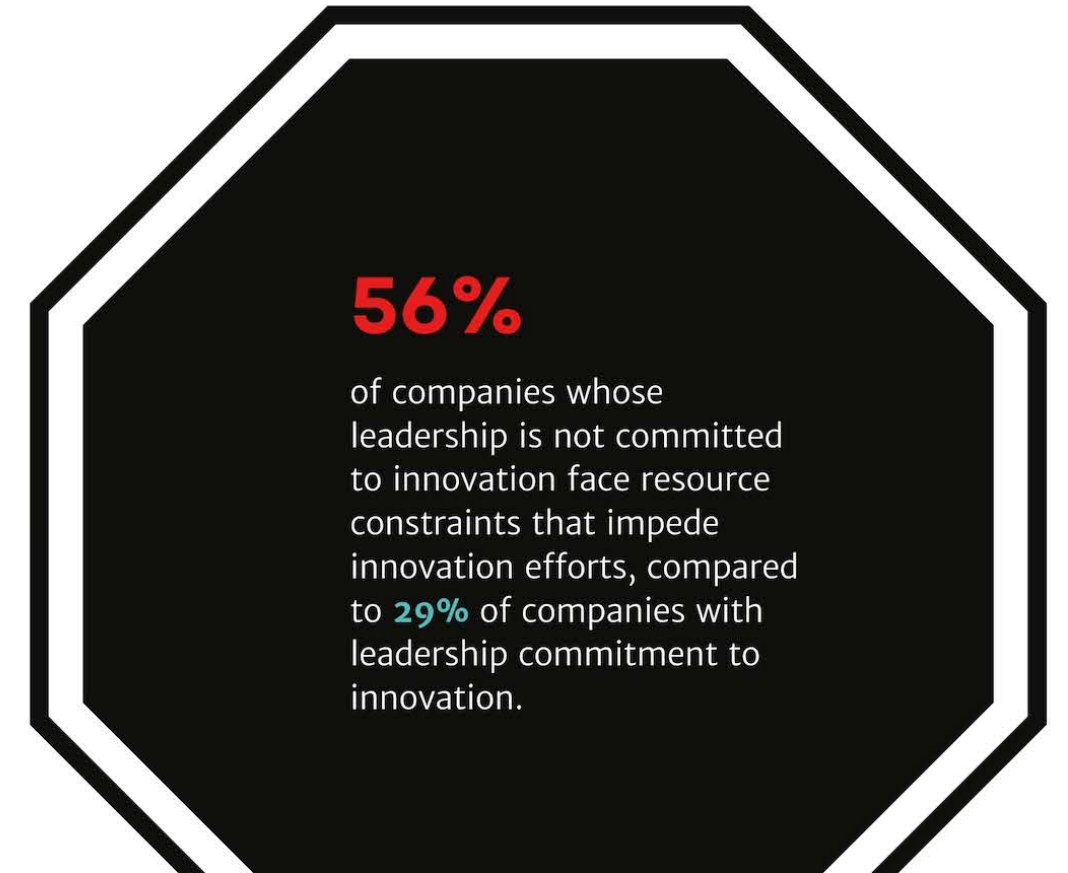


51%

of these firms maintain open communication channels, compared to **18%** of those without committed leadership.

56%

of companies whose leadership is not committed to innovation face resource constraints that impede innovation efforts, compared to **29%** of companies with leadership commitment to innovation.



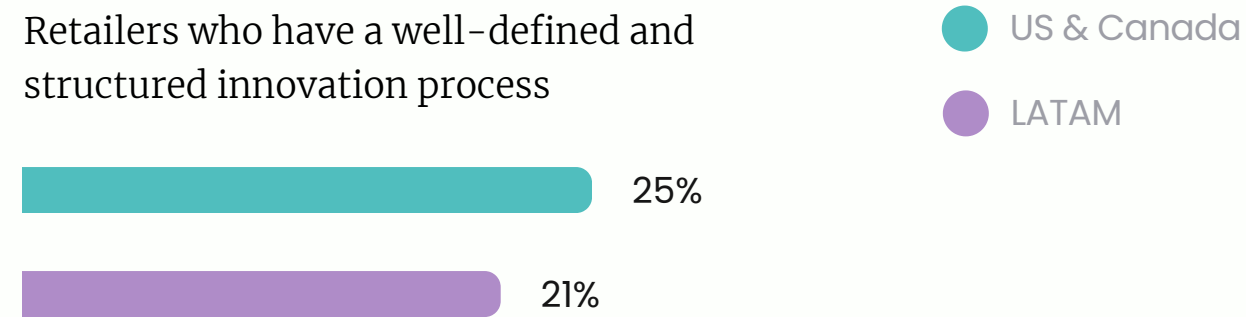


Chapter 2

The Innovation Process Paradox: Overcoming Cultural Barriers to Innovation

Generative AI artwork inspired by the work of Wes Anderson, designed in the style of a stop-motion movie poster.

The Challenge of Undefined Innovation Processes



Despite strong leadership commitment to innovation, both US & Canada and LATAM retailers grapple with challenges stemming from undefined processes, risk-averse cultures, and unclear execution strategies.

To overcome this paradox, retailers must prioritize clear and structured innovation processes, embrace risk-taking, foster a culture that encourages experimentation, and develop strategies for streamlined execution. By doing so, they can transform innovation from a concept into a concrete driver of progress.

Overcoming the Culture of Caution: A Barrier to Innovation



To foster a culture conducive to innovation, retailers must take decisive action. Encouraging calculated risk-taking, celebrating experimentation, and rewarding creative thinking are essential steps. By embracing a mindset that embraces controlled risk and learning from failures, retailers can unlock the potential for transformative breakthroughs in the industry.

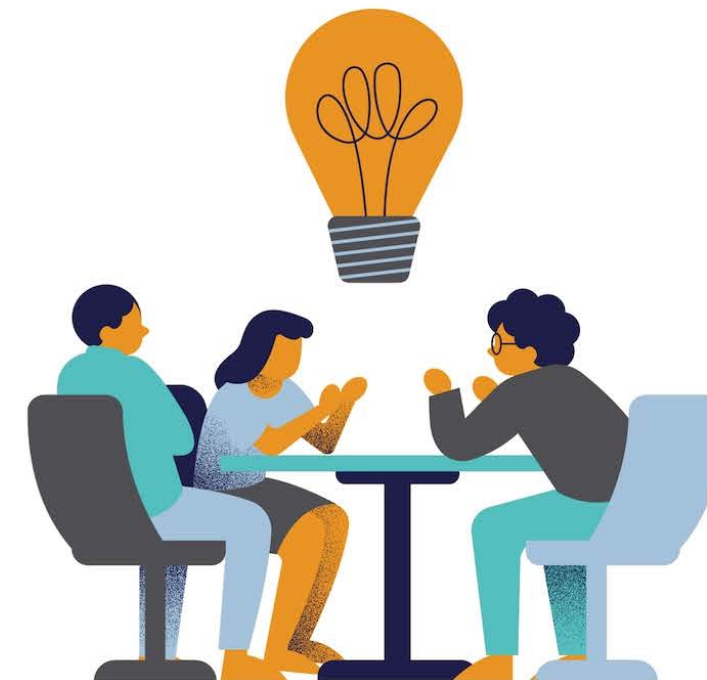
Breaking Free from No Man's Land

A major hurdle for retailers is the absence of a clear pathway to innovation execution, lacking both a shared cross-functional process and specialized innovation teams. This strategic void and insufficient resources lead to underutilized innovative concepts.

Retailers must break free from this innovation limbo by establishing a unified innovation strategy, integrating innovation as a shared process across the organization, or dedicating specialized teams to drive initiatives forward. Defining a clear execution plan for innovation strategies should be amongst the top priorities for retailers currently lagging behind their peers.



Only a minority of retailers acknowledge that innovation is an integrated, cross-functional process.



Further, very few have a dedicated innovation team.



Chapter 3

Diverse Innovation Priorities:

US & Canada, and LATAM



Generative AI artwork utilizing double exposure, silhouette photography, and cubism techniques.

Digitizing Physical Experiences

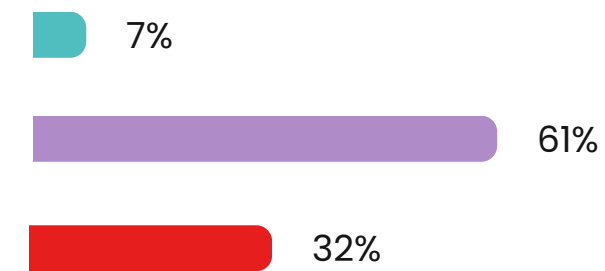
US & Canada retailers' innovation maturity in terms of being able to configure physical experiences with digital-like ease (e.g. setting up an express point-of-sale interface remotely)



US & Canada retailers currently show low maturity in configuring physical store experiences with the digital-like control, flexibility, and speed. This shortfall is largely due to proprietary hardware in physical retail settings, which hampers adaptability and seamless integration. The opportunity lies in transcending these hardware constraints to establish physical experiences as dynamic and modifiable as their online counterparts

Accommodating Complex Business Needs

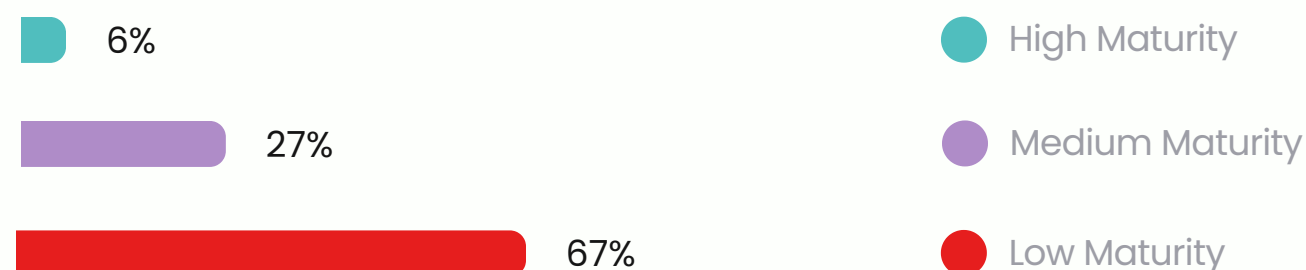
US & Canada retailers' innovation maturity in terms of being able to accommodate their business' unique requirements (e.g. customizations, off-catalog returns)



Adapting to unique business requirements is vital for retail innovation in the US & Canada. This encompasses areas such as streamlining complex supply chain management and optimizing inventory for regional demands. Retailers must prioritize strategies that adapt their customer experiences and business models to their specific operational contexts. Embracing technology and processes that allow for this level of specificity and adaptability is key to distinguishing themselves in a competitive market.

Leveraging Enterprise Innovation

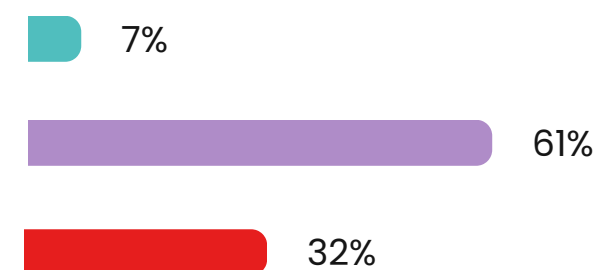
LATAM retailers' innovation maturity in terms of being able to utilize the best of innovation wherever it exists in the enterprise (e.g. using existing eCommerce personalization to improve in-store experience)



LATAM retailers face a challenge in effectively applying successful innovations from one area of their business to others. For instance, adapting advanced inventory management systems used in online operations to improve in-store stock efficiency is one significant opportunity. This requires a strategic approach to integrate technological advancements and operational insights across different functions. By doing so, they can create a more unified, efficient, and customer-focused retail experience

Building an Inclusive Ecosystem

LATAM retailers' innovation maturity in terms of being able to execute an inclusive ecosystem strategy (e.g. connecting with third-party delivery partners, or integrating with new pick-up locations such as lockers)



Another area where LATAM retailers exhibit low innovation maturity is in executing an inclusive ecosystem strategy. Retailers should prioritize investments in interoperable systems and APIs that enable smooth collaboration with third-party delivery partners, and easy integration with internal and external systems. Such technology investments are crucial for building a versatile and responsive retail ecosystem, which is key to effectively expanding their operational reach and improving customer convenience and accessibility.

Chapter 4

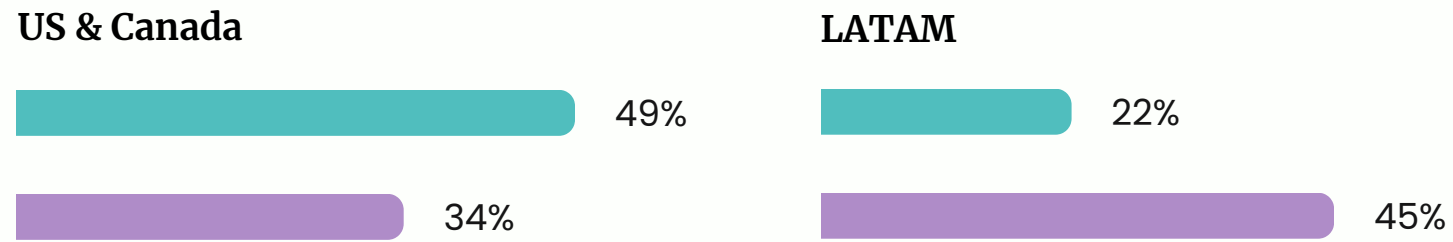
Artificial Intelligence: A Hotbed of Innovation



Generative AI artwork representing an all-knowing intelligence, done in the style of *Madhubani* – a centuries folk art form from India and Nepal.

AI's Appeal of Wide Applicability

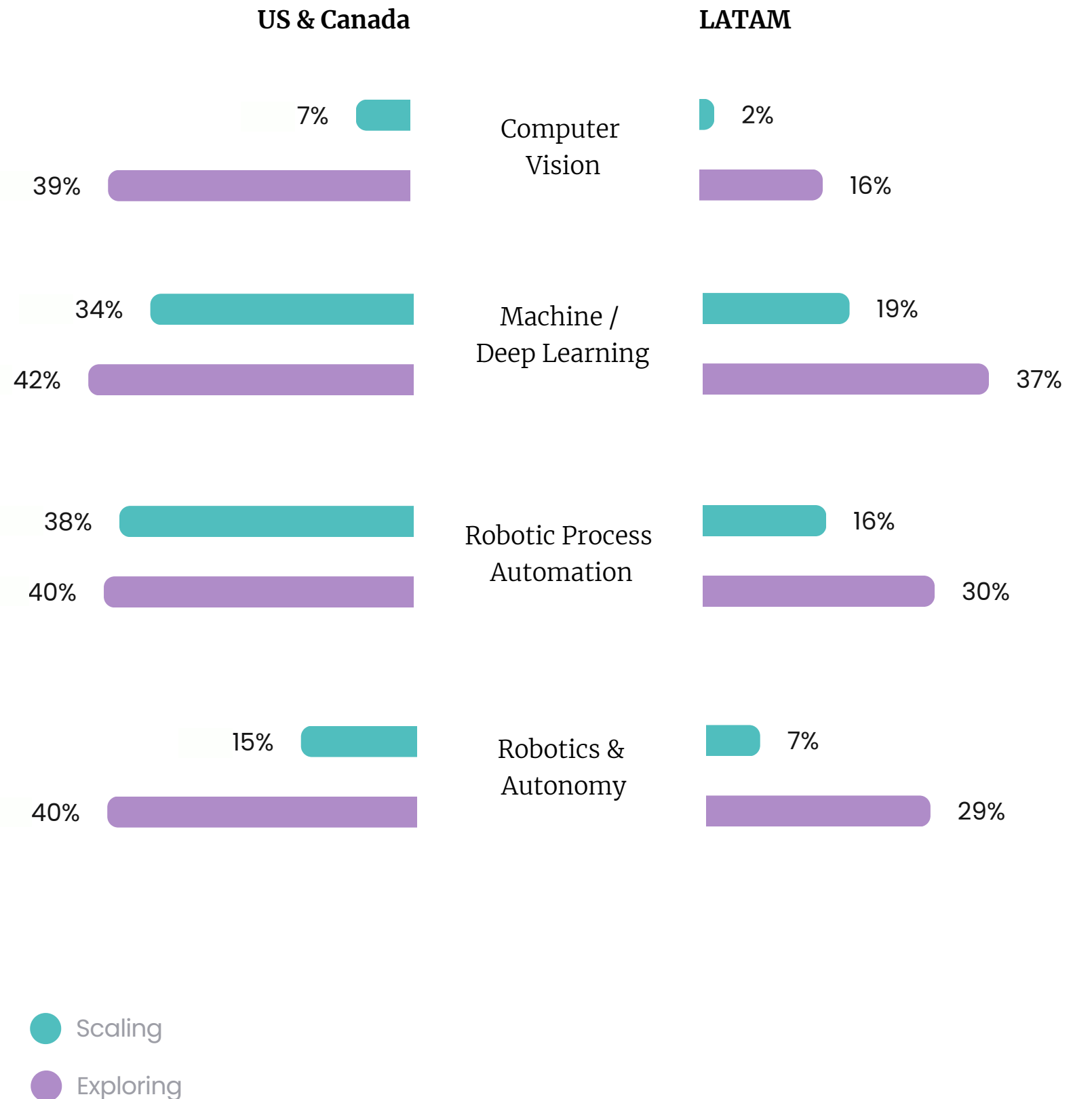
Retailers' Artificial Intelligence Adoption Plans



Artificial Intelligence stands out as an area of immense activity, both in scaling existing initiatives and in exploring new investments. This can be attributed AI's versatility in enabling retailers to address a wide array of challenges and opportunities, ranging from customer service enhancements to operational efficiency.

However, it is crucial to recognize that AI is not a monolithic technology but an umbrella term that encompasses a diverse array of technologies. Within this spectrum, Machine Learning (ML) and Robotics Process Automation (RPA) are garnering significant attention, especially regarding scaling efforts. The focus on these technologies indicates a strategic move towards leveraging AI not just as a tool for innovation, but as a foundational element in modernizing retail business models.

Retailers' Adoption Plans by Type of Artificial Intelligence



Generative AI: A Frontier for Exploration

Generative AI currently stands out as having the highest exploratory interest amongst the various types of artificial intelligence.

Generative AI has the potential to revolutionize key areas such as product recommendations, content personalization, customer service interactions, and store layout optimization.

While the potential of generative AI is vast, retailers must also develop a holistic plan for its implementation. This plan should not only capitalize on the technology's capabilities but also carefully consider the ethical implications. Incorporating aspects like data privacy, security, and maintaining customer trust is essential. By doing so, retailers can ensure that their foray into generative AI is not only innovative but also responsible and aligned with broader business ethics and values.

66% & 38%

of US retailers

of LATAM retailers

are actively exploring the possibilities of generative AI.





Chapter 5

The Final Frontier

Bridging the Digital - Physical Divide

Generative AI artwork inspired by the work of Banksy - a pseudonymous England-based street artist.

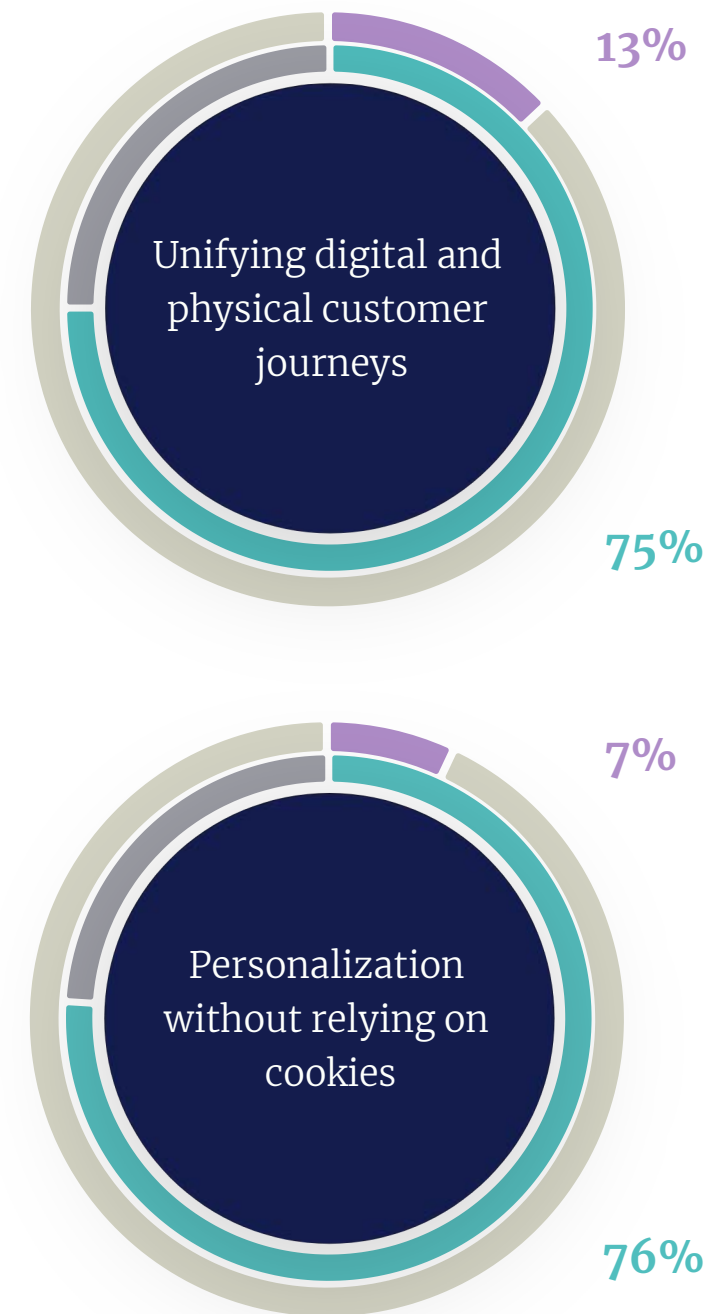
Closing the CX Innovation Divide

Retailers in the US & Canada and LATAM face a common challenge: a significant gap between their aspiration to unify digital and physical customer journeys and their current low maturity in this area. This gap is a clear indicator for retailers to realign their innovation efforts with their execution capabilities.

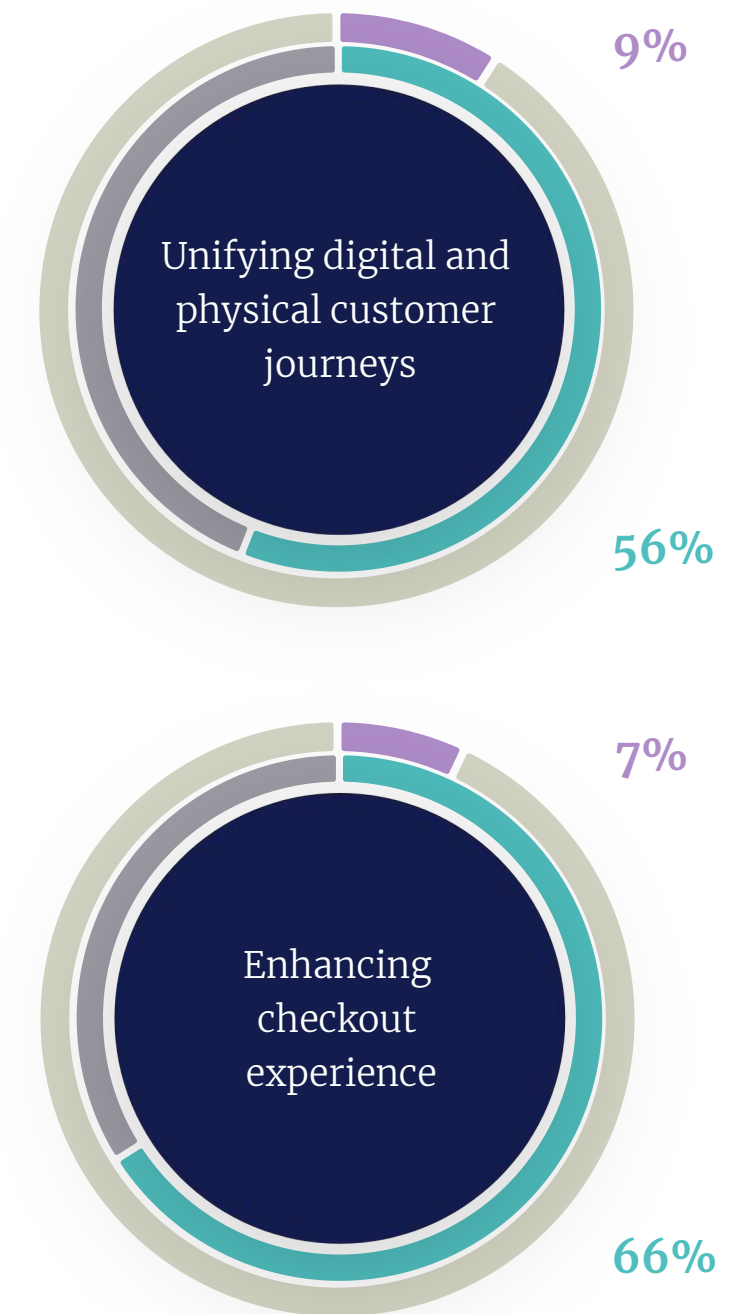
Focus needs to be on technologies and strategies that seamlessly integrate online and offline customer experiences. Achieving this requires more than just technological investment; it demands a comprehensive approach to customer engagement, ensuring consistency across all touchpoints. By addressing this innovation divide, retailers can better fulfill customer expectations and strengthen their market position.

Comparison of the importance retailers attach to specific customer experience priorities, and the status of their innovation maturity. Top 2 areas of biggest difference, by region.

US & Canada



LATAM



- Consider it important
- Are currently mature

Laying the Foundation with RFID, IoT, and Edge Technologies

RFID and IoT are transforming retail by creating a digital footprint of physical assets and interactions. RFID tags offer enhanced inventory tracking and customer data, while IoT connects various in-store elements, building a comprehensive digital trail. This sensory infrastructure is key to bridging the physical and digital retail divide.

Edge Technologies complement this by enabling real-time data processing at or near the source. This immediacy is crucial in retail for responsive customer service and operational efficiency. The integration of these technologies signifies a major step towards a more interconnected retail environment, where physical and digital experiences are seamlessly unified.

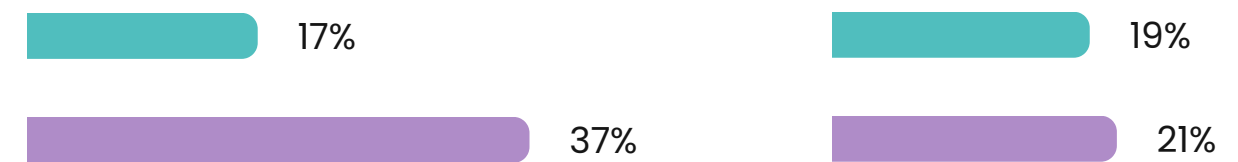
Retailers' technology investment plans US & Canada

LATAM

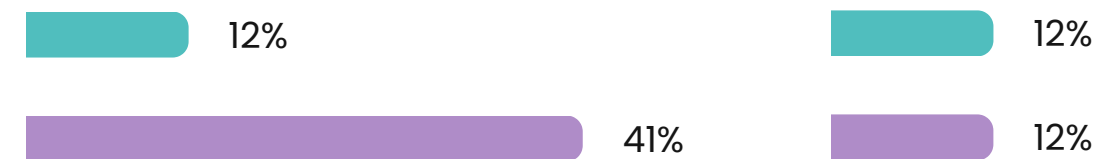
RFID



Internet of Things



Edge Technologies



● Scaling

● Exploring



Retail innovation is no longer confined to industry boundaries. Today's retailers must look beyond their immediate competition, aligning with the highest standards of customer experience and operational efficiency set by leaders across various industries.

Technological advancements, especially in artificial intelligence, are key drivers of this transformation. AI's capabilities in personalizing customer experiences, optimizing supply chains, and enhancing decision-making processes position it at the forefront of retail innovation. Retailers must embrace these technologies, fostering a culture that is open to experimentation and quick to adapt to new trends.

The insights from different markets, such as US & Canada and LATAM, provide valuable lessons in managing diverse innovation agendas. Understanding and implementing these insights allows retailers to navigate the evolving retail landscape effectively. A proactive approach to innovation, learning from different regional strategies, and adapting to changing consumer needs are crucial for retailers to remain competitive and relevant in the global market.

Survey firmographics: North America

Incisiv conducted a hybrid online + Computer Aided Telephonic Interview (CATI) survey of 138 retail executives in North America. The study was conducted from November 6, 2023 – November 20, 2023.

Respondent Distribution by Industry Segment

Wholesale Club	4%
Discount or Off Price Retail	7%
Big Box / Superstore	9%
Department Store	10%
Convenience Retail	11%
Food Service & Hospitality	12%
Grocery Retail	22%
Specialty & Apparel Retail	25%

Respondent Distribution by Annual Revenue

\$100 million to \$499 million	18%
\$500 million to \$1 billion	23%
\$1 billion to \$ 5 billion	42%
More than \$5 billion	17%

Respondent Distribution by Designation

CXO	13%
SVP/EVP	18%
VP	29%
Director	35%
Manager	5%

Respondent Distribution by Number of Stores

51 - 500 stores or locations	32%
501 - 1,000 stores or locations	48%
1,001 or more stores or locations	20%

Survey firmographics: LATAM

Incisiv conducted a hybrid online + Computer Aided Telephonic Interview (CATI) survey of 100 retail executives in Latin America (LATAM). The study was conducted from November 6, 2023 – November 20, 2023.

Respondent Distribution by Industry Segment

Wholesale Club	5%
Department Store	6%
Discount or Off Price Retail	8%
Food Service & Hospitality	9%
Specialty & Apparel Retail	11%
Convenience Retail	12%
Big Box / Superstore	19%
Grocery Retail	30%

Respondent Distribution by Annual Revenue

\$100 million to \$499 million	38%
\$500 million to \$1 billion	32%
\$1 billion to \$ 5 billion	23%
More than \$5 billion	7%

Respondent Distribution by Number of Stores

51 – 500 stores or locations	58%
501 – 1,000 stores or locations	34%
1,001 or more stores or locations	8%

Respondent Distribution by Designation

CXO	19%
SVP/EVP	23%
VP	29%
Director	22%
Manager	7%

Respondent Distribution by Country

Brazil	44%
Mexico	39%
Chile	17%

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ABOUT TOSHIBA GLOBAL COMMERCE SOLUTIONS

Toshiba Global Commerce Solutions empowers retail to thrive and prosper through a dynamic ecosystem of smarter, more agile solutions and services that enable retailers to resiliently evolve with generations of consumers and adapt to market conditions. Supported by a global organization of devoted employees and partners, retailers gain more visibility and control over operations while enjoying the flexibility to build, scale, and transform retail experiences that anticipate and fulfill consumers' ever-changing needs.

To learn more, visit commerce.toshiba.com and engage with us on [X](#), formerly known as Twitter, [LinkedIn](#), [Facebook](#), [Instagram](#) and [YouTube](#).

ABOUT PopID

PopID provides a comprehensive platform for revolutionizing digital interactions and payments using consumer-initiated biometric verification. PopID's platform gives consumers the option of identifying themselves quickly and easily – with their face or palm – for checking in, earning loyalty, ordering, and making payments – enabling more personalized, secure, and streamlined experiences.



ABOUT INCISIV

Incisiv is a peer-to-peer executive network and industry insights firm for consumer industry executives navigating digital disruption.

Incisiv offers curated executive learning, digital maturity benchmarks, and prescriptive transformation insights to clients across the consumer and technology industry spectrum.

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