

TOP 10 BRANDS SHAKING UP THE RETAIL STATUS QUO

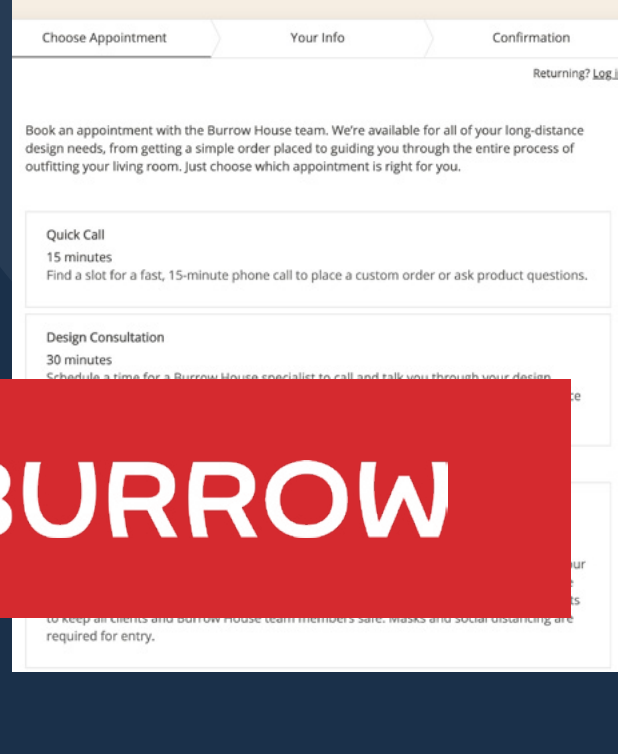
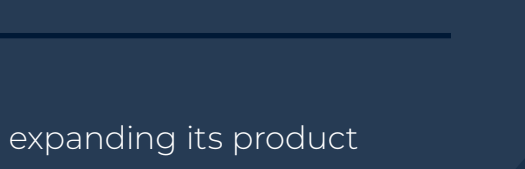
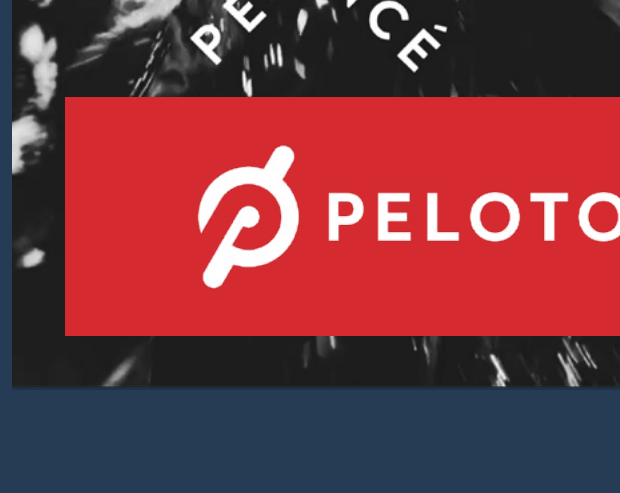
The retail industry has always been rife with disruption, but COVID-19 has undoubtedly accelerated it. Companies across multiple verticals have had to adapt and evolve at a rapid pace to ensure that they're meeting new customer needs and responding to increasingly critical industry trends.

With this Hit List, *Retail TouchPoints* spotlights five trends we believe are shaping the future of retail, as well as the brands we think are embracing these trends to better serve their customers.

Business Verticalization

Verticalization allows companies to integrate more deeply into consumers' lives. By combining products, services and community-building elements that revolve around a brand mission, companies can cultivate a more engaged base of loyal customers.

An early innovator in the verticalization market, Peloton continues to add new value to customers' lives. Starting with its landmark products, bikes and treadmills, the Peloton product portfolio has extended into hand weights and other workout accessories — even workout clothes. The **Peloton** Digital membership and app experience is the “bow on top,” connecting a vast community of passionate Peloton fans and trainers. Most recently, Peloton announced a partnership with **music superstar Beyoncé** on a series of themed workout experiences. Through the partnership, Peloton also gifted two-year Peloton Digital memberships to students at 10 historically black colleges and universities (HBCUs).

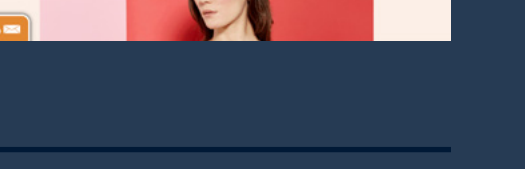
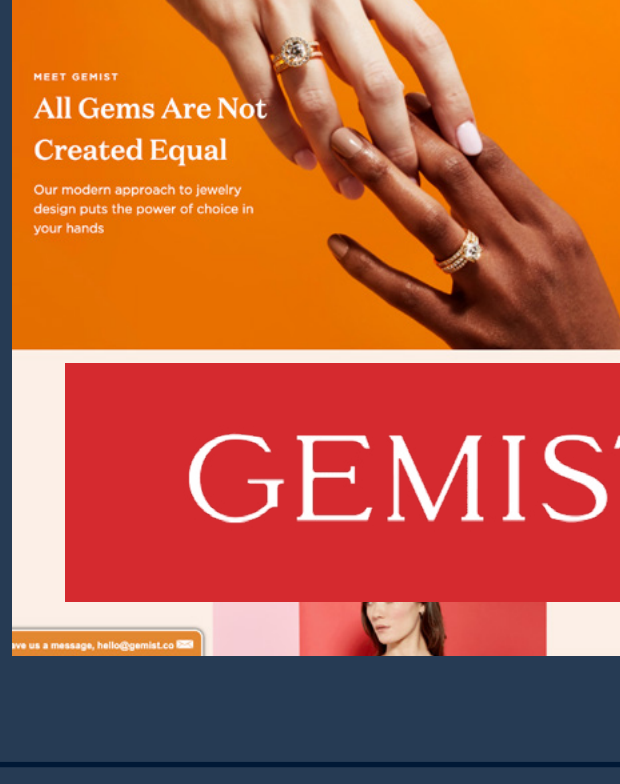


Prior to the pandemic, **Burrow** was expanding its product portfolio through partnerships with The Sill and Clare. The move was made to provide furniture shoppers with instant access to potted plants and paints, respectively, so they could meet multiple housing needs in one place. To support its growing product selection, Burrow has created an extensive content strategy that zeroes in on community-building and thought leadership in interior design, entertaining and other lifestyle topics. At a time when many brands were stalling, the pandemic helped Burrow innovate and differentiate. With the launch of its **virtual consultation experience** and design services, the business was able to pivot following store closures, allowing store associates to serve customers online.

Digital Experience

Store closures have forced brands and retailers to prioritize their ecommerce experiences, and many disruptors are embracing cutting-edge technology to bring the shopping journey to new heights — whether customers are browsing online or in stores.

The jewelry shopping experience can feel overwhelming and, in some cases, stale and impersonal. Direct-to-consumer (DTC) brand **Gemist** is elevating the experience to be digital-first and highly tailored to customer needs and preferences. Shoppers can select from a range of ring styles and have three options delivered to their home to try on. They can further customize designs through an intuitive digital experience before they make a final decision. Currently, rings and earrings are available for customization, allowing customers to select metal and gem types. All items are made using local materials and ethical sourcing and design practices.

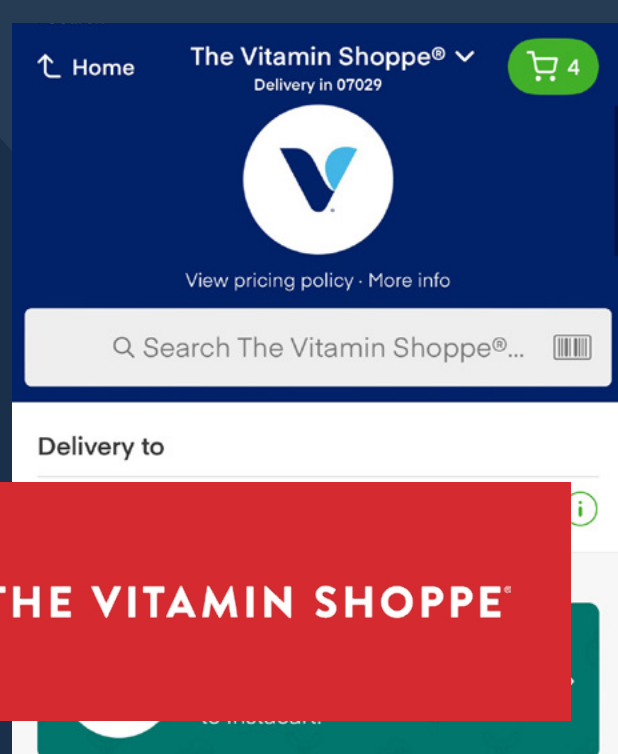


MAC Cosmetics is embracing innovative digital technology to create highly relevant omnichannel customer journeys. With its MAC innovation Lab in Queens Center, consumers can use AI-powered digital apps to customize their own palettes, personalize product packaging and virtually try on looks created by MAC makeup artists. A key leader in the “virtual beauty counter” movement, MAC has seen a **three-fold increase** in virtual try-on experiences during the pandemic. Online shoppers also can try on a multitude of products online through the **ecommerce site**, including special holiday products.

Fulfillment & Last Mile

The delivery and fulfillment experience has come into the spotlight as a result of the pandemic. It's no longer about fast and free; it's about providing options that are safe, seamless and add delight to the customer experience.

Walgreens fast-tracked several innovative projects due to COVID-19 and prioritized **fulfillment**. The retailer focused on improving its drive-through experience, rolling out curbside and offering one-hour pickup in **8,600** stores. Most notably, Walgreens accelerated its airborne drone delivery program, which was developed in partnership with Wing, an Alphabet company. Initially rolled out in Oct. 2019, drone delivery increased **5X** over a two-month period. During the **Retail Innovation Conference**, Andrea Farris, VP of Development and Head of Solution Planning, and Lindsay Mikos, Director of Omnichannel, shared how the company accelerated innovation in this increasingly critical facet of the customer experience.

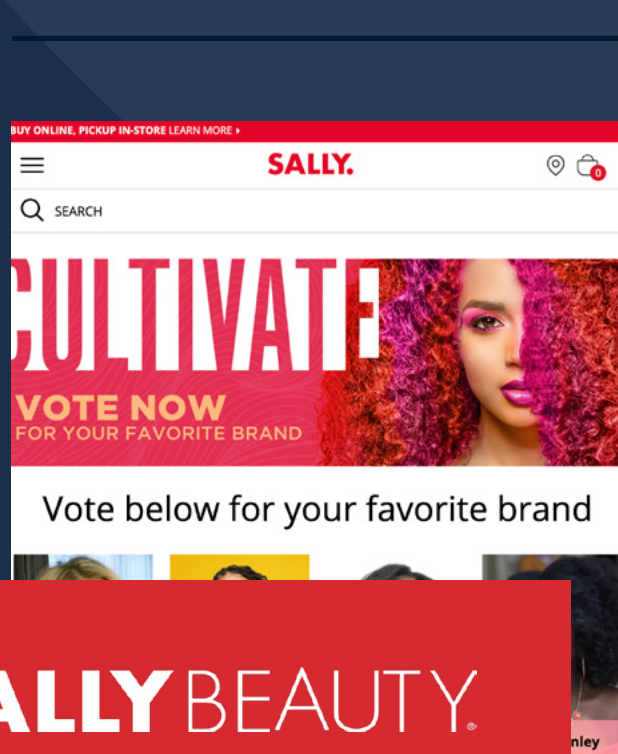
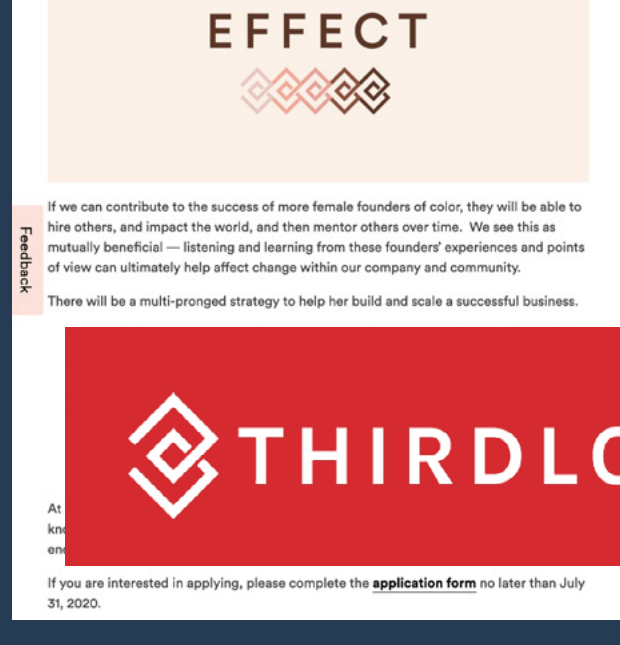


At a time when we all have been prioritizing health and wellness, **The Vitamin Shoppe** executive team knew it needed to bolster its commerce and fulfillment offerings in order to better serve customers. Starting at the **beginning of the pandemic**, the Vitamin Shoppe has done more to improve fulfillment, “in the last five months than we did in the last five years,” explained CEO Sharon Leite. During the Retail Innovation Conference, Leite delved into the company's multidimensional omnichannel strategy, discussing how the company used customer insight to drive **fulfillment innovation**. Specifically, The Vitamin Shoppe rolled out contactless payment and fulfillment; curbside pickup; same-day delivery powered by Instacart; and ensured customers still had seamless and safe ways to connect with product experts via digital channels. Moving through the end of 2020, the retailer is prioritizing improving its digital capabilities, especially its mobile app.

Diversity, Equity & Inclusion

Although DE&I has been a line item for many organizations for years, it's gained new urgency as a result of social unrest in the U.S. These companies are moving beyond “virtue signaling” and are making diversity a central pillar of their organizations.

Bra and underwear designer ThirdLove has diversity and equality baked into the **core values** of the business. So when the nation was responding to the murder of George Floyd, Co-Founder and CEO Heidi Zak noted that the company wanted to find an authentic, long-term way to respond and make a positive difference. Rather than making a one-time donation to a charitable organization, ThirdLove launched **The TL Effect**, a quarterly program for which the company selects an early-stage company run by a woman of color, offering financial, brand, supply chain and product development support.

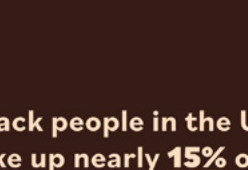
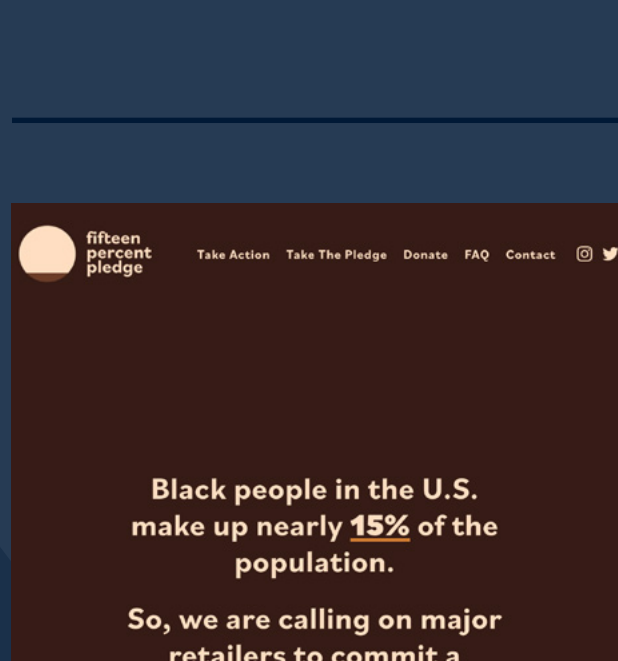


In 2020, Sally Beauty Supply launched the latest iteration of **Cultivate**, an accelerator program to help women beauty entrepreneurs grow their business. Following an entry process, Sally Beauty and partner CosmoPro selected four “Cohort Brands” that received a **\$15,000 award**; the opportunity to sell their products on the Sally Beauty website; and access to a four-week retail readiness boot camp focusing on merchandising, social media, marketing, store operations and entrepreneurship. The companies will go on to pitch their businesses to senior-level leaders at both companies, with the winner gaining in-store distribution through Sally Beauty and CosmoPro stores.

Industry Partnerships & Collaboration

In times of uncertainty, the best ideas and growth opportunities come from collaboration and collaboration. These companies are fostering powerful relationships with the broader retail industry to make a positive impact.

H&M, Target, PVH Corp, Microsoft, Waste Management and other organizations are collaborating on **CircularID**, a new protocol designed to provide an elevated standard for communicating information about fashion items. The group includes parties spanning academic, design and sustainable fashion industries, and has an overarching goal of improving transparency and sustainability across the value chain. CircularID will provide a “unique digital identity” that lives with a garment, displaying details such as brand, price, dye process and recycling instructions. A final “passport” for an item houses all interaction data of the lifecycle, which resellers and recycling facilities can access. The new protocol and tech, which is powered by Eon, is positioned to help accelerate progress for the circular economy.

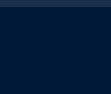


The 15 Percent Pledge is a non-profit advocacy organization designed to urge major retailers to commit **15%** of their shelf-space to Black-owned businesses. Top brands including **Macy's, Sephora, West Elm** and **Rent the Runway** have taken the pledge, as well as digital-first businesses such as **ban.do** and **Who What Wear**. The organization's proprietary process for retailers includes: taking stock of the percentage of shelf-space and contracts given to Black-owned businesses; conducting an internal study of findings and identifying gaps or blind spots inhibiting progress; communicating these findings internally and externally; and defining and publishing a plan for growing the share of Black businesses represented, as well as ways to improve transparency and accountability.



ABOUT THE AUTHOR

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Alicia is an editor-turned-content marketer, with a passion for all things focused on digital-powered experiential retail.