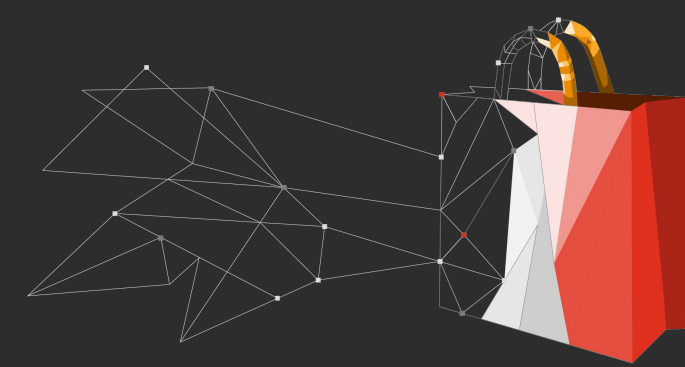


# Retail in a 1.5-meter society: Uncovering opportunities in a crisis



The volatility caused by COVID-19 will lead to lasting shifts in the industry, forcing retailers to anticipate market demands more closely than ever. During our recent webinar on ‘Retail in a 1.5-meter society’, **57% of retailers** indicated that they would like to **share experiences** and **receive support** from their ecosystem counterparts. As a first step in this direction, we will be releasing a series of articles in the coming weeks to help you, as retailers, reimagine your organization’s future and emerge stronger to win in the market.

## Perspectives on getting ready for the ‘new normal’

As countries begin to loosen lockdowns, strategies to remain fit in the market become crucial. In the post-pandemic world, the following two dimensions (figure 1) can help you predict your response to the crisis:

1. The importance of physical interaction for the customer
2. The necessity of your goods and services for the customer

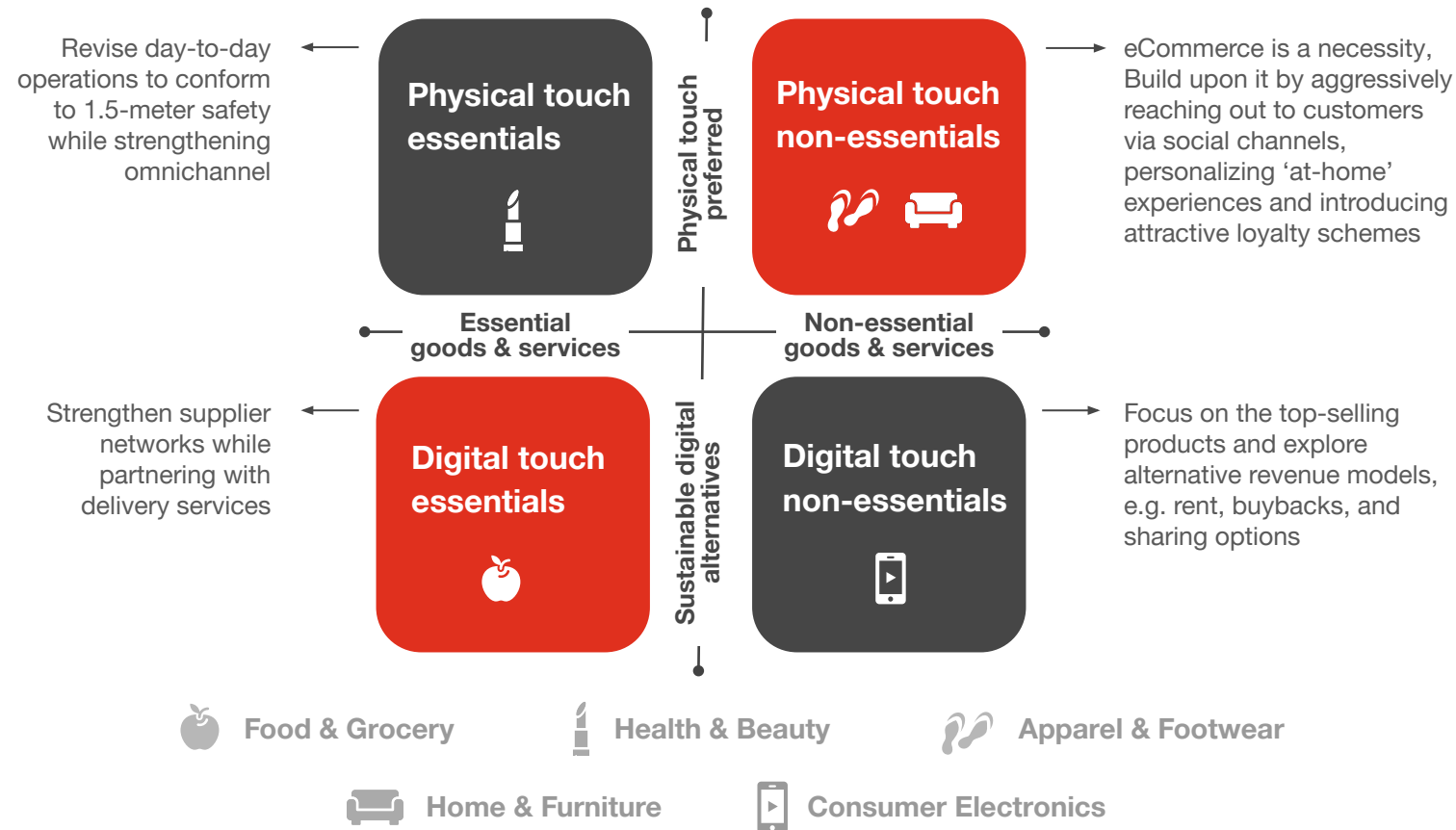


Figure 1: Retail crisis response matrix



“**Physical touch essentials**”, consisting of *health and beauty* firms, admittedly took a hit in their numbers but the ones with strong eCommerce presence were able to sustain. L’Oréal, one such firm, is also optimistic about the near future and expects customer shopping behavior to stabilize. Strengthening omnichannel capabilities and revising day-to-day operations (think single-use make-up kits in salons) to conform to 1.5-meter norms is going to be the key to success for these firms.



“**Physical touch non-essentials**”, consisting of *apparel, footwear, home & furniture*, has taken a hit with name brands filing receivership or bankruptcies. To regain lost revenue, this segment needs to take aggressive action to appeal to their customers using social channels, attractive loyalty schemes, smart pricing and emerging technology (e.g. augmented reality) to bring the store to customer’s homes. Innovative approaches such as adopting recommerce models (rent, share, re-cycle) should also be considered.



“**Digital touch essentials**” consists of the *food & grocery* sector. They have experienced supply side challenges while coping with increased consumer demand when the pandemic hit. As the lockdown loosens, Dutch grocery retailer, Albert Heijn (Ahold Delhaize group) has indicated a stabilization of sales. Strengthening supplier relations and networks will help this group consistently cater to customer needs by keeping the right products in stock while providing quick, hassle-free home delivery options for the cautious consumer.



“**Digital touch non-essentials**” consists of the *consumer electronics* sector which has seen a decline in big-ticket sales (e.g. televisions), while experiencing growth in computers and peripherals, due to lockdown measures forcing work and school from home. Global players such as Samsung and LG have warned that the impact on sales will be especially evident in the second quarter of 2020. Players in this sector need to market the ‘right’ products while expanding their network to find new revenue streams. For example, circular means, such as buying back products and selling them to students in need.

# Six crucial themes emerge for retailers

We have identified six themes which all retailers will need to tackle in the coming months. Handled well, these can convert into opportunities, helping you not only to stay fit, but to emerge stronger from this crisis.



## Reopen physical stores with safety measures

**67% of Dutch retailers** surveyed are evaluating their store footprints and are considering keeping underperforming stores closed post-COVID-19. The well-performing ones will look to promote top-selling products and keep the assortment simple to also improve cash flow. Retailers adopt in-store solutions to reduce human contact such as shopping by appointment, contactless payment.



## Reach more customers by switching channels

Growth of **208% YOY** in *'Buy online, Pick up in store'* channel has been observed in the US. Similar trends are expected in the Netherlands. Additionally, marketing & selling offerings using social media channels or other online platforms is expected to increase.



## Stay financially healthy and in control

In these challenging times, retail CFOs need to keep strong focus on cash flow management, by amending business plans and budgets and providing concrete business insights to stay the course towards financial health.



## Adopt a new retail workspace

The retail ecosystem is changing significantly in all areas: retail outlets, fulfillment centres and HQ/staff positions. Increase in online shopping and working remotely impacts the demand for real estate, workplaces, digital enabled ways of working, and safeguarding the health and safety of both customers and employees.



## Adapt to changing shopping behavior

**50% of US consumers** have been trying new grocery brands and products since COVID-19. We expect this trend to expand to other retail sectors as well. Hence, the need for predictive analytics solutions to forecast demand by using customer attributes such as demographics and buying behavior.



## Sustain robust and transparent supply chains

Impact on investments in intelligent supply chain forecasting & planning tooling is evident. Increased use of digital solutions (e.g. robotics, blockchain) is expected. The footprint of startups and scaleups entering the retail market can be observed to close initial gaps (e.g. Uber Connect). AI/predictive analytics remains important to improve product availability.

Being nimble in responding to these themes is essential. If done well, these can blossom into opportunities strengthening your firm's future in the market.

Keen to uncover opportunities in this crisis? We invite you to stick around in the coming weeks as our subject matter specialists do a deep-dive into each theme.

[Subscribe here.](#)

Sources:

- PwC webinar on 'Retail in a 1.5-meter society' attended by a 80+ participants from retail industry
- PwC US retail survey findings

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### Future of Retail Game

Scenario-based gaming experience to simulate responses to COVID-19 challenges.



### Retail future readiness scan

Capability assessment to evaluate your maturity within the retail value chain.