



EXPAND
EVOLVE
DISRUPT
GROW



On the Edge.

Redefining Retail in 2025

By Lydia Christie

FORWARD

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Retail is at a defining moment, where the intersection of global trends, transformative technologies and evolving consumer demand is reshaping the industry at unprecedented pace. Against this backdrop, *The Edge of Retail 2025* delves into the opportunities and challenges presented by a dynamic macroeconomic environment. From the UK to global markets, retailers are moving beyond recovery, actively reimagining how they engage with customers, operate their businesses, and compete in a rapidly evolving landscape.

Our latest insights build on *Innovative Resilience*, last year's inaugural report from Howard Kennedy, and selected contributors, which reflected on the ability of retail businesses to navigate a challenging post-COVID world. It chronicled stories of survival, adaptation, and perseverance amidst unprecedented economic and social shifts. While resilience was the defining characteristic of 2024, this year's report sets its sights on growth, innovation, and transformation. To continue to guide readers through the complex and dynamic retail sector, we have partnered with several retail businesses to share their perspectives. These viewpoints together with our insights provide an overview of the key issues, themes and trends for retail businesses in 2025. We have structured this year's report around four interconnected themes that encapsulate the opportunities and headwinds for the retail sector: Evolve, Disrupt, Grow, and Expand.

The Evolve theme reflects on the economic and strategic trends shaping retail businesses today. This chapter examines how companies are navigating market challenges while embracing new opportunities, redefining what it means to thrive in a fast-moving sector. From innovative business strategies to the integration of advanced technologies, Evolve sets the stage for transformation.

Disrupt focuses on the technology, data, and innovations driving retail into the future. Artificial intelligence, automation, and digital-first solutions are no longer optional—they are essential tools for competitive advantage. We showcase how these disruptive forces are revolutionising consumer experiences and retail operations alike.

The Grow chapter delves into the human element of retail. Shaped by generational influences, evolving consumer habits, and growing demands for sustainability, this section explores how people—both customers and teams—are at the heart of retail's success. By aligning purpose with profitability, businesses are building deeper connections with their stakeholders.

Finally, in Expand we examine the physical and spatial evolution of retail. With a focus on real estate, urban regeneration, and the future of the physical store, this chapter highlights how businesses are reshaping their presence in a rapidly digitalizing world while maintaining relevance in the places we shop, work, and live.

The macroeconomic environment in 2025 presents a mix of optimism and challenge. In the UK, retailers are navigating inflationary pressures and evolving trade dynamics while remaining focused on delivering value and innovation. Globally, cross-border commerce and digital-first strategies continue to dominate, with Asia and North America leading the charge in shaping future trends. Retailers must embrace agility and foresight to succeed in this environment.

This year, we celebrate not only the resilience that has defined retail, but also the creativity, ambition, and adaptability that promise a thriving future. We hope the insights and outlook within will inspire retail businesses to push boundaries, embrace innovation, and deliver meaningful experiences to their customers.

Welcome to *The Edge of Retail*.

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EXPAND



EVOLVE



Evolve: Explore how economic trends, innovative business strategies, and market dynamics are reshaping the retail industry, driving both challenges and opportunities

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Breaking New Ground: Diego Baronchelli on Salomon's Retail Evolution

By
Diego Baronchelli
and Lydia Christie

Diego Baronchelli of French sportswear brand Salomon, talks to Lydia Christie, Head of Retail at Howard Kennedy, about the challenges of balancing wholesale vs D2C, how to use data to enhance customer experience and what the future holds for outdoor sportswear in 2025

Founded in 1947, Salomon has dominated the outdoor sportswear market for almost seven decades from its French Alps base in Annecy. 2024 saw it becoming the first outdoor sports brand to open a shop on Paris's famous Champs-Élysées, while 2025 will see it sponsoring the Winter Olympics in Italy.

You've had an impressive career journey before joining Salomon, working at brands including Adidas, Ikea, The North Face and Vans. Could you share some learnings from your previous roles?

There are always two common denominators in the way I look at things whenever I'm working. First and foremost, I'm very much obsessed with consumer engagement, consumer satisfaction, and making sure that any time we do something, whether that's in the store, online or in the office, we are thinking of the consumer first. The second thing is always thinking about our staff within the organisation, so taking decisions that are made for the betterment of our own team, and not necessarily always purely about business. Another thing to add is that I am always looking to

protect the brand and elevate it as much as I can. And that's where both of these things come in. People say retail is about detail, but actually, I think retail is about people.

Salomon has seen remarkable success in recent years, particularly with its innovative product lines and expanding store presence. How has the brand managed to stay ahead in the competitive outdoor market?

I only joined the company two months ago, so I can't take too much credit, but I think that Salomon as a brand has been very good at changing with the times and staying ahead of the curve. When it was founded in 1947, it sold ski bindings. Since then, it has transformed to add more ski equipment, then diversified into other sports, like running. At the same time, it's continued to transform the retail experience for the customer too. If you think about it, the way we shop has changed drastically over the last two decades. Now we shop from our phones in our pockets! You don't need to go to a store to buy a product anymore. That's why I think the bricks and mortar stores have become so important, as they allow you to experience the brand, they are experiential

rather than transactional. It's a way of socialising and gathering a community into a physical space. Innovation is the key. We have to ask ourselves, what should we do today to answer tomorrow's needs?

Can you share some insights into the consumer behaviour trends you've observed in the European D2C market, and how Salomon is leveraging these insights to enhance its offerings?

One trend that we are seeing is that a lot of consumers are buying our very technical, outdoor products and incorporating them into their day to day urban life – especially our hiking shoes. We're seeing it specifically in Asia and Europe, and a little in North America too.

In today's market, brands need to balance both D2C and wholesale channels to thrive. How can brands navigate the challenges of these channels, and what strategies have proven most effective in promoting your full array of products and pushing more expensive items?

Firstly, I like to see it as an opportunity, not a challenge. I believe that retail can only exist in an ecosystem with wholesale. It is critically important to have a

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– they went to their neighbourhood store. So you need to have your product in there too. In a multi brand environment, it's important to transform your customer into a brand lover. You need to engage, entertain and educate them, to convert them into a loyal customer.

How can brands ensure a seamless and engaging customer experience across these platforms, and what role does technology play in enhancing this experience?

I always use the same analogy to answer this. If you're travelling somewhere, and someone asks you how the flight was, the best answer that you can give is that it was uneventful. It's the same with a retail experience. You want to go to a store, go online, and get the product you want. And if it's not there, you want an easy way to get it sent to the store or delivered to your house. It's not necessarily about the most advanced technology to enhance the experience. You just want a seamless experience. You want it to be uneventful.

How can brands leverage data from both D2C and wholesale channels to better target prospective consumers and enhance their shopping experience?

It's so complex today, especially due to privacy concerns. We are very careful about how we use data because we first and foremost need to protect our customers' privacy.

It's the macro data that we look at to make meaningful decisions, rather than anything too granular. Now, how do you leverage wholesale data versus retail data? It's a bit of a difficult question, which I prefer not to answer yet!

Looking at 2025 and beyond, what are your predictions for the future of the outdoor and sportswear industry? How is the brand preparing to meet the evolving demands of consumers?

We are always looking at the marketplace and our competitors. At Salomon we have all the ammunition to believe that we're going to continue to grow, and we're going to continue to build on the success of the previous year. We want to be a leader in our own market. So we're a French brand. We want to win in France. We're a European brand. We want to win in Europe. When I speak about France, I'm talking about Paris. This year we were the very first outdoor brand to open a store on the Champs-Élysées, which was amazing. We are an official sponsor of the Winter Olympics next year in Cortina, so we want to be very present there and in Milan too.

Finally, what piece of advice would you offer a new retail startup seeking to get D2C right?

You need to be very clear about who your customers are and very sure about your product. It's always easiest to start small, learn, then take the next step. It's better to get things right at the very beginning, with baby steps, than do one big step and get it wrong. Retail is about investment: start small, learn from your consumer, and scale from that.

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“This generation are more likely to be loyal to a brand that aligns with their personal values”



clear marketplace segmentation strategy. This isn't about keeping products for one specific channel, but instead about the way you present your product to the consumer. For example, a true runner will always go to their specialist store of choice. When I was at Vans, we knew skateboarders didn't shop in our store



Entering the Twilight Zone: Exploring the obligations of a retail director

What we can learn from the example
of BHS and Sir Philip Green



By
Vernon Dennis

In the retail sector, directors hold significant responsibilities and are subject to stringent legal duties. Recent high-profile cases have highlighted the severe consequences of failing to meet these obligations. This article explores the duties of directors in retail businesses, potential repercussions of non-compliance and steps every director should take when the company enters 'the twilight zone'.

Legal Duties of Directors

Directors are under an array of duties imposed by common law, equity (fiduciary duties), statute and potentially under contract. Key amongst all of these are the concurrent overriding duty to act in a way they believe will promote the success of the company, with a duty to exercise the care, skill, and diligence of a reasonably diligent person with their knowledge and experience.

Case Study: BHS and Retail Acquisition Limited (RAL)

The collapse of BHS and the subsequent legal actions against its directors serve as a stark reminder of the importance of these duties. In March 2015, BHS was sold by Sir Philip Green's Taveta Group to Retail Acquisition Limited (RAL), a special purpose vehicle fronted by Dominic Chappell, a former bankrupt with no retail experience for £1. At the time of purchase,

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BHS had an operating loss of £442 million and a pension deficit exceeding £200 million. Just over a year later, RAL collapsed into administration.

In June 2024 Mr. Justice Leech delivered a landmark judgment that ran to 533 pages, meticulously examining the demise of BHS and the duties of its directors from the date of acquisition onwards. This exhaustive study resulted in a wrongful trading award against directors Lennart Henningson and Dominic Chandler for £6.5m each. Claims against Dominic Chappell and the quantum of the misfeasance (breach of duty) claims were deferred due to his ill-health until August 2024 when an award of £150m was made against Chappell and Henningson (Chandler having settled the claim before that date).

Wrongful Trading

Under section 214 of the Insolvency Act 1986, an administrator or liquidator can seek a court order requiring directors to contribute to the company's assets if:

- 1. **No Reasonable Prospect:** The director concluded, or ought

to have concluded, that there was no reasonable prospect of the company avoiding an insolvency liquidation or administration.

- 2. **Increased Deficit:** There is an increased deficit to the loss suffered by the creditors of the company.

However, the court will not make an order for contribution if the directors took every step with a view to minimising losses to creditors that they should have taken.

A critical aspect of constructing a wrongful trading claim is establishing the 'date of knowledge' – the point at which the director concluded or should have concluded that liquidation or administration was inevitable. This is a highly fact-specific task requiring detailed analysis of the directors' state of knowledge and the information available to them. The bar for establishing inevitable insolvency is notably high.

In the case of BHS, it was evident from the date of Retail Acquisition Limited's (RAL) purchase that significant restructuring was required to turn around operating losses and repay accumulated debt. The Defendants sought to argue that (1) they were pursuing a turnaround plan, (2) they had sought extensive legal and professional accountancy advice and (3) a company voluntary arrangement was proposed and approved in March 2016; and as such they were availed of a defence, despite the acknowledgement that under their stewardship the net deficiency to

creditors had increased by £133m. Effectively they had tried but failed to turnaround the business.

In rejecting the defence, the Court was not persuaded that there was a credible turnaround plan, as the use of BHS property portfolio by sale and leaseback arrangement or security to fund expensive short-term funding was ultimately a degenerative strategy, failing to provide sufficient working capital to cover continuing losses and crucially time to execute a plan.

The second limb of the defence, namely that they had relied on legal and accounting professional advice, was rejected as it was clear that the advisors were not properly appraised of all the facts, or their advice was not properly considered or relied upon by the Board. The fact that a CVA was proposed and approved was also viewed as irrelevant as it contained misleading statements and relied on unrealistic assumptions provided to the CVA supervisors by the Directors.

Misfeasant Trading

The liability of each director was assessed based on their knowledge, skill, experience, and differing levels of involvement and



culpability. Henningson and Chandler were each found to be 15% liable for the increased deficiency from September 2015 to the date of administration.

The wrongful trading element of the judgement is interesting but uncontroversial. What is more noteworthy is the finding by Leech J that had the directors complied with their fiduciary duties, then BHS would not have continued to trade past 26 June 2015 (some 10 weeks earlier than the date affixed as the 'date of knowledge' when insolvent liquidation or administration was 'inevitable').

This date is relevant as on that day a highly expensive debt refinance occurred, which meant that whilst BHS was not cash flow insolvent and insolvency was not inevitable, the directors should at that date have had due and proper regard to the interests of creditors. Their failure to do so when insolvency was 'imminent' or where the business was engaged in 'insolvency-deepening activity' founded the successful claim in trading misfeasance.

Despite the extreme and unusual facts of the BHS case, the Judgment on this point should not be viewed as an outlier but as a development of the reasoning behind the creditor duty established in the Supreme Court judgement in BTI 2014 LLC v Sequana SA [2022] UKSC 25. Sequana itself looked at the codified statutory director's duty to promote the success of

the company and the enlightened shareholder principal that runs behind this, requiring the interests of various stakeholders (including creditors) to be considered by the directors in its decision making (the so-called 'modified duty' to the company').

In Sequana each Law Lord grappled with when the balance would be weighed in creditors' favour, and gave examples including entering into a high risk speculative transaction which may/ probably would jeopardise the company's asset base and ability to meet creditor claims, whether a 'last role of the dice' was made when shareholders were already out of the money on any insolvency event, or where the company was engaged in 'insolvency deepening activity.' What was clear however is where the balance tips the directors should consider, and if appropriate to the facts of the case, give priority to the interest of the creditors in their decision making.

In BHS Leech J saw 'direct application' of the Sequana distinction between s.214 and misfeasance; and found that from June 2015 the directors were engaged in 'insolvency deepening activity', the shareholders were 'out of the money' and conducting a 'degenerative strategy' which was causative of additional loss to creditors. As a result, he stated had the directors 'considered the interests of the

BHS Group's existing creditors to be paramount or had they put them before the interest of RAL, then I have no doubt that they ought to have concluded that it was in the interests of creditors to put [BHS Group] into administration immediately.'

To some BHS with its extreme and unusual facts is proof of the maxim that hard cases make bad law. That the facts were so extreme meant that the lacuna in s.214 was exposed which in turn justifies the novel finding of 'misfeasant trading'. This would see BHS as

"BHS stands as a further development in the policing of director conduct and the development of enlightened shareholder value"

an outlier, easily distinguished on its facts. There is however a more compelling interpretation and that is that BHS stands as a further development in the policing of director conduct and the development of enlightened shareholder value, where the interests of stakeholders must be taken into account when promoting the success of the company. Added to this is the concept of a tipping point where the interests of the stakeholder prevail and failure to have due and proper regard to such which in turn is causative of loss (to the company) and will result in personal liability.

10 Lessons for Directors Approaching the Twilight Zone

1

Understand the role, responsibilities and functions of being a director – consider whether you are qualified to undertake the role; a lack of personal knowledge and experience is no defence to a breach of duty/misfeasance claim

2

Understand the meaning of insolvency and be aware of how a director's duties shift when insolvency is imminent.

3

Keep obtaining up-to-date information, scrutinising whether the information is sufficient to make informed rational decisions.

4

Avoid group think, ask the right questions and ensure you are provided with the answers and information.

5

Document decisions thoroughly with minutes accurately reflecting discussions and justification for taking actions.

6

Seek appropriate professional advice - whilst noting that this does not absolve you of ultimate responsibility for your actions, if you give full, frank and transparent instructions to your professional advisors and follow the advice provided you are likely to be afforded a defence.

7

Be proactive, do not delay decision-making, do not wait and see if something turns up or delay until creditors take enforcement action.

8

Ensure that the company has appropriate D&O insurance coverage, check any exclusion and limits on cover.

9

Balance optimism against commercial pragmatism, taking account of risks and likelihood of loss and damage arising.

10

Actively promote the success of the company, avoid your interests conflicting with that of the Company and its creditors.

If acting in good faith and with rationality, you have nothing to fear. A director engaging in risky speculative activity, which can include continuing to trade where insolvency is imminent, without taking proper account of interests of those who are likely to be harmed will be punished.

Navigating IP in brand collaborations: Who Owns What?

Successful collaborations can be infinitely beneficial – but you'll have to tread carefully too

By Robert Lands

These days you might find a Pokemon in your Crocs. Or Polly Pocket in your Airbnb. Big name brand collaborations are very much in vogue. It's unsurprising: successful collaborations can be hugely beneficial to both brands, and when it goes well, the positive attributes of each brand cross-pollinate

Collaborations can be a powerful tool to enhance brand awareness, expand reach, and engage new customer segments. But intellectual property (IP) issues can arise, particularly around ownership and use of the parties' existing brands and any new IP created in the collaboration.

The key is to ensure that guardrails are set up from the beginning, to try to head off any problems that might arise. At the heart of it, a brand collaboration is a trade mark licence: I will let you use my trade mark if you let me use yours. But the agreement must work harder than that. It must detail exactly how the respective trade marks are to be used and for how long. The parties will also need to consider how things will work in practice. For example: What's the approval process for the product and its marketing? Who owns the design of the products? How will revenue and costs be shared? What happens to unsold stock? Who is

responsible if there is a product safety claim? And who is responsible for pursuing infringers?

Most collaborations will simply feature the parties' individual trade marks separately on the product. Often joined with the ubiquitous "x". In those cases, it's obvious who owns each trade mark. But what if the intention is to combine each party's trade mark to create something new? Loewe x On did this for a sportswear capsule collection in 2024, adorning the range with a logo that merged their trade marks into a new monogram. Not only does this fly in the face of conventional wisdom around brand recognition, it also raises IP issues. The new logo should

"Intellectual property (IP) issues can arise, particularly around ownership and use of the parties' existing brands and any new IP created in the collaboration"

be registered as a trade mark, but who will own it? What happens to it at the end of the collaboration?

Brands often fear dilution, which is where the inappropriate use of a trade mark diminishes the reputation of a famous brand. In IP law, this can happen when an infringer uses a famous trade mark without permission, but marketing professionals know that the same effect can also occur when a company uses its own brand inconsistently or inappropriately. Collaborations present such a risk, especially for luxury brands, whose prestige could be tarnished by association with a more downmarket brand.

This is why some of the most successful collaborations are between luxury brands, ideally brands that share the same consumer demographic, but offer different types of

However, a luxury brand might want to cooperate with a brand that's not so rarefied. For instance, in 2024 Louis Vuitton x Timberland boots appeared in a workwear capsule collection designed by Pharrell Williams. Louis Vuitton evidently felt that this was an opportunity to introduce its luxury craftsmanship to an expanded customer base.

Collaborations between two brands who are known for the same type of product are quite unusual. More often than not, it's two companies who are well-known for vastly different products or services, such as the collaborations between Lush x Minecraft, or Nails Inc. x McDonalds. Trade mark lawyers love this, because registered trade marks must specify the goods and services they protect. If your brand is active for a range of goods and services through a collaboration, you can legitimately protect and preserve the trade mark for that expanded range.

famous for watches. In fact, the collaboration deliberately draws on the product heritage of both watch brands. It centres on reproductions of Omega's Speedmaster Professional watch (worn on NASA's Apollo missions to the moon) fitted with quartz Swatch movements. Omega x Swatch is, on the face of it, a double gamble, since both brands are owned by the same stable. Would the collaboration cannibalise the market for one or both brands? Would it dilute the Omega brand by producing a non-mechanical facsimile? Apparently not. Since the collaboration started in 2022, Omega x Swatch have produced 29 different "MoonSwatch" watches. They are highly prized by collectors and worn by celebrities such as Daniel Craig and Ed Sheeran.

If undertaken strategically, and supported by well thought through agreements, brand collaborations are a powerful tool that can lead to innovative products and benefits to both parties. Surely, it can't be long before professional service firms also get in on the act. Howard Kennedy x Prada perhaps?

It is less common to see collaborations between brands who are known for essentially the same type of product. A notable example of this is Omega x Swatch collaboration, as both brands are

products. A good example is the limited edition Fendi x Tiffany & Co Baguette bag, which relaunched Fendi's iconic handbag in Tiffany & Co's signature duck-egg blue.



The Evolution of Menswear:

Howard Kennedy in conversation with Anglo-Italian

By Jake Grantham
and John Kiely

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"The traditional industry gatekeepers have become less relevant, with known brands carrying less weight as people instead opt for a combination of quality, nuance and personal service."

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Menswear has undergone a remarkable evolution, shaped by the blending of traditional craftsmanship with contemporary design and the growing emphasis on sustainability. At the forefront of this transformation is Anglo-Italian, a brand that redefines classic tailoring by seamlessly integrating timeless style with the demands of modern life. In an era where menswear must balance heritage with innovation, Anglo-Italian offers a blueprint for navigating this ever-changing landscape.

In this exclusive interview, **Jake Grantham**, founder of Anglo-Italian, sits down with **John Kiely**, Partner at Howard Kennedy, to discuss the trends shaping the future of menswear and retail. A passionate advocate of the brand, John brings a personal connection to the conversation – he is a regular customer of Anglo-Italian, including choosing an Anglo-Italian suit for his wedding day.

Together, they explore how Anglo-Italian has successfully balanced tradition with contemporary demands, navigated the challenges of a dynamic market, and stayed ahead of the curve in delivering exceptional customer experiences.

Jake, could we start by speaking about current trends in menswear and how Anglo-Italian are adapting to changing consumer preferences?

Luxury menswear is bucking the general trend for poor performance across the fashion industry. We've been fortunate to benefit from a huge resurgence in buying less but buying better. Whilst fewer suits are being purchased globally – even falling out of the government's inflation cart – those who want them are focusing on quality from more specialist retailers. Thanks to the internet the traditional industry gatekeepers

have become less relevant, with known brands carrying less weight as people instead opt for a combination of quality, nuance and personal service.

How do you balance classic styles with modern demands?

Over the last 15 years, I've been fortunate to work with Savile Row, Italian and Japanese tailors as well as other craftspeople from around the world. Savile Row has a very strong pulse here in London, but ultimately, it's just one way of looking at a suit. Our aesthetic is softer, an Italian chassis combined with the simplicity and refinement that befits a city like London. As a result we've spent the past 8 years at the front of the zeitgeist. Unusually, we are also across many categories, becoming as known for our footwear, jeans and outerwear as we have for our tailoring offering. It all feeds into the way we're viewed – something classical but current. At any time someone could be being fitted for a £4,000 fully bespoke suit next to someone buying a £60 t-shirt. Everyone is welcome and everyone is treated the same.

What are the current challenges you face in industry?

The days of the bank manager with the bowler hat who knows your name are sadly gone. Retail is considered to be

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a risk area and therefore funding for growth is typically offered by a booming class of lenders. High base rates of interest make potential loans expensive. These lenders all say the same thing, the high-street banks won't lend to you so we are filling the void. It all slows down growth.

Staffing a physical store where attendance 5 days a week is necessary has become difficult. Finding truly professional people who consider menswear their vocation and can build their career around a small independent retailer is as hard as it sounds. Nonetheless, our high retention rate is rare in retail, achieved through unorthodox practices, like closing our store on Sunday and Monday to give all staff joined-up time off. Whilst most stores won't do this due to the impact on revenue, it ensures good staff are kept on, building our community further and exponentially benefitting the customer.

And what opportunities do you see for growth and expansion this year?

We're fortunate to be operating in a landscape where e-commerce is relatively easy to set up and maintain - a big difference from when I started my

career, as the increased acceptance of online shopping has carried us with it. Online's percentage of revenue will only get bigger, as the responsibility lies with us to better tell our story, communicate aspects of our culture and explain new developments as if the customer was standing in front of us. 8 years of e-commerce figures has also helped us get a firm view of where our customers are, what they like and where potential physical expansion could follow. The US is our principal market online and a huge opportunity for a physical store.

We are also being trusted by our customers to attempt other categories. As luxury continues its general slump, workshops are more willing to open their doors to us and partner on new, exciting products.

How do you balance your omnichannel approach between online and in-store?

Our product is often very high touch, artisanally made and we try to replicate as much of the in-store experience as we can. As a result we can't rely on third party logistics, so we fulfil everything from our store. It's helped keep our e-commerce experience tightly controlled and allows for email chains to mirror in-store discussions. A by-product is keeping our return rate extremely low and our returning customer rate high. Whilst producing content and keeping the online store current and competitive with the dominant players in our space is hard-work, it means we are as good as our own output and not reliant on spending money with traditional media or agencies.

What makes in-store shopping at Anglo-Italian unique?

Our shop is usually messy, full of bolts of cloth, bespoke fittings, packages from Italy with new products, customers' garments being worked on, altered or repaired. What is mortifying to me is apparently pleasing for the customers, as they often remark how exciting it is to come into a store where something is happening. It's the way I fantasise shops used to be, a place where you can stop by for a new shirt and end up being recruited for our cricket team - which is yet to win a game.

The team genuinely want you to look as good as you can and truly know what they are doing. There is no training manual on how to greet customers, and hopefully very little artifice. It's a true human interaction with some great tailoring and design thrown in the middle. Our community of customers are a testament to the shop.

And finally, what is your vision for the future of Anglo-Italian?

We are beyond what I thought was possible, I dreamt of a small store selling the real deal to people I like and admire. I rarely leave the shop without seeing our products out in the wild, and there is no better feeling than that. The future is being written for me, with more and more people finding out about us from word of mouth, there is more demand for more space, people and products. It's all happening organically.

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Disrupt: Delve into the transformative impact of cutting-edge technology, startups and development trends that are revolutionising the future of retail

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The Cutting Edge of Retail:

AI Innovations Transforming How We Shop

Five ways that retailers can make the most of up-to-date technologies



By Rosie Burbidge and Heba Ahmed

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The retail industry continues to experience a digital transformation through the use of Artificial Intelligence (AI). This use in both retail and e-commerce has meant consumers have high expectations for personalised and instant experiences through AI technologies, and this use is fast becoming a staple in streamlining the consumer experience.

Long gone are the days where you would begrudgingly drive to the nearest open store on a dark and damp December evening because you remembered you needed batteries, or the birthday gift you have been meaning to buy for weeks. With services like Amazon (whose stock soared 76%

in 2020, no doubt fuelled by the pandemic), you can buy those exact same items and many more within a second just by a click of a button, delivery to your door within a decent time frame. Not only that, but you are prompted at checkout with other items you may need or may want to buy again, all from the comfort of your living room.

This now digital-norm way of buying products has been propelled by advancing technologies, including the use of AI to facilitate this experience. But this doesn't mean it is the end for bricks-and-mortar businesses; for example, many consumers may visit a physical retailer to view

a product, and then make the purchase online. Further, brands now make use of games, pop-up shops, and live streams, known as 'retailtainment' to push customer engagement in new ways, bringing to life AI within the physical retail space. It's clear that retail and e-commerce need to co-exist and work together to provide the best shopping experience for consumers.

Five ways that retailers can make the most of up-to-date technologies

1

Advanced Customer Service

AI chatbots and personal assistants are quickly becoming accepted, with over 60% of consumers having interacted with chatbots when online shopping. This enhanced service provides instant responses around the clock, can learn a customer's shopping habits, has access to a customer's full history with a branch, and deals with returns and cancellations. Machine learning technology can also analyse customer data over a period of time, developing an understanding of a customer's preference, style and size, and previous purchases. Engaging with customers in this way allows for a more personalised response, with the technology then being able to suggest new products based on the customer's taste and purchase history. Whilst the AI deals with tasks such as these, it allows the human retail workforce to tackle more complex issues.

2

Faster and More Streamlined Checkout Processes

AI-driven checkout solutions have meant a 30% reduction in wait times and increased transaction speed by 40%. By introducing processes such as cashier-less checkouts and contactless payments, customers are saving time and experiencing a more convenient way of shopping, streamlining and enhancing the consumer experience overall.

3

Virtual Reality (VR) Showrooms and Storefronts

Customers are now able to search thousands of products, tailored to their preferences, thanks to virtual showrooms created by VR. Virtual fitting rooms and mirrors allow customers to try on products before purchasing them, all from the comfort of their own home. Ralph Lauren offers a service where shoppers can virtually walk through the shop floors of their iconic city stores and browse their products, emphasising the convenience that new technology is bringing to the forefront of the consumer experience.

4

Personalised and Tailored Experiences

The use of VR technology and algorithms has allowed for more personalised experiences; a 'hyperpersonalisation' where customers can get tailored advice based on their personal features and preferences. L'Oreal, for example, has a Virtual Try-on feature which gives them a competitive advantage over other brands by using AI; customers can try on makeup live or upload a selfie to see how they would look with their chosen makeup or hair colour product, and easily purchase the recommended product afterwards. This not only streamlines the process of buying for customers but allows them to gain an understanding of the product through a personalised experience. Many websites also now have a 'Complete the Look' feature, where the technology considers body type, purchase history and style profile to recommend complementary products that customers may want to buy when browsing for other items. This is advantageous in boosting upsells by persuading customers to spend more and is also a useful prompt for consumers who obtain value out of being offered other items they may like.

5

Management and Pricing

Inventory management, forecasting processes, reducing stockouts, minimising excessive inventories and improving supply chain efficiency can all be controlled by algorithms powered by AI. Algorithms such as these are able to predict demand and adjust inventory levels by analysing historical sales data, market trends, and external factors such as economic indicators. Retailers can also use AI for pricing optimisation; those that have reported up to a 10% increase in revenue and a 20% improvement in profit margins. Predictive analytics through AI enables retailers to strategise pricing and promotional campaigns based on their competitors, market dynamics and target audience. Algorithms also enable optimal price points to be recommended and anticipate consumer demand.

Looking Ahead

Developing a deep understanding of consumer behaviour, streamlining operations, and keeping ahead of the competition is clearly at the forefront of using AI in the retail space. Retailers should remain cautious, especially of important ethical considerations such as data privacy, biases present in algorithms, and the future of work which using this AI brings. Investing in programs and initiatives which train employees to use AI tools efficiently and effectively enables humans and AI to work together to spur customer engagement, problem-solving, and decision making. Like retail and e-commerce, AI and humans must cooperate, with their collaboration being the crux of driving innovation and moving the industry forward in the years to come.



Disrupting the Retail Playbook:

Technology, Community, and Purpose in 2025

By Alex Watt and Matt Lamb

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As we step into 2025, the lines between innovation, community, and purpose are blurring, reshaping what it means to succeed in this dynamic industry. From groundbreaking investments in consumer tech to brands that inspire loyalty through shared values, the future of retail is being defined by those bold enough to disrupt the status quo

At Howard Kennedy Ignite, we've witnessed this firsthand. Our cohort of retail and consumer startups is growing, with founders raising significant funding rounds and gaining market traction at an accelerated pace. This surge reflects a broader trend: retail is being redefined by brands that are nimble, innovative, and deeply connected to their customers.

Tech at the Core of Disruption

The retail space experienced a surge of investment in 2024, setting the stage for even more innovation in 2025. Globally, over \$4 billion flowed into retail startups last year. Technology is the engine driving retail's evolution. Artificial intelligence (AI) is no longer a

futuristic concept—it's the bedrock of modern retail strategies. From hyper-personalisation to supply chain optimisation, AI is transforming how businesses operate and how customers shop.

One standout example is Finnish startup Ōura, which secured \$200 million in its latest funding round, raising its valuation to \$5.2 billion. The brand's smart rings, which track health metrics, have sold over 2.5 million units and captured the attention of health-conscious consumers worldwide. This success highlights how retail tech is not just about enhancing shopping—it's about reimagining the entire consumer experience. In the UK, brands are increasingly adopting AI to optimize inventory,

improve customer insights, and elevate the overall shopping journey. The intersection of tech and retail is where the future lies, and the startups leading this charge are positioning themselves as the architects of tomorrow.

Community: The Ultimate Brand Asset

In an age of infinite choice, consumers gravitate toward brands that make them feel part of something bigger. Community-building has become a non-negotiable for brands looking to stand out, and those that master it are thriving. Few do it better than Gymshark, the Midlands-based fitness juggernaut. By creating a global community of fitness enthusiasts,

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Gymshark has transformed from a product-based business into a lifestyle movement. From online communities to in-person pop-ups, they've built a sense of belonging that transcends their products.

Tallow & Ash, the UK based sustainable consumer brand, exemplifies this shift. By inviting their customers to co-create collections and participate in workshops,

all fierce advocates of the brand. This focus on community extends to many of the startups in the Howard Kennedy Ignite cohort. Whether it's a beauty brand fostering inclusive spaces or a food startup hosting immersive tasting events, these businesses understand that community is more than a marketing strategy—it's their competitive edge.

**Purpose-Led Retail:
A Movement, Not a
Moment**

If technology and community are the drivers of retail's evolution, purpose is its soul. Purpose-led brands are redefining the retail landscape, and consumers are rewarding them with loyalty and advocacy. Brands like Tallow & Ash have built their reputation on sustainability and transparency. Their "Made with Purpose" campaign doesn't just highlight their ethical practices—it makes customers feel like they're part of something impactful.

This isn't just a niche strategy. Larger UK retailers like Marks & Spencer are doubling down on purpose-driven

initiatives with programs like "Plan A," which focuses on sustainability across their operations. Even luxury brands like Burberry are embracing purpose, with ambitious net-zero goals and efforts to embed sustainability into their DNA.

At Howard Kennedy Ignite, we're seeing purpose-led startups leading the charge. Many founders in

our cohort are prioritising sustainability, inclusivity, and social impact from day one, recognizing that these values are not just nice to have—they're essential to building long-term success.

The Momentum Ahead

As we look toward the future, the momentum behind retail and consumer startups is undeniable. At Howard Kennedy Ignite, the rising number of startups in our cohort raising significant funds and gaining traction reflects a broader shift in the market. Investors are increasingly drawn to brands that integrate technology, foster communities, and operate with purpose.

This trend isn't slowing down. With consumers demanding more from the brands they support, retail startups have a unique opportunity to innovate, disrupt, and lead. Tallow & Ash's success, alongside many others, is proof that the future of retail belongs to those who are bold enough to challenge the status quo.

For established players and startups alike, the message is clear: technology, community, and purpose are not optional—they're the foundation of the future. Retail is being shaped by new ideas, new players, and new priorities. The brands at the forefront aren't just responding to change - they're driving it.



Tallow & Ash has built a loyal community that feels invested in the brand's success. Their approach goes beyond marketing—it's about creating shared experiences that resonate deeply with consumers. This helped the brand benefit from the power of community, which delivered an oversubscribed crowd-funding round, raising £1.1 million in just 9 days from 2686 individuals -

"Retail is being redefined by brands that are nimble, innovative, and deeply connected to their customers."

Beyond the Grid:

How Depict AI is Shaping the Future of E-commerce stores



By
Alex Hamben and
Matt Lamb

A

Alex Hamben, Product and Growth Manager at Depict AI, talks to Matt Lamb from Howard Kennedy, about revolutionising the digital shopping experience, helping brands retain consumer loyalty and the benefits of going through the Y Combinator programme.

Initially founded as a product recommendation tool in 2019, Stockholm-based Depict AI pivoted to create custom storefronts in seconds, promising to boost product discovery by 25%. Already prominent in Scandinavia, its cutting-edge merchandising framework is already being used by fashion and lifestyle brands including Toteme, Sandqvist and Osprey London.



Let's start with the big picture – what's Depict AI all about? How did you set out to revolutionise e-commerce, and what's been the journey so far?

At Depict, our mission is to empower any brand to build digital flagship discovery experiences. When we first started out five years ago, the focus was on providing smart product recommenda-

tions, which worked very well during the Covid e-commerce boom, when brands were willing to invest in growth at any cost. But after the Covid hangover hit, we realised that product recommendations solved a "nice-to-have" problem, so when it came to cutting costs, despite generating great ROI, we were cut.

We then pivoted our focus towards product listing pages, such as category or collection pages, as they are truly a must-have for any brand to sell things online. We also narrowed our vertical focus to just fashion and lifestyle to be able to build a more focused product that solves our customers' deeper needs. We wanted to build simple and effective tools that help brands to express themselves and tell their unique story online in an increasingly competitive

environment. All in all, it's been a very exciting journey full of ups and downs and learnings – and I'm really excited for what's ahead.

Depict AI went through Y Combinator before raising its \$17M series A. How did Y Combinator impact Depict AI and what advice would you give founders dreaming of getting onto Y Combinator?

A lot of the values and ideas that they teach are still deeply ingrained into our culture.

Today, anyone can find their teachings on their YouTube channel, so I'd say what really makes the programme valuable is their brand value (in terms of getting access to investors and acquiring talent), and the network you gain access to through them.

For anyone interested in joining, I recommend the same thing YC does – focus on talking to users and writing code, and have quick iteration cycles. Don't fall into the trap of thinking or planning too much – the only reliable way to validate your idea is to put it in front of a user and see if they'd be willing to pay for it.

E-commerce technology is moving at breakneck speed. From your perspective, what's the biggest gap in the market that Depict AI is solving?

There are still many gaps between e-commerce and bricks-and-mortar retail. For instance, returns, especially related to sizes or colour expectation mismatches, is still one of the biggest problems in the industry given that you can't physically try the product before buying it – and I know tons of companies are trying creative approaches for bridging this gap.

At Depict, the gap we're focused on bridging is around the feeling, or the story conveyed by a brand when you walk into a physical store, vs. when you visit their website.

Usually when you walk into a brand's physical store it's instantly recognisable, whether it's from the way the products are merchandised, the smells, the lighting, the layout, or the decor. All these things tell a story around the brand – and people really love stories. Your story is what makes people buy your products.

Recreating this experience online is really challenging – most brands struggle with it. Either because it's too technically cumbersome or expensive to have an agency do it for you. That's why so many e-commerce stores end up looking the same – and that's what we're looking to change.

Personalised shopping is the future, but many brands still struggle with it. What's your approach to making personalisation seamless and meaningful, and how does your tech stand out?

We actually have a slightly different take when it comes to personalisation, and are actively not building our product in that direction at the moment. Don't get me wrong – there's definitely a case for personalisation – but we think it depends on the brand and the type of product.

In the segment we serve, which primarily consists of D2C fashion, accessories, and lifestyle brands, we think you need to have a strong brand identity in order to stand out and attract loyal customers. This means that you as a brand need to be in control of what gets shown to your customers – i.e. the opposite of personalisation. And that's precisely what we're building tools for.

D2C brands are having their moment, but the competition is fierce. How is

Depict AI helping these brands stand out, scale, and create lasting customer loyalty?

Our hypothesis is that the key to creating a lasting brand lies in crafting a compelling and relatable story around your brand, and depicting it effectively both physically and online. This requires creating original and inspiring content and brand assets and being able to leverage them effectively across different channels. We know a lot of brands, especially the creative led ones, have a lot of brand assets that they've invested in that they've got no good way of displaying. That's where our product comes in. Being able to weave these assets into your collection pages, for instance, helps a lot. We've seen in some cases it increases conversion by a lot too. It's about allowing websites to feature these videos and images in a more user-friendly way, that's less clunky, and that keeps both creative directors and e-commerce managers happy.

Traditional merchandising doesn't translate well online. What do you think about e-commerce merchandising, and how does Depict AI help brands make their product displays smarter, sharper, and more engaging?

We think the primary reason that the gap between traditional and e-commerce merchandising still exists is a lack of tools and flexibility in the platforms. That's why most e-commerce stores still take the form of mail order catalogues. With Depict, we make it easy for any brand to merchandise their product listing pages with an intuitive UI and smart workflows, with the added capability of breaking free from the standard product grid format by interspersing brand assets and content throughout the page.

“Don't fall into the trap of thinking or planning too much – the only reliable way to validate your idea is to put it in front of a user and see if they'd be willing to pay for it.”



Disrupting Women's Wellness:

How HANX is Redefining Retail in 2025

By Farah Kabir and Matt Lamb

As part of Howard Kennedy's Edge of Retail report, this article delves into the trends driving disruption and innovation in retail. HANX, the groundbreaking women's health brand, has reshaped the sexual wellness industry. Founded by Farah Kabir and Sarah Welsh,

HANX started as a vegan condom brand and has since expanded into a comprehensive women's health platform. With gynecologically-backed, planet-friendly products, HANX connects the milestones of women's health—from your first time to menopause and beyond.



In this Q&A, Howard Kennedy's Matt Lamb speaks with Farah Kabir about her journey, the brand's ethos, and the challenges of building a business in a taboo market



How did the idea for HANX come about, and what inspired you to focus on women's sexual wellness?

HANX was born from a personal moment of discomfort. I experienced an awkward encounter with my boss while buying condoms, which made me reflect on why taking control of sexual health felt so stigmatised. At the same time, my co-founder Sarah, a gynaecologist, was treating women with irritations caused by mainstream products. We realised there was a gap in the market for sexual wellness products designed with women in mind—products that were kind to the body and the planet. That realisation led to HANX: a brand that empowers women to take charge of their health without shame.

What challenges did you face in launching a brand in such a traditionally male-dominated industry?

It was tough. Initially, we were laughed out of the room by some investors who didn't believe two young women could disrupt a male-dominated space. Many products in this category are designed with men's pleasure in mind, often using harsh chemicals that can harm women's health. Overcoming these biases and educating both investors and customers about our mission required grit and persistence. But that challenge also fuelled our passion to create something truly different.

What role does community feedback play in HANX's product development?

Community feedback is at the heart of everything we do. Before launching HANX, we surveyed 2,000 women to understand their needs and preferences. That process continues today through quarterly surveys, focus groups, and individual feedback. For example, during our lubricant development, customers tested different formulations and provided input on texture

and scent. This approach ensures our products truly resonate with the women we serve.

HANX has expanded into the U.S. market. What has that journey been like, and what advice would you give to brands considering international growth?

"[Gen Z] want products that align with their values, and by prioritising sustainability, we've built a loyal and engaged community."

Expanding to the U.S. was a natural progression, driven by customer demand and retailer interest. However, entering a new market isn't without challenges. For us, regulatory hurdles like FDA approval were significant. My advice to other brands is to budget for unexpected costs, seek expert legal advice, and leverage networks of founders

who've navigated similar paths. The U.S. market is vast, but success requires careful planning and execution.

As a woman of colour in a taboo industry, what have been the biggest lessons from your entrepreneurial journey?

Being a woman of colour in this space comes with its unique challenges. The statistics on funding disparities are stark, and I've felt the effects firsthand. But I've also learned the importance of resilience and choosing the right partners—those who genuinely believe in your mission. I've had sceptical investors turned into advocates, often through education and persistence. My biggest takeaway is that grit, authenticity, and a strong network can help overcome even the toughest barriers.

What role does sustainability play in HANX's retail strategy, and how does it resonate with your audience?

Sustainability is one of our core values. From sourcing Fair Trade latex for our condoms to using recyclable packaging, we've made deliberate choices to minimize our environmental impact. Our customers, particularly Gen Z and millennial women, are incredibly eco-conscious. They want products that align with their values, and by prioritising sustainability, we've built a loyal and engaged community.



How has the shift towards D2C models impacted HANX, and what do you see as the future of D2C in retail?

The D2C model has allowed us to connect directly with our customers, fostering trust and community. It also gives us control over our narrative and branding, which is vital in a space as sensitive as women's health. However, as competition in D2C grows, I see the future being a hybrid approach—leveraging both D2C and partnerships with key retailers. For us, working with Boots in the UK and exploring retail partnerships in the U.S. has been a natural extension of our growth.

The Edge of Retail report focuses heavily on innovation. What innovations do you think will define the future of women's health retail?

Innovation in women's health retail will revolve around accessibility, personalisation, and community. AI and telehealth are already changing the game, enabling brands to provide more tailored and on-demand healthcare solutions. At HANX, we're exploring ways to integrate these technologies into our platform while maintaining our human touch. I also see retail spaces evolving into wellness hubs—offering a mix of products, services, and experiences that cater to the whole person.

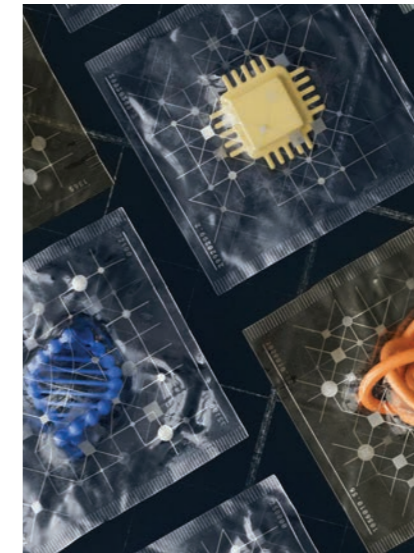
How does HANX approach social impact, and how is that shaping its place in retail?

Social impact is woven into HANX's DNA. Beyond creating high-quality products, we aim to destigmatize conversations around women's health and advocate for greater equity in healthcare access. This mission resonates deeply with our customers and differentiates us in the retail space. Moving forward, I see brands like ours playing a larger role in shaping how retail can address societal challenges—whether that's through education, collaboration, or creating products that genuinely make a difference.

Thanks, Farah, your journey shows other brands the power of listening to customers, addressing unmet needs, and building with purpose—lessons any disruptor can take to heart in 2025 and beyond!



Sense and Sustainability in the Land of AI



By
Rosie Burbidge

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Artificial intelligence (AI) and sustainability represent two of the most transformative forces shaping the fashion industry today. While these trends might seem distinct, they often intersect in meaningful ways. This can create opportunities for innovation, efficiency

and environmental responsibility. This article explores how AI is reshaping the industry and advancing sustainability goals, while highlighting the challenges that must be addressed to ensure ethical and effective integration.

The Role of AI in Fashion

AI is already deeply embedded in the fashion ecosystem, transforming everything from design and manufacturing to marketing and logistics. Generative AI tools can create new designs based on

prototypes, reducing the need for physical samples and the waste they generate.

Beyond design, AI is used to optimise supply chains, analyse inventory, and predict consumer demand. For instance, it can monitor data from across the supply chain, improving transparency and reducing inefficiencies. Start-ups like DataGoat are even deploying AI to address reporting challenges in remote production locations.

In the UK, brands such as ASOS are leading the way in leveraging AI to forecast trends and personalise the shopping experience, reducing unnecessary production and enhancing customer satisfaction. Similarly, Burberry is pushing boundaries by integrating AI to improve inventory control and

current trends or even consumer preferences. This capability allows brands to experiment with digital

transparency across its supply chain. These advancements reflect a broader shift in the industry,

where technology is no longer just a tool for efficiency but a catalyst for sustainable transformation.

Advancing Sustainability Goals

Sustainability has become a crucial focus in the fashion industry, with efforts to promote circular fashion and reduce environmental impacts gaining momentum globally. AI has proven instrumental in these initiatives by helping brands adopt innovative practices that align with sustainability goals.

Take Marks & Spencer, which has embraced AI to optimise fabric usage during production, significantly reducing waste as part of its ambitious "Plan A" strategy. Meanwhile, H&M UK has begun exploring AI-driven solutions for recycling and upcycling materials, demonstrating the role technology can play in closing the loop within the fashion lifecycle. By embedding these practices, brands are not only reducing their environmental footprint but also meeting the growing consumer demand for responsible production. The role of AI in advancing circularity extends beyond waste reduction. By integrating blockchain technology, AI systems can now

trace materials and products throughout the supply chain, offering transparency and ensuring regulatory compliance. This combination of technologies helps brands satisfy increasingly stringent legal requirements while fostering trust with consumers.

Challenges of AI Adoption

Despite its potential, the integration of AI into fashion is not without risks. Generative AI, for example, raises concerns about intellectual property (IP) rights and ownership of designs. Many AI platforms retain partial rights over outputs created using their tools, leading to complex questions about authorship and usage.

Moreover, AI's environmental credentials are not always straightforward. Training AI models and running AI-driven processes require significant computational power, contributing to energy consumption and carbon emissions. Brands must balance the environmental benefits of reduced waste with the potential drawbacks of these energy-intensive technologies.

Regulatory Considerations: The EU AI Act

The introduction of the EU AI Act has set a new standard for the governance of artificial intelligence.

With its stringent requirements for transparency, risk management, and compliance, the Act is particularly relevant to high-risk AI systems used in fashion. It also emphasises the ethical implications of AI applications, urging brands to substantiate their sustainability claims with robust evidence to avoid accusations of greenwashing. For UK retailers operating in global markets, aligning with the EU's framework has become a strategic imperative. Burberry, for instance, has made strides in ensuring its AI-driven initiatives meet both regulatory and consumer expectations. Such efforts highlight the importance of navigating post-Brexit legal landscapes carefully, ensuring that technology adoption supports both compliance and innovation.

Consumer Engagement and AI

AI is also enhancing consumer experiences, making sustainability part of the customer journey. Virtual fitting rooms powered by augmented reality (AR) reduce returns by allowing consumers to visualise how garments will fit before purchase. Similarly, personalisation algorithms recommend products that align with individual preferences, reducing overproduction and unsold stock. Digital fashion, another AI-enhanced innovation, exemplifies this trend. By enabling consumers

"By leveraging AI responsibly, fashion brands can reduce waste, optimise supply chains, and create sustainable consumer experiences."

to purchase and wear virtual garments, brands can cater to environmentally conscious audiences without producing physical products.

Final thoughts

AI and sustainability are redefining the fashion industry, offering unprecedented opportunities to innovate and address environmental challenges. By leveraging AI responsibly, fashion brands can reduce waste, optimise supply chains, and create sustainable consumer experiences. However, careful management of legal, ethical, and environmental risks will be essential to realise these benefits fully.

As the industry moves forward, the role of AI in driving sustainable transformation will continue to expand. By adopting this technology thoughtfully and responsibly, fashion brands can ensure their efforts align with broader goals of environmental stewardship and ethical innovation.

Disrupting Discovery: Miros AI - Empowering Brands with AI-Driven Visual Search

By
Heikki Haldre
and Alex Watt

Heikki Haldre, CEO of Miros AI, talks to Alex Watt, IP & Startup Partner at Howard Kennedy, about his revolutionary AI product, which allows e-commerce sites to improve their search function via an intuitive AI-powered visual and semantic search function

Here, Heikki Haldre discusses the inspiration behind creating Miros AI, how the company is redefining the customer experience, and what strategic adaptations large retailers need to make to get ahead of the curve.

Heikki, can you tell us about Miros AI and the inspiration behind its creation?

It started with a problem that we wanted to solve. E-commerce is the largest Internet industry by far, GBP 6 trillion this year in terms of value. But the problem it has is that about half of the products that are sold online are highly visual products. When you search for something you want to buy, you are immediately limited by language. It can be difficult to know how to describe

a product to get to what you want to buy. 98 percent of visitors to a website leave without buying anything because they give up when they can't find what they are looking for. If you were able to show them what they wanted, then the industry would grow by another GBP 3 trillion. When you use Miros AI, you are presented with visual search results. You then click on the image that most closely fits what you are searching for. This then brings up more search results. Within just a few clicks, and a few seconds, the AI has taken into account your micro-decisions, and has found what you were searching for.

How is Miros AI helping to redefine operational efficiencies?

Most brands spend between 10-30 percent of their budget on marketing. This is just to get people to their web-

sites. If 98 percent of people then leave without buying anything, because they can't find what they are looking for, then that budget is immediately wasted. The second highest cost is warehouses and storing the products in stock. If someone spends on average 3 to 4 minutes browsing on a website, they might only see 200 products out of thousands. With Miros AI making their search function more efficient, e-commerce sites are experiencing a higher conversion rate, which means that their marketing expenditure is more efficient, and they can outspend their competitors to ensure a larger market share. We've seen sales increasing by 31 percent in some of our retailers using Miros AI so far.

What other trends do you foresee shaping the retail sector in 2025, and how is Miros AI positioned to drive these changes?

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Shopping is a bit like finding a needle in a haystack, and the stores with the big haystack where you can actually find the needle are obviously going to outcompete the others, and especially their offline competitors. This year we are actually going to see the next big shift from physical stores to online. Obviously, people are not spending more money, they're just spending money in different channels, online channels. There will be some product categories that will still be more resilient in physical stores, but think about it, a decade ago, people thought buying clothes online was crazy because they couldn't try them on.

How does Miros AI differ from other AI solutions in the retail sector?

So every other technology, including Google vector search, is based on using language to search, which is limiting. When you cannot articulate yourself, then it doesn't matter how good the language model is, it cannot help you if you cannot say what you want.

Can you share some of the exciting developments and next steps for Miros AI that will increase its impact on the retail industry?

Personalisation is going to become important. A retailer might think that they can't read a customer's mind, but they would be wrong. Because AI can be built in such a way that it can read people's minds. The way Miros AI works is a bit like TikTok's algorithm, it registers your micro-decisions and generates recommendations based on that. So we can observe what products you're looking for, and if it's not in stock, we can suggest them to the retailer's buying department, so that they can make more efficient buying decisions. Fashion is one of the most polluting industries, so wouldn't it be great if we can start producing more of the products people actually want, and less that they don't?

And finally, what one piece of advice would you offer founders trying to enter the retail market in 2025?

Focus on e-commerce. It is the largest Internet industry and one of the fastest growing. It's as if you are a boat in the harbour, and the tidal wave is coming in. The tidal wave takes the boats up. So as a founder, you are allowed to make a lot of mistakes and still succeed, because you've chosen the industry which is the biggest and fastest growing.

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“Within just a few clicks, and a few seconds, the AI has taken into account your micro-decisions, and has found what you were searching for.”



The Gen Z Effect

The New Wave of Consumer Habits Shaping the Future of Retail

By
Kelly Kapinos and
Heba Ahmed

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Generation Z, those born between 1996 and 2010, are the latest purchasers to conquer the consumer landscape, representing an estimated £353 billion in spending power world-wide. And in an ever-increasing tech-driven society, these digital natives aren't just purchasing online or through social media; 69% of 18–24-year-olds still shop in bricks-and-mortar stores weekly

But what exactly is this demographic looking for before they splash their cash, and how can brands ensure these new customers like and subscribe to their services?

Gen Z and Doom Spending

Gen Z have grown up in a stressful economic atmosphere, amidst the backdrop of spiking inflation, soaring rent prices and high cost of living. The result of this has been an increase in a 'buy everything, own nothing' mentality, known as 'doom spending'. For this generation – who see home ownership as completely out of reach – there is no point in saving for their futures. Instead, they indulge in instant gratification, purchasing the latest fashion trends and travelling more than previous generations did.

A recent study found that 35% of Gen Zs 'doom spend' to comfort themselves, aided by continuously being influenced to buy products they see online and social media trends such as #TikTokMadeMeBuyIt. But doom spending poses a serious risk in that it can lead these consumers into major debt, especially if they turn to 'buy now, pay later' plans to fund the spending habit.

And while the temptation for brands might be to capitalise on 'doom spending', it could have the opposite effect and result in a breakdown of consumer trust and brand loyalty. Instead, marketers should focus on building long-lasting relationships with repeat customers.

Brand Loyalty Built on Brand Values

Excluding Generation Alpha (the latest generation), Gen Z are the most ethnically and racially diverse generation and are also on track to becoming the most educated. Completely internet-literate, they have grown up with access to technology since infancy, and understand how to compare products online with a single click and in a matter of seconds. Is it any surprise that this leads to them showing a lack of brand loyalty? It's a crowded marketplace, after all. And whilst they might be the most financially unstable generation, they have high standards and expectations of brands. When looking to spend their hard-earned pay cheque, Gen Z are prioritising and connecting their shopping

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decisions to what matters to them: brands that reflect their values and beliefs. In other words, brands that focus on ethical, practical and sustainable aspects of products and services, and have a real-world impact on society. In fact, marketing firm Dentsu con-

are concerned about social issues and 75% are more likely to buy from brands that give a portion of their sales to charity. With this in mind, it's clear this generation are more likely to be loyal to a brand that aligns with their personal values. In a climate of economic uncertainty and advancing technology, retailers and brands face a new set of opportunities and challenges when it comes to Gen Z and the consumer landscape.

The Opportunity for Retailers

Today, a brand must provide a seamless experience not only through their physical stores but also through e-commerce, ensuring promotions, branding, and availability of products are consistent throughout their platforms. A brand's need to respond to trends and Gen Z's expectation of being engaging and relating to them on a unique and personal level in a bid to win over consumer loyalty could therefore be at stake if there is any obstacle when it comes to searching e-commerce platforms,

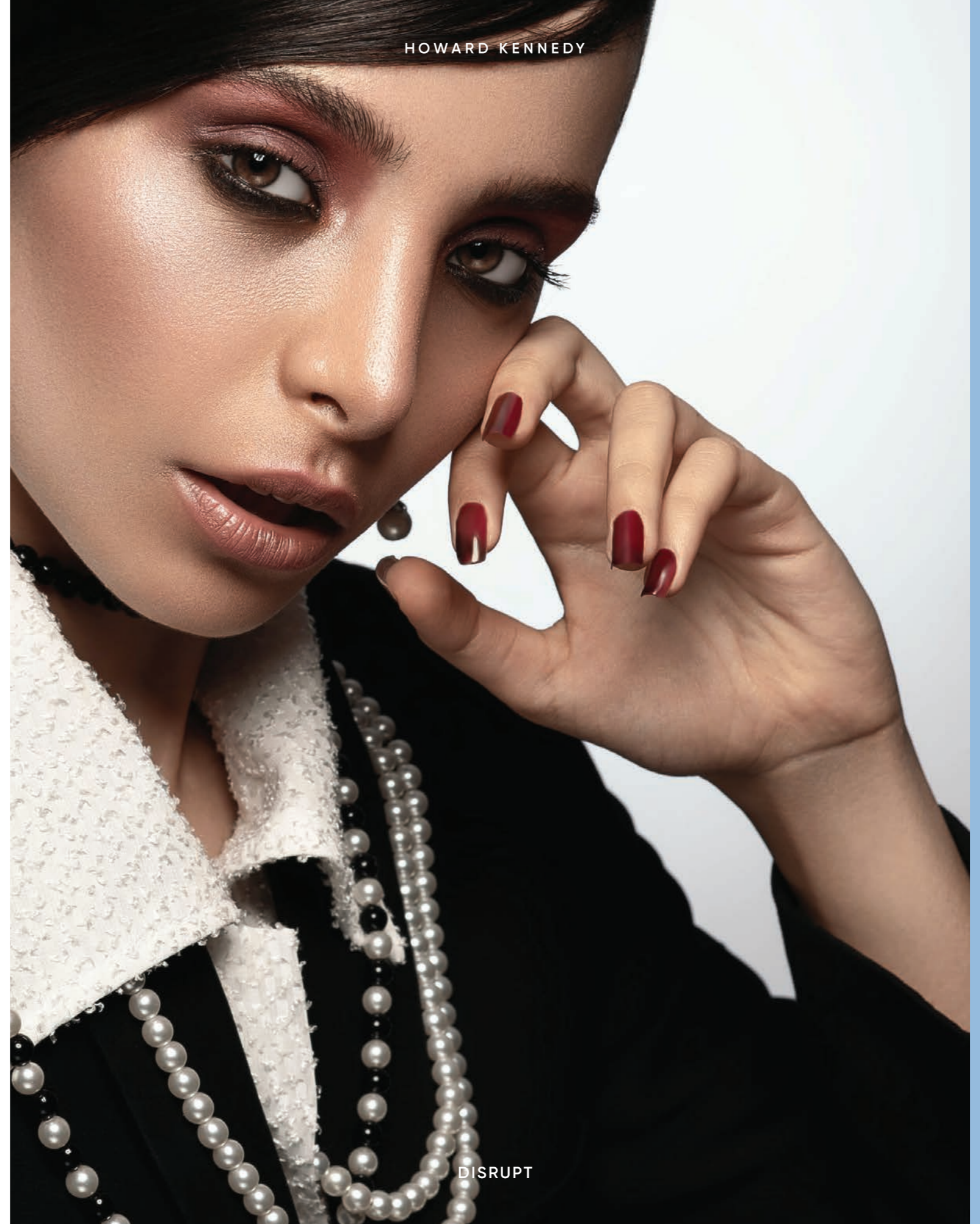
Unsurprisingly, a strong social media presence is a great opportunity to secure Gen Z brand loyalty. Not only does it allow consumers to interact with brands, boosting their authenticity and transparency (two traits that Gen Z value highly) but it also encourages a recommendations culture. With 66% of Gen Z consumers saying that they have made a purchase based on an influencer recommendation, this is clearly a strong business-driver.

In summary, brands must be authentic, innovative and sustainable, able to adapt and adjust to the generation's preferences. Brand agility is imperative to capture consumer loyalty. Responding to fluctuations in the market will likely win brand loyalty and profit the most in this new consumer landscape.

"This generation are more likely to be loyal to a brand that aligns with their personal values"

ducted a UK and Ireland consumer research project which highlighted that, even in times of economic instability, Gen Z wanted brands to demonstrate 'purpose beyond profit'. 90% of the demographic

which can easily put off users. Further, navigating the personalised experience that young consumers crave requires brands to have advanced data analytics and technology investments.





Grow: Examine the influence of generational preferences, sustainability impact on consumer behaviour and retail growth, and the importance of staff wellbeing and effective people management

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From Compliance to
Competitive Edge:

The Growing Role of ESG in Retail

How a strong ESG policy can
help brands flourish

GROW



By
Vernon Dennis

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Thanks to the climate crisis, there has been a significant global movement towards holding retail businesses accountable for their environmental and social impacts. Not only is this shift driven by the risk of transnational litigation by pressure groups, but also by consumers and employees, who want to purchase from and work for a brand that reflects their own morals.

Retailers are at particular risk of ESG litigation because of their extensive supply chains. Reporting obligations mean that brands have to make public statements about the level of supply chain control and oversight, so that they are vulnerable to negative publicity. Tesco is a great example of this, having recently been in the news for its supplier's use of alleged forced labour in a Thai garment factory. For this reason, developing a strong ESG strategy is clearly vital to retailers.

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Legislative Changes

Equally important in the development of a retailer's ESG strategy is the required response to legislative and regulatory reform. In Europe, legislative changes are being spearheaded by the European

at this stage in a more piecemeal fashion introducing a myriad of 'ESG' related legislation which is aimed at promoting 'good corporate citizenship' and responsible business practices. Examples include the Bribery Act, the Modern Slavery Act, the Energy Performance Regime, Building Safety Act and Proceeds of Crime Act/anti-money laundering laws that seek to address fraud and financial crimes.

Important to the ever-expanding remit of the Annual Report is the requirement to report on areas of non-financial conduct and behaviours where agencies are often cited who will rate and benchmark standards of environmental and social impacts. The exponential growth of ESG rating agencies reflects the increasing demand from legislation, regulation, and investors for companies to report on ESG criteria, disclose adverse impacts, and outline strategies to address these issues.

In 2025, the UK Government is expected to introduce new legislation to regulate agencies that evaluate ESG

factors. The Financial Conduct Authority (FCA) will be responsible for drafting the rules for this new regime, and a new watchdog may be established to supervise rating agencies operating in the UK. This move is anticipated to promote transparency and accountability in ESG reporting and assessment.

Commission through directives such as the Corporate Sustainability Reporting Directive and the Corporate Sustainability Due Diligence Directive. These directives aim to make businesses part of the solution to environmental and social issues by mandating comprehensive reporting and due diligence practices. The UK is following Europe's lead albeit

Tackling Greenwashing

In the UK, there has to date been a strong focus on promoting transparency and accountability for 'green claims.' Retailers must be especially cautious of greenwashing (using green credentials to hide other detrimental behaviours) and greenwashing (over promising and delivering on green credentials). The Advertising Standards Authority provides guidance on avoiding misleading environmental and social responsibility claims, emphasising the need for verifiable and substantiated claims. This aligns with the Competition and Markets Authority's Green Claims Code, reinforcing collaboration between both authorities and provides guidance on how a retailer may advertise and promote 'green' credentials.

The Power of B.Corp status

Modern slavery can manifest in various forms, including forced labour, human trafficking, and child labour. Retail companies, with their complex and extensive supply chains, are particularly vulnerable to these risks. Factors contributing to this vulnerability include global sourcing, multiple layers of suppliers and subcontractors that can obscure unethical practices and cost pressures that can drive suppliers to cut corners, including exploiting workers.

Retailers like Seasalt, The White Company, and Fatface have been accredited with B.Corp status (i.e., companies verified by B Lab to meet high standards of social and environmental performance, transparency, and accountability).

It is notable that as with Adidas, Nike, Primark, Puma, M&S, H&M, and Hugo Boss, a key determinant is effective audit and transparency afforded by publishing detailed supplier lists. These lists include factory names and addresses, demonstrating a commitment to ethical sourcing and increased accountability.

Directors have a legal and ethical duty to ensure their companies do not engage in or benefit from modern slavery. Key responsibilities include implementing robust due diligence processes to identify and mitigate risks, ensuring transparency in supply chain practices and reporting on measures taken to combat modern slavery and establishing policies and providing training to staff on identifying and addressing modern slavery risks. By fulfilling these duties, directors can help protect vulnerable workers, uphold ethical standards, and safeguard the company's reputation.

While there is no explicit criminal liability for directors, they remain bound by their fiduciary duties to act in good faith and in the best interests of the company, which includes addressing modern slavery risks. An independent review of the Modern Slavery Act recommended that businesses should have a designated board member personally accountable for producing the modern slavery statement. Proposed criminal offences include knowingly or recklessly publishing a false or incomplete modern slavery statement and continuing to source from non-compliant suppliers after a formal warning.

Businesses as Drivers of Social Policy

Businesses are not only responsible for their environmental impact and ensuring ethical supply chains but also play a crucial role in driving social policy. A recent example is Martyn's Law, introduced in September 2024, which mandates new safety measures for premises and public events to protect against terrorist attacks. Martyn's Law, officially known as the Terrorism (Protection of Premises) Bill, was introduced in September 2024. This legislation is named in tribute to Martyn

Hett, who tragically lost his life along with 21 others in the 2017 Manchester Arena attack.

The primary aim of Martyn's Law is to ensure that public premises and events are better prepared for terrorist attacks and ready to respond effectively. The law mandates that those responsible for such venues take reasonably practicable actions to mitigate the impact of a terrorist attack and reduce physical harm.

Martyn's Law introduces a tiered approach based on the size and capacity of the premises or venue. The law is designed to reflect the varying levels of risk associated with different types of venues and events, for example with shopping centres likely to be subject to greater burden than a single site unit. By requiring tailored security measures, Martyn's Law aims to enhance public safety without imposing undue burdens on smaller venues.

"Businesses are not only responsible for their environmental impact and ensuring ethical supply chains but also play a crucial role in driving social policy"

Martyn's Law represents a significant step in the UK's efforts to protect the public from terrorism. It underscores the importance of prepared-

ness and proactive measures in safeguarding public spaces. The legislation also highlights the role of retailers and event organisers in contributing to national security efforts.

In Conclusion

The movement towards greater business accountability for environmental and social impacts is gaining momentum. This article highlights just a few of the areas where a retailer's ESG strategy must adapt and provide for robust practices to mitigate risk and ensure good governance in consequent decision making. Additionally, opportunities arise for those who are proactive in contributing to a more sustainable and secure ethical business environment. By doing so, a retailer can build trust with consumers and stakeholders, enhance brand reputation, and gain competitive advantage.



Revolutionising textile recycling

Is your brand ready to achieve zero waste?

By
Karishma Gupta
and Lydia Christie

GROW

Karishma Gupta, the founder of Eslando, talks to Lydia Christie, Head of Retail at Howard Kennedy, about how her company is revolutionising textile recycling

Recognised as one of Forbes' 30 under 30, Karishma's pioneering vision is connecting the dots for manufacturers, businesses and recyclers, debunking the myth that textiles are not recyclable. From her company's innovative digital textile passport, to its matchmaking marketplace, she discusses how Eslando is making textile recycling easier than ever before – plus how governments can do their bit to help.

Karishma, can you tell us what inspired you to launch Eslando, and how did you identify the need for a textile recycling solution with such detailed transparency? My family had a recycling business growing up, but it was only when I began working as a textiles

engineer that I started to question how wasteful the industry was. That prompted me to go on a quest to create a system in which we can recycle textiles more easily. There are over 100 different types of textile, but you can broadly categorise them into four groups. Those groups can be recycled at specific recycling centres. At Eslando, we act as a matchmaker, letting businesses know where to take their products for recycling. The easiest way that we do this is via our digital textile passport, a label on the clothing that contains all the information on its textile formulation.

Sticking with the textile passport, how does providing composition and certification data help

businesses close the loop in their production cycles?

The data we provide is really granular. It covers everything from where the cotton comes from, to the dye and the stitching, and it can tell you where all of those elements can be recycled. We're less interested in where exactly everything came from at the moment. The passport is industry focused, rather than consumer focused. While you might scan it and see that you can drop your old T-shirt off at a local Oxfam, they will know exactly where to take it based on the components within it.

Textiles are one of the largest contributors to environmental waste. From your perspective, what are

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the most pressing environmental consequences of textiles not being commercially recycled?

So it's a myth that textiles aren't recyclable, it's just that it seems like it isn't commercially viable. Connecting the dots of where something can be recycled is very complex work. But in terms of the environmental impact, textiles end up in landfill or an incinerator, when we could be recycling them. And we simultaneously are using land to grow new textiles to meet demand, which emits carbon. This also makes it more expensive as well. So why not eliminate both of these types of emission by recycling?

What are the biggest challenges businesses face in embracing circularity, and how does Eslando help them overcome these obstacles?

I think the biggest challenge that the industry faces in terms of circularity is that many businesses just don't have enough knowl-

edge about what can be recycled and how. And they also aren't particularly interested – because why does it matter to them once they've sold something? We take that knowledge and we make it very simple for other people to understand. If you have something you want to recycle, we'll do all the work for you – you don't have to learn everything about textiles or fibers. You don't have to understand what the process of recycling is.

In an industry where greenwashing can overshadow real progress, which brands or businesses do you think are leading the way in meaningful textile recycling and sustainability efforts?

It's a tricky question. Members of Textile 2030 are a good place to start – these include M&S, New Look and Asda.

What role does policy and regulation play in advancing textile recycling, and what changes would you like to see governments implement to support businesses like Eslando?

The support of governments is vital to see any real change – if they were to put the policies in place, then we could see a real change in terms of carbon emissions and climate change, but a lot of these policies are 10-20 years in the future. The new Extended Producer Responsibility regulations, which came in last year, require business-

“By connecting brands with the right recyclers, every brand can be zero waste.”

es to pay for the cost of recycling packaging, and we're participating with that at the moment. I can't say much about it, but the new recycling infrastructure coming up in France is going to have an impressive impact on some of the more complicated issues we face with recycling textiles and shoes. We are participating in the Extended Producer Responsibility policy discussions in the UK at the moment, which will help with recycling, sorting and all end of life cycle infrastructure.

And finally, can you give us a sneak peek into any upcoming projects that Eslando is working on?

The marketplace is our most exciting new development. It's where brands, manufacturers and recyclers can go to connect, including businesses like restaurants or hotels, who have waste textiles that they don't know how to get

rid of. By connecting brands with the right recyclers, every brand can be zero waste. For example, if a hotel or restaurant is changing their uniforms, they can recycle them there, and it can be turned into new stock for someone else, and it's back in the loop again. After all, if someone's brand logo ends up in landfill, it could be a PR disaster. Brands and corporations can really benefit from it long term, for their businesses, as well as for the environment.

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Working Culture:

Get ready for the Employment Rights Bill

From improving staff wellbeing to having robust DEI policies, get ahead now

By
Lydia Christie and
Annie Long

“In a competitive industry like retail, prioritising the well-being and rights of employees is not just the right thing to do – it is essential for business success in 2025 and beyond”



Next year will see the long-anticipated Employment Rights Bill come into force. Promising the widest range of employment reform in years, it will offer enhanced employment law rights and protection for workers, both of which will impact businesses of all sizes

How will the bill impact businesses?

The Bill will have a particular and significant impact on workforce management for retail, hospitality and leisure businesses. In a sector reliant on flexibility to manage seasonal, and sometimes unpredictable, peaks and troughs in trading throughout the year, some of the changes will require businesses to re-assess staff scheduling, their use of zero-hours contracts and get to grips with the removal of the two-year qualifying period for unfair dismissal protection.

Combined with the further costs for businesses with national living/minimum wage and employers' national insurance contribution increases, the forthcoming employment changes will increase the financial burden for businesses. Yet if businesses act quickly to improve workplace culture (which will have a knock-on effect on staff recruitment and retention), it could

provide them with a commercial advantage over their competitors. We expect staff wellbeing and protection to remain a critical and key workforce issue for 2025. In October 2024, we saw the introduction of a new duty requiring employers to take reasonable steps to prevent sexual harassment in the course of employment and this will be further enhanced under the Employment Rights Bill.

At the same time, the retail sector continues to campaign for greater protection for staff from customer abuse and improved mental health support for retail workers. The Retail Trust's Health of Retail Report 2024 reports that the top five things impacting retail colleagues' mental health include the cost of living, work-life balance, health conditions, home life and workload, reporting that 33 percent of store workers say that abuse from customers has negatively impacted their mental wellbeing. Whilst the

Government is proposing to make assault against retail workers a new stand-alone offence, retailers are continuing to look at ways of protecting staff and offering enhanced wellbeing support and benefits to tackle declining mental health and sickness absence.

DEI in the spotlight

Diversity, equity and inclusion continues to be a key priority for retail businesses too. Consumers and employees alike are demanding that companies not only embrace diversity but also actively promote inclusivity and equitable workplaces.

The high profile string of equal pay cases impacting the retail sector shines a spotlight on fair and equal pay. Retailer Next faces a possible £30m compensation bill after an equal pay claim brought by over 3,500 retail staff resulted in victory

for the claimants. The Employment Tribunal found that the business need to keep costs down did not

“In a competitive industry like retail, prioritising the wellbeing and rights of employees is not just the right thing to do – it is essential for business success in 2025 and beyond”

justify the differential in basic pay between warehouse staff and retail staff (predominantly women) after finding that the market rate differentially disadvantaged women.

With minimum pay rates increasing, businesses are carefully reviewing pay structures to identify pay disparities between male and female dominated roles and looking at the wider business reasons, beyond mere cost, to justify their approach to setting pay.

Understanding the practical implications of the Bill

One of the biggest changes to employment law reform will include a new day 1 right to unfair dismissal protection for employees. The requirements for a fair dismissal will be modified during the “initial period of employment” (effectively the probation period), if the dismissal is for conduct, capability, a substantial reason relating to the employee

or because their employment is unlawful (e.g. if they don't have the right to work in the UK).

The Government is to consult on the length of the initial period of employment/probation period, although its stated preference is 9 months. Businesses can prepare for these changes by assessing their applicant screening and recruitment practices and consider whether existing codes of conduct and performance are fit for purpose and sufficiently clear and accessible to staff. Proactive management of staff during probation periods will be key.

The new rules around staff rotas and shift management, which are designed to give greater predictability in scheduling will directly and significantly impact retail, leisure and hospitality businesses. Employers will be required to provide advanced notice of shifts and compensate workers for last-minute changes or shift cancellations. The changes shift the financial impact on last minute rota changes from workers to businesses and adopting new HR technologies for scheduling, recruitment, and workforce analytics will be essential to manage the changes. The long-term benefits and more

efficient workforce management practices will ultimately outweigh the time, training and investment commitment to implement the changes which will also assist in balancing flexibility with the opera-

zero hours contracts a guaranteed hours contract which reflects the hours they have actually worked in a reference period (details to be set out in regulations) will impact retail, leisure and hospitality businesses

which frequently use more flexible types of contracts to manage trading peaks and troughs. We anticipate the change will lead to a shift away from use of zero or low-hours contracts, as businesses instead consider the use of overtime or temporary or fixed-term staff.

Mental fitness and wellbeing at the forefront

We are continuing to see HR managers in the sector focus on supporting and promoting mental wellbeing by taking proactive measures to prevent harm and abuse and offering benefits to support workers who experience periods of ill-health and sickness absence.

Preventative measures include increased security and monitoring in stores and clear signage to cus-

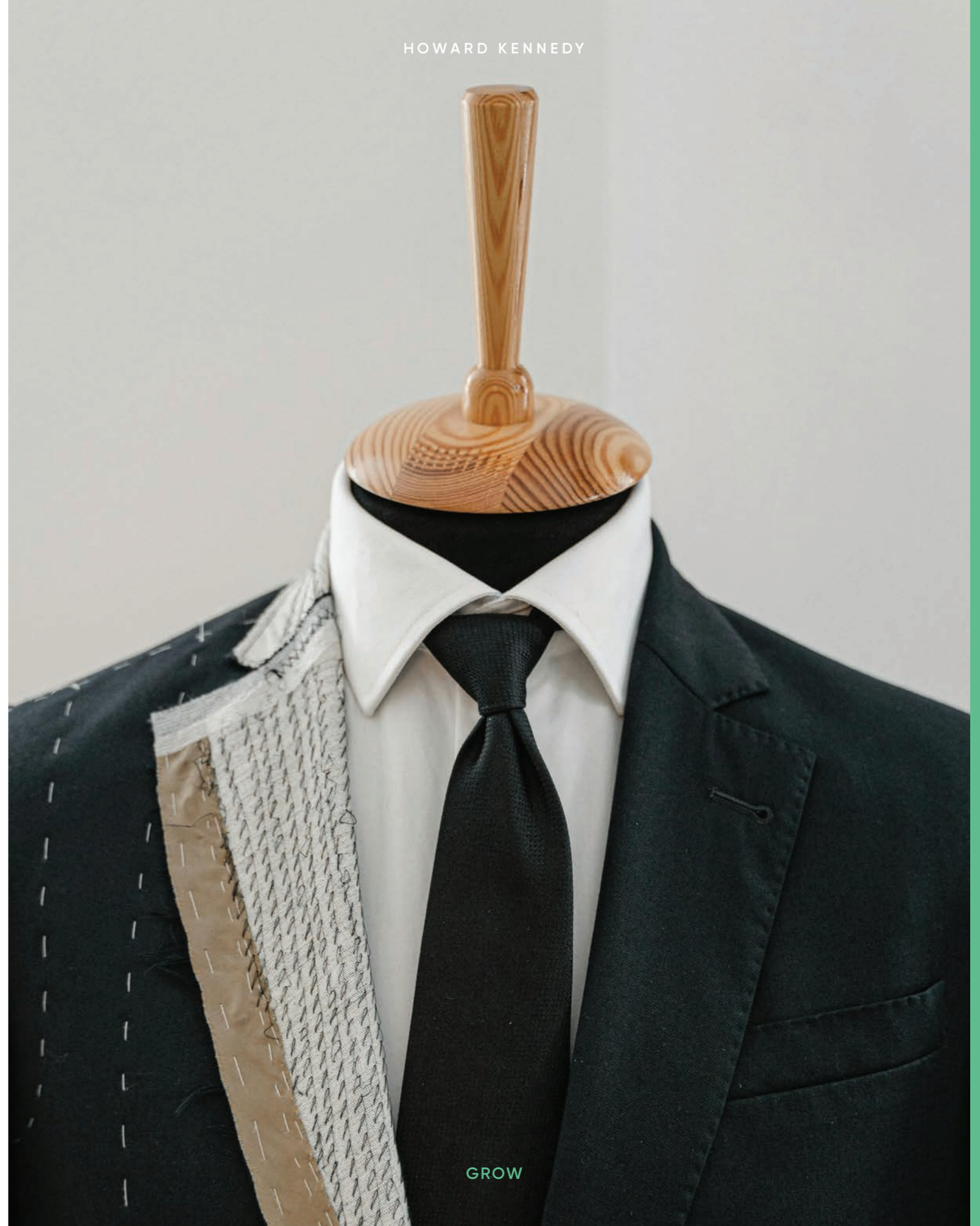
tomers and other third parties promoting the business' zero tolerance policy on abuse and the consequences of abuse towards workers. Enforcement of breach of policies is also key, requiring managers to be

regularly and effectively trained to manage and support staff when incidents occur to help foster a safer work environment.

Customer facing businesses are increasingly providing conflict de-escalation training to empower staff to manage difficult situations while ensuring their safety. Equally important is knowing how to report incidents and being able to do so without fear of retaliation. This requires a workplace culture that promotes and encourages fairness, openness and support.

Whilst 2025 will require preparing for and adapting to a significant number of workforce related changes, a proactive approach that integrates these priorities into the broader business strategy can mitigate risks, improve employee satisfaction, and enhance brand reputation. In a competitive industry like retail, prioritising the well-being and rights of employees is not just the right thing to do – it is essential for business success in 2025 and beyond.

tional needs of the business. Zero-hours contracts are once again in the spotlight and within scope of the changes that businesses need to prepare for. The new proposed duty to offer staff on



Building a Better Retail

The Retail Trust's Vision for 2025

By
Chris Brook-Carter
and Lydia Christie

GROW

Chris Brook Carter, CEO of the Retail Trust, talks to Lydia Christie, Head of Retail at Howard Kennedy, about the key issues the retail sector will face in 2025, the impact of the budget and what can be done about the rising levels of abuse that retail staff face

The Retail Trust is a charity that supports both working and retired retail staff and was founded almost two centuries ago in 1832. Its *raison d'être* is to create 'hope, health and happiness' for everyone within the industry. Its campaign, 'respect retail', has sought to educate the public about the fact that one in three shop workers face weekly abuse, bring together retail businesses focused on addressing this issue and provide more training to help workers protect their wellbeing.

What are the key issues the Retail Trust expects to see at a macro level next year from the retail sector?

At the moment, it's difficult to see beyond the budget*, with the combination of the increases in national living wage, the increases in national insurance, and the fact the government has done nothing to reform rates. The retail industry is the largest employer of young people, largest employer of women and the single largest employer of people outside the public sector. It could sit at the heart of the growth agenda –

there's still so much potential yet to be unlocked. But it continues to be a blind spot for the government.

Shifting focus a little bit. How do you think retail leaders can cultivate a culture of wellbeing and resilience among their workforce?

The truth is that happy, healthy people are a huge net gain for the sector. I would encourage chief executive leaders to see their people as an investment: it's just common sense that happy colleagues create happy customers. It also reduces churn and absence, which are still significant costs to the industry. In order to absorb the costs of this budget, the industry is going to need to get better at reducing both. To do that you need a clear strategy in place, and you need data. You need to set some benchmarks and some goals and then really proactively work towards those. I think it's important that leadership has the right training in order to create the right environments. I think that using data to really monitor what's working and what's not in your workforce is super important as well. Secondly, you need to look after your first line, your line managers, and invest in their training. They are often managing large numbers

of people within a business, and can be quite young and more inexperienced, so that training is important. The third thing is we've got to come together to do something about abuse by the public against staff in the industry. 40 percent are saying that it's making them so anxious and so nervous about going to work that they're considering leaving the sector. Now interestingly, that drops to about 17 percent in businesses where the respondent says they feel supported and well trained, but it spikes to near 60 percent for those who respond and say that they don't feel supported and trained. So, while clearly in the long term we need to do something societally to stop this, it's clear that with the right support, we can help colleagues deal with it better too.

What emerging initiatives to promote employee wellbeing should retail businesses prioritise to stay ahead of the curve and attract top talent?

We've got two big initiatives that I feel are a big point of difference to what's gone before. The first is a new AI generated tool that retailers can use to better understand their colleagues. Here at the Retail Trust, we look after the colleagues of more than 200 retailers in the UK

*This article was written around the Autumn 2024 budget

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so we've been collecting a lot of data from them. From this, we've built an AI generated data platform', the Retail Trust's happiness dashboard, that helps us understand in detail what's going on with staff, benchmarking how they are feeling so it can predict if there's a risk of poor health and absence. This then allows leaders to intervene beforehand.

The second is a campaign we've been running for three years called 'respect retail'. Since the relaunch of this campaign in October 2024 we've been trying to remind customers that staff are human beings and to be kind with advertisements up in shopping centres and even at Piccadilly Circus, thanks to digital screen space donated to the Retail Trust. We've also launched a free training program where in November, 1,300 colleagues registered and joined us for online training in how to look after their physical and emotional safety at work. We want to scale the training so that we can give it to thousands more retail colleagues over the next 12 and 24 months, making sure they've got the tools and the capabilities to look after themselves in the face of this rising onslaught of abuse.

With the rise in customer abuse incidents, what strategic measures can be put in place to protect retail staff, and how can these measures be standardised across the industry?

It's difficult to know what can be standardised: every retailer operates differently, stores look different and customer bases are very different, so the threat is different too. But obviously we've seen initiatives like body cameras become more normalised over the last 12 and 24 months, and that does seem to be having an impact to some degree. I think there's some work to be done around everyone understanding what the escalation policy is when a colleague has been abused, how they are looked after post-event, to make sure

that they're getting the right support. But the best way that we can protect retail colleagues is to start to see an end to this behaviour.

In what innovative ways can retail businesses leverage technology to enhance employee welfare and create a safer working environment?

Increasingly, we're able to use the data we've got to make sure that people are getting the right help at the right time, because everybody's needs are different. Everyone engages with wellbeing content and initiatives differently. So our ability to segment and understand what's going on in certain populations, means that we're able to get the right support into different people's hands. For example, the environment in a distribution centre is very different to a head office or store. It's not a one size fits all thing. People are definitely engaged around different channels and respond to different prompts. The whole idea here is to drive people away from needing our crisis services into engaging with proactive health services so they don't get into trouble in the first place.

How do partnerships with organisations like the Retail Trust influence industry-wide standards for employee welfare and protection?

Well, I think the interesting thing is that we're almost 200 years old. If you go back to the very first meeting of this charity in 1832 (covered by The Times, so we can still read about it) it talked about wanting to create a connection between happiness, health and thriving economics. But it also wanted to create what they called a 'confederacy of good feeling': the idea being that to create social change, you needed scale, you needed more people to be involved. So a big part of our strategy is to get more and more companies involved with us. If we got 300 retailers involved, then that's over a million people using our services, so the level of data that we'd be sitting on would allow us to start

setting some very interesting standards and benchmarks about how to create a happier workforce. The key here is scale, scale of people using our particularly proactive services, and scale of businesses and leaders that are willing to see this as an industry-wide initiative that they need to get behind.

Lastly, how can retail companies effectively measure the long-term impact of their wellbeing initiatives on employee retention and overall business performance?

Well, I think the key is first to work with us! Then the second is to proactively work with us to drive awareness and engagement of our services, because typically, only two to three percent of your population is ever going to need our crisis services. So every percentage point above that is going to be people engaging with the proactive services that are keeping them healthy, and therefore in work. Then you can start to really measure the impact of the things that you're doing, because you're getting monthly data points that are showing you your churn risk and your absence risk as a consequence of poor health, and you can also identify what things are driving either your overperformance against an industry standard or your underperformance, and start to make your initiatives very specific. I think up to this point, the industry's done a great job since post-Covid around getting things in place to look after people, but it has felt very one size fits all, and it hasn't really addressed the fact that retail populations are very nuanced. Having data that can be broken down into cohorts that have got clearly actionable insights aligned to them allows you to start building a wellbeing strategy that feels accessible and relevant for everybody.

“The truth is that happy, healthy people are a huge net gain for the sector.”

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Innovating on Two Wheels: Howard Kennedy in conversation with Brompton Bicycles

By
Phill Elston and
Rosie Burbidge

GROW

Phill Elston, Operations Director for Brompton Bicycles, sat down with Rosie Burbidge, an IP partner specialising in retail at Howard Kennedy (and fellow Brompton owner), to talk about what he's learned throughout his career to date in manufacturing, moving from the aerospace sector to manufacturing consumer goods

As the heritage British brand celebrates its 50th birthday in 2025, Phill opens up about empowering his teams to lead as the business rapidly grows, the brand partnership he's most proud of and why community and sustainability are at the heart of everything they do, plus, his advice for anyone looking to replicate their success.

Could you share some highlights from your career and what initially drew you to the world of urban cycling?

I spent almost a decade working for Foundry that made high grade alloy parts for aerospace. I joined the business as a temp working nights on a sand blaster. By the time I left I was running two major departments after progressing via manufacturing engineer to team leader and so on until I was operations manager. What I learned during this time was pivotal to how I lead now.

I can really understand what it's like to be on the factory floor, because I was once. What drew me to work at Brompton Bicycles was the culture – it really aligns with my leadership style, I'm very much a people-person and very customer-centric. Having the opportunity to work for a brand like Brompton, something with real purpose, making a real difference to society, to the individuals who use the bike, as well as those around it who aren't being polluted or run over, felt like a really good thing.

How do you set your teams up to be more empowered, more agile, more clear about their goals and how they deliver it?

My leadership style is based around servant leadership. The idea being that you set a vision and a goal, and your job is purely about helping people achieve it. When I first joined, we were very centralised, and we didn't empower teams locally. I gave people more local ownership, more local accountability. As the

business scaled over the years, it forgot to scale its operational ecosystem to match that, and we'd just outgrown the mechanisms that we had. I separated our factory out into four smaller sub-factories, each with local support teams, so that none of them could be constrained by what the others were doing. This created really clear responsibilities and accountabilities for each, as well as a feeling of being part of one team. We agreed quarterly targets. Historically, it's been quite common within manufacturing to blame missing targets on other people. "I didn't do that because X, Y or Z hadn't finished their part." It removed a lot of the politics. That's how we've operated for probably three years now, whilst we were growing really rapidly, and it has made a big difference to the speed of execution.

The other important element is personal development. During Covid, we hired a lot of people with no experience in cycling – they'd been at restaurants or in warehouses, for example, they just

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needed a job. I was really conscious that a lot of their skill sets weren't being utilized, we had all of this untapped resource. We had people that were on the assembly line that had come from engineering jobs in the chemical industry, or were warehouse managers in a previous role, or they'd done a mechanical engineering degree but hadn't yet got the work experience to be able to go and apply for another job. We started creating secondments and opportunities to work alongside other teams, many staff have moved into quality, engineering, digital, planning, team leadership from this. We invest heavily in leadership training. We're really, really passionate about personal development, although we use external providers for some development work, we actually enjoy using our teams to develop and deliver some of the content, it's us developing ourselves and teams as well.

Brompton is known for its innovative brand partnerships. Can you tell us about a collaboration that stands out to you and how it has influenced the brand's evolution?

One that really stands out for me is midway through Covid, we did a collaboration with a charity in the US called Crew Nation. It's a charity that was set

up to support people in the music industry who weren't the artists themselves, people like the techies and roadies, that couldn't work during the pandemic. From a brand point of view, it worked for us as well because the US was an area where we didn't have a great presence already. It was also talking to a demographic that we wouldn't think of as a traditionally Brompton demographic. And it was for a cause that we cared about. We ended up getting some really high profile bands to design bikes for us – including Radiohead, the Foo Fighters, Phoebe Bridgers, Dinosaur Jr and LCD Sound system for example – and we were able to test out a novel new way of applying images onto our frames that looks really special. And it was very low risk too: we were only manufacturing one of each bike, not thousands of identical ones.

How is Brompton integrating sustainable practices into its operations and product development?

As an organisation, I think we've operated within what is classed as a B Corp framework for a long time. Even from a shareholder level down, they're aware that we're totally committed to this as an organisation. It influences our material choices, influences our partnerships, who we contract with and who we don't, where we source our products, how we train, how we talk about what we do, our employment conditions. For example, we pay the London living wage rather than just the minimum wage. It's just knitted into how we operate. A great example is this: I was cycling home recently and ended up chatting

to a guy whilst riding along, he worked for a charity based in Southall that had been given 12 of our old electric bikes, but wasn't able to use them. I invited him and some of the technicians to bring them into the factory so we could take a look and get the bikes working. And we did. And that makes a difference to 12 people in Southall now, who can get around and do whatever they need to do, which they couldn't before.

As an organisation, we work with Saheli Hub, and Cycle sisters which was founded to encourage women from Muslim backgrounds to get into cycling. The Brompton is really good for that, because it's got a higher seat and a lower cross bar, so it's more respectful, and it's not going to be awkward to ride if you're wearing more modest clothing. It feels safer for them. We'd not really thought about that until we were talking to a couple of the ladies when we were doing a ride out after a factory visit. But we do that sort of thing a lot. We care about it.

Customer engagement is crucial for any brand. How does Brompton foster a strong community among its users, and what role does customer feedback play in your innovation process?

We do a lot of customer surveys and monitor our social channels, actively



seeking out feedback and trying to understand different user groups and personalities. We know that there are some customers who want to own a bike, lease a bike, borrow a bike just for one day, for example. And how each of those use the product and what they expect from the experience is

different. We feed back any issues post-purchase into the design loop. So if a customer buys a product and then something doesn't happen as they'd expected to, or as we'd expected to, then that goes back into our quality and design loop, and we just make sure we understand them and fix it. We've got a seven-year warranty on our products, because it's so important that when someone invests the money in our product that it doesn't let them down.

We have community ride out groups at pretty much all of our stores, who meet up and go for rides together. If someone's just bought a Brompton, then the store often makes them aware that they can go for a ride out with some of the group. So if they've

got questions about the best ways of changing a tire, or riding tips, they can ask each other.

We also do something super cool called the Brompton World Championships for our customers, fans and staff too. We host mini races across the globe and the winners of those then come together and race in London in a closed street race. It's a brilliant event where

everyone just gets drunk on Brompton love, and sometimes actually drunk too! Everyone dresses up in brilliant costumes. No one wears lycra. It's just about a bit of eccentricity, a bit of fun. It is truly phenomenal, and it's a really good reminder of why we do what we do, how much fun you can have and what it means to be part of something like this brand.

For other retail brands aspiring to achieve similar success, what advice would you offer regarding innovation, building brand loyalty, and navigating market challenges?

I think it's important to have a clear and credible vision, as well as a strong set of values, which speak to how you operate. Our purpose around 'creating urban freedom for happy lives' gives us loads of scope to think about that from the perspective of not just the customer but also the staff member and the environment too. When you're a small business growing, it's really important to talk about and capture your working processes, not to get too constrained by trying to capture policies and processes in excessive detail, as they will very quickly change and constrain you. Sometimes the worst thing you can do is write a policy and train people to it, because that stifles innovation and accountability rather than empowering people to understand intent. When people understand the intent rather than necessarily the letter of policy, then I think they are generally able to make better decisions.

Secondly, breathe life into your values via reward and recognition. So when someone does something that fits into one of your values, then absolutely reward it. One of our values is building community. If a team leader arranges a lunch to introduce them to the rest of the team because they're feeling left out, that should absolutely be acknowledged.

Being vertically integrated has also been beneficial to us. Having far more control over your supply chain is actually really powerful. Building strong relationships with your dealer and distributor network, and having far more sensitivity to trying to right size your business to meet demand is probably the most valuable thing that we've had in our arsenal. We don't have 50 different bikes. We've got a lot of different ways you can configure them, but they're all built basically around the same skeleton. Not having to manage an incredibly diverse portfolio through a very rocky time has helped us to have greater agility.

This tiny, beautiful, agile, folding bike, cutting through the city, is a beautiful metaphor for how we're navigating the cycling industry right now. The bike's characteristics mirror our way of operating.

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Less, but Better:

Maria Grachvogel's Pioneering Approach to Decoupling

How questioning the status quo and pursuing economic efficiency helped position the brand for the future.

By
Francois Souchet and
Maria Grachvogel

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While much of the fashion industry continues to chase rapid growth – more collections, more product, more discounting – Maria Grachvogel dared to pause, question the status quo, and rebuild her brand with intention. In doing so, she provides a rare example of how a luxury fashion business can align with the principles of decoupling by achieving economic growth while minimising resource use and environmental impact.

Her approach epitomises the foundation of our decoupling pyramid, fostering the right economic efficiencies by controlling inventory, discounting and other sources of unproductive waste.

Challenging the acceleration trap

Maria Grachvogel wanted to counter the fundamental paradox of modern fashion: the relentless cycle of production exhausts creativity, multiplies collections of limited relevance, which in turn leads to discounting and inventory, harming margins and creating perverse incentives to compromise on quality to maintain or boost profitability. This also ends up eroding the value people place on their clothing, resulting in products that are cared for and worn less and less.

As she was starting to be forced into this trap by her wholesale stockists, Maria noticed that despite this acceleration, her business was not necessarily doing much better, at least if you were focusing on the bottom line. So, rather than falling into that trap, she dared to investigate, which led her to a realisation: this acceleration of product cycles and discounting was not as good as the general wisdom would assume for her business. In addition, assuming that carbon is in everything she creates, how could she ensure that her designs wouldn't generate unnecessary impact? Through this investigative process she established a leading principle for the future: produce only what is needed, minimise waste, and ensure products are loved and worn for longer. Using this guiding principle, she analysed her business, deciding to keep only the

parts that were aligned with it, and to redesign what was not. This led to a new structure that opened space to create purposefully, a new production and stock system, and a new approach to sales and wholesale.

Space for purposeful creation

This new approach allowed her to regain space to sense what the modern woman really wants, and bring truly desirable – and desired – products that fit the evolving lifestyle of her customer. In addition, her focus on timeless and seasonless fashion allows to create a flow between her collections, enabling her customers to build their wardrobes more purposefully.

Underpinning this process is an approach to build collections using core fabrics, that minimise deadstock, and iconic styles, that drive sales and create a welcome sense of continuity for her customers. Sampling is eliminated, the editing of the collection is done at the sketch phase and all the products that are made end-up being available as stock.

This thoughtful process creates garments with enduring relevance, fostering a deeper emotional connection with customers and encouraging longevity – some customers wear their Maria Grachvogel pieces for decades, having them re-tailored once in a while as their physiognomy evolves. In addition, Maria's passion for garment construction and fit, enables her to build garments that feel highly valorising for her customers and less sensitive to small changes of body shape, further reinforcing their value for the wearer.

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The circular stock system

To prevent waste and inventory, while responding to the evolving demand of her customers and the growing unpredictability of seasons, Maria developed what she calls the circular stock system, an innovative approach relying on real time stock monitoring and local, agile manufacturing.

Local production: her pieces are made in London, enabling fast turnaround and greater flexibility, allowing her to be very agile and adapt her production schedule in real time. This control over her production, combined with longstanding relationships with fabric mills enables her to have a very tight control over the quality of her products.

A collection planning that influences supply strategy:

- Core and iconic pieces are managed to always be in stock and are replenished based on sales velocity to ensure consistency of offering.
- New styles are tested and introduced cautiously in limited runs and are either made to order or replaced based on sales. In all cases they are progressively phased out towards the end of the season.
- Archive pieces and occasion wear are always made to order.

Rethinking sales and wholesale

To align her sales strategy with her guiding principle, Maria had to do away with a lot of the mainstream fashion calendar and traditional sales channels. Small designers face two major challenges when showcasing their collections six months before they're available for purchase. First, by the time the pieces reach stores, they often feel less exciting to customers who have already seen them on every digital platform available. Second, this delay gives copycats a chance to release similar designs more quickly, undercutting the originals.

To overcome this challenge, Maria stopped her runway shows. Instead, during Fashion Week, she privately presents her upcoming collection to industry professionals, such as wholesale partners, enabling them to place orders and helping her plan production more efficiently. She also presents the items that are available to purchase immediately to her customers through a dedicated film release. Another challenge is dealing with large wholesale stockists, who often impose their terms, such as stock buybacks or discount cycles, which erodes margins and renders financial predictions really complicated. Maria moved away from most large stockists, focusing her strategy on trunk shows and partnership with smaller stockists who understood her circular stock strategy, agreed to adopt it, with no discounting.

General takeaways

Maria Grachvogel's unique positioning might not be universally replicable, but her principles and approach to developing solutions that work for her brand are, especially in luxury.

To foster the economic efficiencies that will not only strengthen their bottom line, positioning in the market, and client relationships, brands can:

- Adopt a sense of flow between their collections to allow customers to continuously build and refine their wardrobes while ensuring that the real and perceived value of products remains high over time.
- Reduce inventory and deadstock, by rethinking assortment strategies, adopting core fabrics that can be used across collections, and fostering supply chain agility via demand driven production.
- Foster a higher sense of value through curation and scarcity. This is enabled by tighter control over stock and more edited collections that focus on great products highly desirable to customers, cancelling the need to stimulate demand through discounting, which over time erodes the perceived value and price expectations of customers alongside profits or product quality.

Through her work, Maria demonstrates that less but better might actually mean less but stronger, showing that decoupling strategies can drive profitability, exclusivity and business sustainability simultaneously.



"Fashion is an expression of you, not a moment in time."

Maria Grachvogel



Expand: Investigate the changing landscape of retail spaces, the role of real estate, and the ongoing evolution of physical stores in a digital age

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Regeneration and Repurposing:

What's in store for bricks and mortar shops in 2025?

By
David van der Lande
and Stephen Scott

We look into our crystal ball to assess the challenges and opportunities retail stores face this year

EXPAND

The future of town centres and in particular the challenges which are facing the retail sector have long been a topic of debate

The advent of online shopping in the 2000s might have kickstarted the issues facing bricks and mortar retail, but this accelerated at pace during the Covid-19 pandemic. While lockdown saw the closure of stores, Covid also changed consumer behaviour so that there was a greater emphasis on shopping within local communities, to the detriment of larger shopping centres and retail parks.

In addition, the worsening state of the UK economy, caused over time by a large number of factors – including Brexit, the cost of living crisis, high inflation and high interest rates and global conflicts such as the wars in Ukraine and the Middle East – has only made matters worse.

High business rates also continue to be problematic. Retail and leisure insolvencies have continued to come thick and fast. According to research by PwC in 2023, a total of 14,081 retail units disappeared from UK high streets, shopping

centres, and retail parks last year. Measures to address climate change are also bringing further challenges to all sectors of the economy. There is pressure to reduce carbon and commit to greener buildings, which obviously comes at a financial cost.

This perfect storm means that void space in the retail sector is ever increasing, while the need to address this is becoming more pressing.

A Bricks and Mortar Revolution

In recent years, there has been an increasing trend for retail spaces to be reinvented, albeit this has been limited by the state of the economy and difficulty of securing funding.

Perhaps the most common examples of this have been where local authorities have chosen to intervene in areas where urban decline has occurred to such a degree that they felt that they had no choice but to invest. The focus of such interventions has

largely been through the lens of regeneration rather than profit.

A good example of this is Stockton-on-Tees, where a wholesale urban regeneration project is proposed. This will include riverside apartments with shops on the southern part of the Stockton waterfront site; new homes on the former post office site; turning the former Debenhams building into a “unique town centre attraction with food, drink and small-scale leisure venues”, with more leisure and residential opportunities on the riverside; the Tees Valley Care and Health Innovation Zone; a new transport hub at Thornaby railway station; an “open innovation campus and care and health-focused residential neighbourhoods”; the regeneration of St Mark’s Basin including a new “care and health educational anchor”; and the basin area being opened up into public open space for communities to enjoy.

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Similar reinvention and repurposing of existing retail space has been deployed by private investors and local authorities, converting old retail spaces into gyms, doctor's surgeries and outdoor public spaces. The key to success for such projects is adopting a wider holistic approach with the engagement of all stakeholders (landowners, investors, funders, occupiers and residents). This is far from easy to achieve due to many competing and often seemingly incompatible interests, but if further stagnation is to be avoided, this is the path that must be followed.

Ownership, Not Rental

Another interesting trend has been the number of retailers adapting their strategies by purchasing large retail spaces and becoming owners and not just occupiers. Frasers Group is the most active, acquiring large shopping centres in Luton and Dundee in 2023. It has also very recently purchased three more shopping centres: Princesshay in Exeter, Fremlin Walk in Kent and The Olympus Centre in Gloucester. This approach is interesting and astute as it allows Frasers Group to position its portfolio of retail offerings to their best advantage and gives them a large degree of control over occupational costs. Ikea's holding company Ingka Group also bought a large scheme in Brighton, following previous purchases on Oxford Street and in Hammersmith. This is another change of direction, signalling a

move away from just larger out of town stores, bringing the brand to town centres as part of the wider retail offering and to the heart of more residential communities.

The Role of Small Businesses

It is not just private investors, local authorities and big national retailers who have a role to play in reviving the retail sector, but small and independent retailers can play a big role too. They can engage and consult with their landlords and neighbouring retailers to present a joined-up proposition to attract customers and improve the sense of community and overall offering in a neighbourhood. Collaboration must increase. Retailers who use an omnichannel approach to bridge the gap between an online and in-store experience have encountered more success than those who either focus solely online or solely on a physical store.

The common theme in all these trends is taking a step back from individual interests, collaborating with others and working together to give the public a joined-up community with retail at its heart. This may sound utopian, but there are real life examples of it working and without this approach, retail looks to be doomed to remain in need of critical care.

Location, Location, Location

David van der Lande is Director at Town Centre Regeneration Ltd and also sits on Revo's Repurposing and Regeneration Committee. TCR helps generate value from an array of uses, whether from regenerating existing assets including retail, or more recently, offices, through to new build. Many of these opportunities have arisen due to the structural changes underway in the way people shop but also work. The revolution that is occurring in

AI will further accelerate structural changes to property utilisation, especially for offices, with an increasing reliance on agile models working from high quality, AI filtered data.

Property is a relatively inflexible asset that is geo locationally tied – a benefit for locations that generate long term stable income from a stable or growing



occupier market but a burden when occupier's business models change. The shift in retail or office occupier demand has been dramatic. The churn costs – adapting, repurposing or redeveloping – are expensive and asset values have plummeted in response.

For property owners – whether occupiers, investors or funders – the challenge is to second guess the future way in which property will be used. Technology has a way of changing the way in which spaces function: for example, the introduction of wireless networks resulted in the West End secondary office stock (much initially built as housing) becoming more valuable at a time when its inability to install wired networks had resulted in occupiers leaving.

The Digital Shopfront

The most significant changes to retail are that the shopfront is now on screen and the experience shoppers expect from the retail journey has changed. Customers are responding to different retailer messages – price, value, quality, authenticity – often at the same time, in the same place and sometimes by the same brand.

While inflation adjusted real retail expenditure had been increasing over the last 30 years up to the pandemic, the 2023 expenditure was 3% down in real terms on 1993, following the recessionary impact of Covid and other economic shocks. Retail expenditure through stores was down by 14% with textile/clothing/footwear store sales down 35% on 1993 expenditure in real terms. At the same time, non store retailing has increased by 111% over the same period.

While non-store shopping was higher during Covid, this change is not going to reverse and non-store shopping will continue to evolve.

The Role of the Retailer Landlord

The extent to which the physical space – whether a town centre, shopping centre or department store – helps deliver the retailer's messages is critical to its success.

Retailers should question the property owner's capability to support their offer at store level but also in terms of the curated mixture of supporting uses – whether services, leisure or housing – that enables the retail offer to flourish. At the same time, retail space owners need to ensure their retailers are delivering the customer experience that supports the attractiveness of the centre.

For a property owner with embedded capital in the assets this requires an active, frank and open relationship with the retailers to ensure that the retailer is clear on what is needed from the space. This means that owners can justify the investment needed to jointly derive benefits. It is only by working in tandem that stability of income can be generated to support the returns required to underwrite investment.

In Conclusion

The successful store based retail businesses which control the retail environment their stores are in, may reduce the occupational costs for their retail brands as well as manage competing facias to maintain local share of trade. These retailer landlords will need to look to continue to create an engaging retail environment for shoppers beyond the shop based offer, especially where lack of competition may reduce the direct pressure of continued investment in the wider place.

Where Local Authorities have sought to invest their way out of challenges to their town centres by buying assets, competing objectives and interests within the Local Authority can serve to undermine the clear rationale needed to support private sector investment or to secure grant funding that delivers economic growth.

Investors, whether directly or through funding, have been challenged by plunging asset values and failure to deliver anticipated returns in recent years. The effect has been breached covenants and corporate failures.

Today there are opportunities to recalibrate potential returns from rebased capital values and income streams. The challenge for institutions will be in redefining the risk profiles of these opportunities, which will need to be based on different operational models than those used back in the days when single asset classes, upward only rent reviews and longer leases were regarded as optimal.

“Retailer landlords will need to look to continue to create an engaging retail environment for shoppers beyond the shop based offer”

From Oxford Street to Europe

Lessons in Commercial Leasing

By
Ian Shepherd and
Julian Hindmarsh

EXPAND

As part of Howard Kennedy's EDGE of Retail campaign, Julian Hindmarsh speaks with Ian Shepherd, founder of Moving Tribes and Chairman of Bensons for Beds, about commercial Real Estate

Julian and Ian delve into the intricacies of the UK property market, discussing the challenges faced by smaller businesses and the potential lessons that can be drawn from international practices. Their conversation highlights the critical need for retail tenants to navigate this complex environment with a well-informed strategy, ensuring their business models align with the realities of the market.

Commercial property seems to be its own complicated world, with confusing terminology that can be intimidating, especially to smaller businesses. Why is that?

Yes, it can be complicated, and a comparison with other European countries suggests that it doesn't need to be. The UK framework, for example, is set by the 1954 Landlord and Tenant Act and leases can either be 'inside' the provisions of that Act or 'outside' them. The result of that is that both landlords and tenants have to be really careful about what

kind of agreement they are making with each other. The reality, I'm afraid, is that both parties need to make sure they get good professional advice before signing anything.

That international perspective is interesting - how else do other countries differ from the UK and what lessons does that potentially offer UK legislators?

Many other countries work off 'codes of practice' rather than the formal structure offered by the 1954 act in the UK. Partly as a result of that and partly just as an accident of history, my perception is that there is much more flexibility in those countries - in France, for example, a typical retail lease would be "3+3+3" - so a three year term with two opportunities to extend. It is also more common in other countries that a tenant who was struggling to make a return in a particular property would be able to use that fact as a reason to leave the property, or to renegotiate to something like a turnover-based rent unlike the UK where a tenancy is an agreement which is hard to break or amend. As a measure of the stark difference, I

worked with one client who opened a flagship store on Oxford Street. They were disappointed with trading and sold the lease on for a premium, but that premium was so large that it funded the opening of 10 new stores elsewhere in Europe!

I think many UK based readers would like some of that flexibility! Is there much chance of that happening here?

I don't think there is much imminent prospect of legislative change in this area in the UK. It isn't really a 'vote-winner' and therefore isn't likely to get much political airtime. The only way that would really change is if industry groups that span the retail and hospitality sectors lobbied hard for it. But then, they have done exactly that on the other big commercial property issue - Business Rates - and we've not yet seen much return from that effort either.

Even if legislation doesn't change, however, that isn't entirely a counsel of despair. Gradually, things are evolving in UK commercial property just from the changing world in which tenants and

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landlords operate. Leases have become shorter, for example. Retail leases which were once as long as 25 years are now often 10 years with a 5 year break, and hospitality sector leases, although longer, have also come down.

There has also been some move towards rents which are related to business performance (so a base rent plus something connected to turnover) although that remains a small part of the market and usually only negotiated when a tenant is in real distress. However, it is showing that landlords are trying to make some inroads into meeting tenant's evolving business needs.

It is good to see that evolution, but the UK remains a really challenging place to be a commercial tenant - why is that?

Yes, there are still aspects of Commercial leases that remain 'tenant unfriendly' like open-market rent reviews that only ever go up, as well as the relatively long lease terms. Rent reviews are a particular issue (and one that Ireland has recently addressed in legislation) because at any given moment there are always businesses hungry to sign up new sites for their expansion, and that tends to push the rent up for everyone at the review point.

Again, though, we do see some increasing flexibility such as rent reviews with a cap and collar structure that limits future rises. We spend a lot of time on behalf of our clients negotiating exactly that kind of increased flexibility.

This article is in partnership with Moving Tribes.

As to why the UK is the way it is, it may in part be the result of the nature of the business model of the landlords themselves. Some of the large commercial landlords have their own debt financing structures and that can make them less able to be flexible with tenants. I spent a lot of time during Covid, for example, negotiating with landlords and some were much less able to support their tenants than others because of their own balance sheet issues.

OK, that reference to landlords prompts to ask a question that I know confuses a lot of MT readers who are concerned about their own local High Streets. How can it be that an empty retail or hospitality unit can just sit empty for years?

There can be all sorts of reasons why properties stay empty. In many towns across the UK, for example, the landlord base is extremely diverse - you have private individuals, family trusts, pension funds, local institutions and all sorts of other landlords owning buildings on the same High Street - in other words, fractional ownership on the High Street. The landlord might be overseas, might not regard the individual property as all that important a part of their portfolio or just not be paying much attention. Equally, they might be making a commercial decision that they would rather wait for a higher rent than take a lower one now.

Even in circumstances where the landlord is a big commercial property business (so a shopping centre or retail park for example) you can get extended vacancies. If the landlord regards the

'rentable value' of the property as core to their overall valuation, for example, then again it might be in their interest to hold out for a higher rent even if it means an empty unit in the short term.

Thanks for all of that context. Taking it together, then, the UK Commercial Property market is a complicated one and likely to remain so. What's your advice for a reader who is interested in expanding their estate?

Fundamentally, anyone looking at taking a commercial property needs to be very sure of their sums. They need to know their business model and have properly assessed whether this property is the right one for them. Does it have enough footfall, and is that footfall made up of the right types of potential customer, for example?

Beyond that commercial assessment, my other advice is that any tenant needs to get the best professional advice they can. Now as a lawyer, I'm bound to say that but it is particularly true right now - because of the nature of the UK market the difference between a well-negotiated lease and a badly-negotiated one can be very large indeed, and can make the difference between your business being viable or not.

“Does it have enough footfall, and is that footfall made up of the right types of potential customer?”

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Expanding Markets: How to Maximise M&A Opportunities in 2025

From investing in tech to prioritising sustainability, here are 5 key ways to benefit from a boom in the M&A market

By
Myles Taaffe

As we step into 2025, the retail and consumer sectors look poised for a dynamic year of mergers and acquisitions (M&A), driven by a blend of economic recovery, technological advancements, and shifting consumer preferences.

The M&A market appears to be bouncing back with renewed vigor. After a period of uncertainty, confidence is returning, fueled by a more stable economic

environment, lower interest rates and stabilising prices. Investors and brands are once again looking to expand their portfolios and capitalise on these growth opportunities. This resurgence is particularly evident in the retail and consumer sectors, where our clients are reporting an eagerness to adapt to changing consumer behaviours and embrace technological innovations.

Here are five things to look out for in 2025:

1

Tech-Driven Transformations

AI chatbots and personal assistants are technology that continues to be a major driver of M&A activity. Brands are increasingly seeking acquisitions that can bolster their existing digital capabilities, whether that's a business model that is successfully driving sales through online influencers or targets that are using advanced data analytics to get an edge on their competitors. We're seeing an increase in digital due diligence being undertaken in the deals that we're handling.

Technology is also being leveraged to enhance the consumer experiences in the leisure space, particularly in city centres. Consumers may be going out less frequently now than they did before Covid, but when they do, they're spending more, and have raised their expectations accordingly. The expansion of brands such as Electric Shuffle, Flight Club and Boom Battle Bar to more and more locations reflects the market trend here and we see this continuing through 2025 and beyond.

The integration of technology is not just about keeping up with the competition; it's about setting new standards in the industry.

Tip: Invest in technologies that enhance digital capabilities and improve consumer interactions. Look for acquisition targets that offer innovative tech solution

2

Sustainability Takes Centre Stage

Sustainability is no longer a buzzword; it's a business imperative and your customers are paying attention. Consumers are more environmentally conscious than ever, and brands are responding by prioritising sustainable practices. This shift is reflected in M&A strategies, with companies seeking partners that align with their sustainability goals. Whether it's reducing carbon footprints or sourcing eco-friendly materials, sustainability has become a key factor in deal-making decisions.

Tip: Prioritise sustainability in your M&A strategy. Seek partners that align with your environmental goals and can help you achieve your sustainability targets.

4

Strategic Partnerships and Alliances

In addition to outright acquisitions, strategic partnerships and alliances

“Investors are recognising the value of collaboration, whether it's to enter new markets, share resources, or co-develop products.”

are becoming more common. Investors are recognising the value of collaboration, whether it's to enter new markets, share resources, or co-develop products. These partnerships can provide a competitive edge and foster innovation, making them an attractive option for growth.

Tip: Consider forming strategic alliances to enter new markets and drive innovation. Partnerships can provide access to new resources and capabilities.

3

The Rise of Health and Wellness

The health and wellness trend shows no signs of slowing down. As consumers become more health-conscious, brands are pivoting to meet these demands. A notable example being the launch of the Oura Ring 4 which was a big hit at Christmas and confirms that the consumer appetite for health and wellness products is here to stay. We have also noticed strong M&A activity in the beauty and wellness sectors, with trends towards acquiring brands that offer natural, organic, and health-oriented products. The emphasis is on holistic well-being, and companies are keen to tap into this lucrative market.

Tip: Tap into the growing health and wellness market by acquiring brands that offer natural and health-oriented products. This sector is ripe for growth and offers significant opportunities.

5

Focus on Consumer Experience

At the heart of all these trends is a focus on enhancing the consumer experience. Brands are investing in technologies and strategies that provide personalised, seamless, and engaging experiences. From omnichannel retailing to immersive in-store experiences, the goal is to create a strong connection with consumers and build brand loyalty.

Tip: Focus on enhancing the consumer experience. Invest in technologies and strategies that provide personalised and engaging experiences to build brand loyalty.

In conclusion, 2025 promises to be a vibrant year for retail and consumer M&A. By focusing on these key areas, brands can position themselves for success and drive sustainable growth in an ever-evolving market.

The Evolving Business of Champagne: In Conversation with Comité Champagne

By
Victoria Henson and
Lydia Christie

EXPAND

Victoria Henson serves as the Director of Bureau du Champagne in the UK, the extended arm of the prestigious Comité Champagne - the trade association that champions the interests of Champagne growers and houses worldwide

With a career steeped in expertise and a passion for the luxury sector, Victoria is at the forefront of shaping the global Champagne narrative. Victoria sat down with Lydia Christie, Head of Retail at Howard Kennedy, to explore the vital link between the heritage of champagne and its evolving role in the luxury market.

Victoria, how has the global Champagne market evolved in recent years, and what trends are you seeing in consumer preferences?

The Champagne market has seen significant changes, particularly in response to post-COVID consumer behaviour. People are now prioritising quality over quantity, opting for a single glass of champagne rather than an entire bottle of another wine. There's also a growing appreciation for diverse styles, such as rosé and low-dosage champagnes. Political and economic factors, including elections, global conflicts, and the cost of living crisis, have further influenced purchasing habits. Despite these challenges,

Champagne's luxurious image and exclusivity remain strong, continuing to attract consumers worldwide.

Champagne has long been associated with luxury and exclusivity. How does the industry maintain this image while adapting to modern consumer demands?

Champagne's uniqueness lies in its heritage and exclusivity. It can only be produced in the Champagne region of France, with over 300

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years of history and innovation behind it. Its association with pop culture and celebratory moments adds to its allure. Additionally, the industry is highly adaptable, responding to challenges such as climate change with sustainability initiatives and research, ensuring its enduring appeal.

How do you see that relationship evolving as younger generations gain purchasing power?

Consumers are becoming more adventurous, exploring different styles like blanc de blancs, blanc de noirs, and extra brut or zero-dosage options. Younger generations, in particular, are drinking less but focusing on quality and unique experiences. This trend is driving growth in key export markets such as the UK and US, but also new markets such as Canada, UAE, Sweden, and South Korea, which are also showing increasing interest. Exports now represent 56% of total Champagne sales, compared to 45% 10 years ago.

How is the Champagne sector addressing environmental concerns, and what initiatives are being spearheaded by Comité Champagne?

Champagne was the first wine-growing region to assess its carbon footprint and has set an ambitious goal of reaching net zero by 2050. Significant progress has already been made, with 100% of wine effluence treated, over 90% of industrial waste processed, and a 20% reduction in the carbon footprint per bottle since 2003. Currently, 70% of vineyard areas are environmentally certified, with plans to achieve 100% certification by 2030. The industry is also exploring innovative solutions such as insect-proof greenhouses and alternative grape varieties to adapt to climate change.

How are Champagne growers and houses adapting their strategies to remain competitive while preserving their heritage in the digital age?

Digital tools are enhancing the consumer experience and education within the industry. QR codes now provide instant access to tasting notes and food pairing suggestions, making Champagne more accessible and versatile. These innovations also support training in the hospitality sector,

ensuring Champagne remains relevant across a variety of dining occasions.

Looking ahead, what are your predictions for the Champagne market in the coming year, and how do you see it aligning with broader trends in the luxury and retail sectors?

Champagne's appeal is rooted in its heritage, quality, and versatility. It has an enduring association with celebrations and special moments, making it a luxury that consumers aspire to enjoy. Whether celebrating a promotion, a special occasion, or simply a good day, Champagne remains a symbol of joy and sophistication. Champagne is set to remain resilient and relevant in the luxury and retail sectors. Its adaptability, coupled with ongoing innovation and sustainability efforts, ensures that it continues to captivate consumers worldwide. As Coco Chanel once said, "I only drink champagne on two occasions: when I am in love and when I am not." That sentiment perfectly captures Champagne's timeless allure.

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If you have any questions or comments for the team, or if you would like to learn more about any of the topics covered in this report, please feel free to contact us at Howardkennedy.com or via email at:

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