



Post-COVID strategies for
retailers: Reopening stores

Rethink in-store and online customer experience

This is bigger than a store opening . . .

. . . it's your grand reopening

What is occurring in the industry is **profound** and **unprecedented**. While it is critical for retailers to work through the operational and tactical to reopen stores, it is also an opportunity to **reexamine who you are, considering:**

- **CUSTOMER**

- How has your customer evolved during and after the crisis?
- What are their expectations, needs, behaviors, and priorities in this new environment?

- **BRAND**

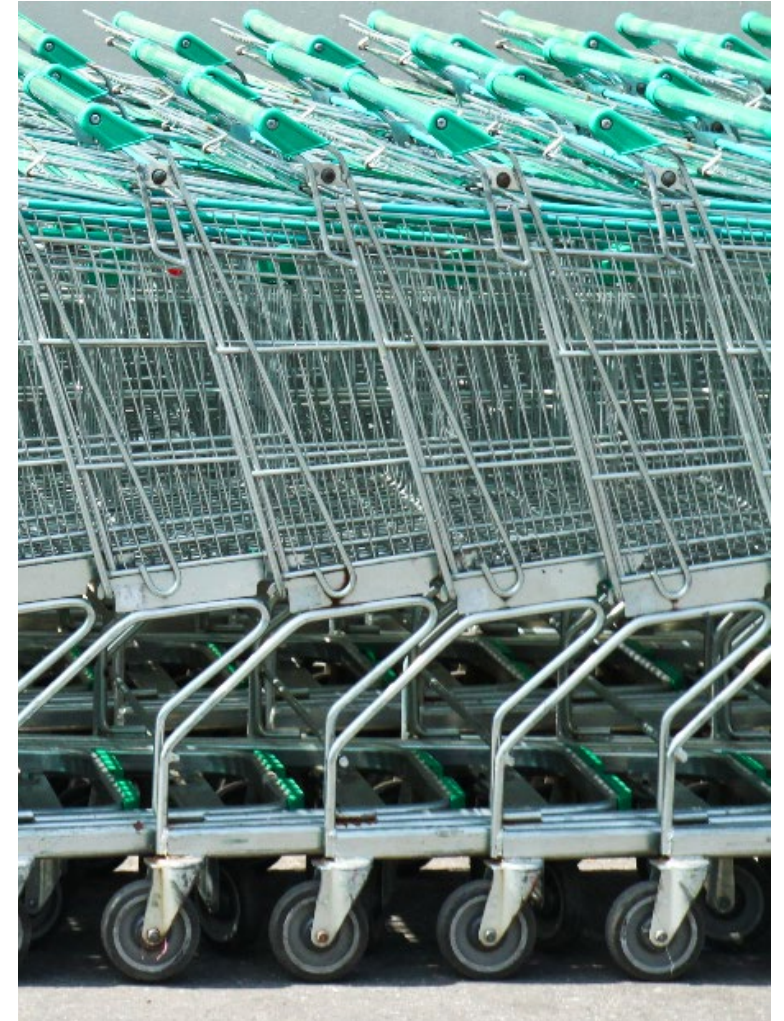
- What is the purpose of your business, and how can you best serve customers?
- Do you need to evolve your value proposition to stay relevant? If so, how?

- **PRODUCT**

- What are the key best-selling products and high-interest categories your customers care about today?
- Is it the right time to consider new categories, services, and business models?

- **STORE**

- What is the impact on the store channel, its role, and the corresponding operations?
- How do you keep your customers and associates safe while playing a new role in customers' lives?



Store reopening is fundamentally different in every way . . .

1. Assess in-store customer demand

Understand **how your customers have changed** to model your store demand. Consider using a totally **new set of data and assumptions**, given historical data may not work.

- What are customers' new needs, priorities, and behaviors?
- How have market conditions and government regulations affected demand?
- What data sources can I use in place of historical demand?
- What is my financial and operational plan post-COVID-19?

2. Run your stores

Stores should have **new operational processes and policies** to prioritize the safety of customers and associates. Stores should make decisions to adapt operations **across the value chain**.

- How do you ensure the safety of customers and associates?
- What product should you sell?
- How should you merchandise and lay out your store?
- How do you operate your stores?

3. Mobilize to action

- Start with a directional North Star and go. **Consider building a nerve center to coordinate the most critical tasks** to reopen stores and the **people and technology needed to execute**.
- What tasks can you execute before, at, and after opening?
- How do you adjust decisioning rights to those who can execute?
- What metrics and feedback loop should you use to monitor your store opening and quickly adapt?
- What store technology should be leveraged?

Be prepared to pivot and react while also considering change to your business model.

Customers' values and behaviors have likely changed

Who your customers are and how their shopping behavior has changed can have significant impact on demand and should be considered as inputs to the demand model. Customers may return to shopping in different ways and at different speeds.

Demographics	Financial position	Frame of mind	Core values
<ul style="list-style-type: none"> • Age: Younger populations may be more confident returning to stores, but also may have turned to digital alternatives and developed harder-to-break new habits • Urban vs. rural: Urban shoppers may have more choice when returning to stores than rural shoppers • Geography: State-by-state stay-at-home orders will dictate who can return to stores and when 	<ul style="list-style-type: none"> • Unemployment: With high unemployment, consumer spending power may be limited overall, but concentrated in harder-hit industries and geographies • Income security: Consumers with less secure income may seek out value, while consumers with more secure incomes might return quickly to favorite brands 	<ul style="list-style-type: none"> • Emotional shopping: For some segments, the COVID-19 crisis has spurred new shopping behaviors out of fear (such as hoarding), boredom (such as impulse shopping), or other mindset. Consumers will likely engage with brands that they have an emotional connection with • Occasionless: Without traditional occasions spurring shopping trips, demand may be more dependent on consumers' frame of mind 	<ul style="list-style-type: none"> • Priorities: Many consumers are reevaluating what matters to them, which may be reflected in their purchase decisions • Minimalism: Some customers are reevaluating and finding value in current possessions, and may end up spending more on fewer items • Family: Many households with children are looking for at-home entertainment and comfort items to keep the whole family happy

Immediate financial concerns skew young, with 33 percent of individuals ages 18–34 concerned about making future payments

- Deloitte Global State of the Consumer Tracker

50 percent of individuals are anxious about their health and insecure about their finances

- Deloitte Global State of the Consumer Tracker

Stores will likely play a different role in the customer journey

As customers return to the store, they should expect a safe and risk-free environment, where they will likely spend less time browsing and be laser-focused in their search, seeking to minimize contact with both products and people



Awareness and interest

- Customers may **seek inspiration** from retailers that **convey trust, authenticity and transparency**
- Consumers will likely continue to **leverage the digital behaviors** they forged during the crisis to connect with brands and browse product
- Interest in **health and wellness** related products will likely accelerate, as customers focus on well-being



Evaluate and browse

- Customers may be **hesitant to engage with product or store associates** and **expect sanitation and social distancing** measures in-store
- Customers will likely **welcome technology that will reduce friction** and minimize contact with products and people
- **Omnichannel will likely be critical**, as consumers continue to conduct parts of their product journey online



Transact and purchase

- Consumer **discretionary spending is likely to drastically decline**
- Customers will likely **continue to use omnichannel purchase options**, such as curbside pickup and BOPIS
- At checkout, consumers will likely **expect contactless payment options**, instead of cards or cash



Service and retain

- Customers may have an **overall reduced loyalty to brands**, as COVID-19 forced them to try new options
- Customers may be **hesitant about the sanitation of returns and store services**, and may expect changes to policies and procedures to support sanitation and social distancing

WHAT HAS CHANGED

Share of wallet continues to shift toward less discretionary categories—individuals planned to spend 44 percent less on apparel and footwear in the next four weeks

- Deloitte Global State of the Consumer Tracker

49 percent of customers intend to purchase apparel or footwear online over the next four weeks, with 83 percent likely to use BOPIS

- Deloitte Global State of the Consumer Tracker

Retailers should rely on new data sets to assess market conditions and develop their financial and operational plans

To develop a new view of store demand, track and analyze customer movement, behavior, and sentiment over time to understand the progression of demand signals



Movement

Watch where people are beginning to move by region, based on satellite and mobile phone data

- Where do we see the mobility index come back to a normal level?
- How does mobility translate to spending?



Behavior

As customers begin to shop in-store, monitor how they are spending, what they are spending on, and basket size

- Evaluate SKU-level sales data by channel, market, and demographic
- Watch how digital spending shifts back to stores over time. Should we accelerate investment in digital if original store/digital split does not return?



Sentiment

Understand changing consumer perceptions, attitudes, beliefs, and feelings

- Employ social listening tools to be current on sentiment and use AI to predict what behaviors have changed permanently
- Stay connected with customer needs through surveys and in-person real-time feedback

New insights and plans can reshape heart of the business operations

Benefits can come from stitching these areas together to **complement and reinforce one another while adapting** to the new market conditions

1. Customer engagement and marketing

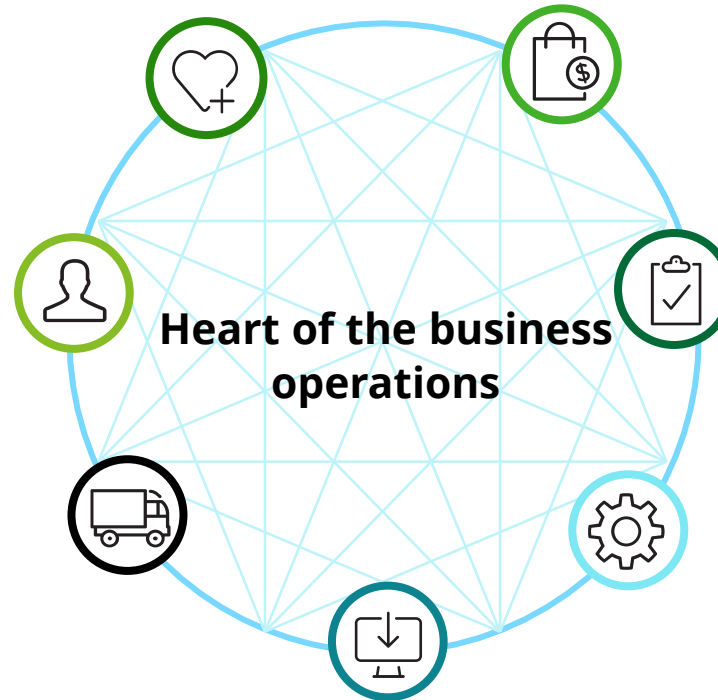
Marketing will **leverage** the **new digital habits** customers have developed to deliver messages that make customers feel **acknowledged, comfortable, and safe** in stores and **inspired** by their favorite retail brand

2. Store associates

The retail workforce will likely expect **frequent** and **direct communication** and thorough **safety** precautions in place in order to instill confidence and boost morale as teams return to work and lead through uncertainty

3. Supply chain and inventory

A full view of the inventory pipeline is essential to developing a strategy and aligning demand with channel and regional needs



7. Information technology

Use this time as an opportunity to **make technological enhancements that will drive growth** and allow your business to thrive in the new normal

4. Merchandising and pricing

Near-term success likely depends on **maximizing the inventory you have available** while **redefining your pricing strategy** to optimize sales. Identify and focus on **high-interest products that represent your brand**

5. Visual merchandising and store layout

In-store expectations have changed towards a focus on **customer and employee safety**, requiring clear and thoughtful communication throughout the store. Adjust the visual merchandising and store layout to **focus on high-interest categories**

6. Store operations

The future of store operations will likely require **reducing touch and friction** and pivoting to **focus on safety** to meet the changing needs of the customer

For example, retailers should consider engaging with associates and preparing the workforce

Key considerations:



Empower leadership

- **Equip store managers to lead in the new environment** and navigate increased uncertainty and change
- Provide information to help store managers **prioritize critical decisions and act with speed**
- **Establish clear decision rights** where standardization is critical for safety vs. localized decision rights to enable stores to meet the needs of customers and their associates
- **Leverage command center to drive central coordination** around risk identification, issue resolution, and messaging
- **Prepare employees and leaders for difficult situations**, de-escalation tips, and talking points for COVID-19 communications



Define talent strategies

- **Identify critical roles** and fill with previous employees where possible
- **Conduct a gap analysis on your talent;** leverage centralized command center to **determine resource-sharing approach** among stores
- **Rehire furloughed employees as needed**, acknowledging that some employees may not return right away or at all
- **Stagger hiring and shifts** to support stores and meet fluctuating demand
- **Consider rewards and benefits** to encourage employees to return to work and support recruitment (such as childcare benefits)
- **Determine whether there are any union implications** on rehiring strategy



Rethink training

- **Provide training** on new health and safety procedures
- **Retrain employees on new ways of working** (e.g. if legacy roles have changed, or are no longer needed)
- **Train employees on new processes** in a post-COVID-19 world (such as increase in digital sales or BOPIS)
- **Cross-train employees to operate in multiple roles** to increase flexibility in how resources are deployed, as demand is unpredictable
- **Consider how to deploy employees** where there is **idle time** due to low or inconsistent store traffic



Engage your workforce environment and culture

- **Define new normal for stores** (such as mandated sanitation stations, sick days, or number of customers allowed in the store at one time)
- **Contemplate adapting store layout** to follow social distancing regulations
- Place greater emphasis on the **health and well-being of employees**
- Create a **culture that embraces ambiguity and change**
- **Set the tone** with store managers and employees that **this reopening is unlike any other grand opening**



Clearly communicate

- **Identify moments that matter** and start communications early (for example, develop outreach program for high performers to stay connected for rehiring)
- **Provide consistent information and updates** to employees regarding what to expect with reopenings (such as store reopening strategy and schedule or new ways of working)
- **Establish feedback loop** for employees to provide feedback to management that gets incorporated into wider store reopening strategy
- **Ensure employees know mechanism(s)** for raising risks, asking questions, and getting support
- **Develop employee “quick start guides”** to provide easily accessible information as they return to work

As retail stores reopen and workers return to work in the post-COVID-19 world, retailers should consider how they will prepare and support their employees to adhere to new safety and sanitation guidelines and navigate changes to their work and workplace.

Reopening efforts start now—lay the tracks while the train is moving

Start with a directional North Star with “good-enough” plans, and go



ACT & LEAD

- **Mobilize teams immediately** that focus on before-open, day 1, and ongoing planning for each operational area identified
- Stress-test current decision rights and **evaluate opportunities for accelerated decision-making**
- Create a process for **data and metrics** to be reported closer to **real-time**, as year-over-year data is not applicable
- **Align leadership** around new understanding of **customer preferences, priority products**, and updated **brand value proposition**, and **pivot** the organization and operations accordingly

Beyond reopening stores, consider . . .

Be digital first, even in-store

Beyond a website and an app, invest in customer-facing digital tools that enhance the customer experience in-store and when they can't be in-store

Livestream shopping events hosted by store associates for at-home customers, taking orders in real time through app

Continue to improve frictionless, **contact-less payment options**

Use **AR-enabled product-detail pages online** to create immersive store-like experiences

Go deep on loyalty

Create **emotional loyalty**, not just transactional loyalty

Recognize returning customers in store the same way you do online

Offer **exclusive access** or services, not just pricing promotions

Challenge orthodoxies

Rethink store purpose

Use the **store as a showroom**

Change the **ratio of back-of-store to front-of-store** to support greater online fulfillment needs

Use **store space** to offer supporting services to customers—set up a **call center on the shop floor** for staff to take calls and **virtual shop for customers in real time**

Sell different things, differently

Offer a **curated subscription** offering for a monthly fee

Provide **personal shopping services**, either for as a premium experience or convenient option

Allow store associates to sell virtually **through digital channels** (such as mobile and e-comm orders)

Sell a **service** to go with the **product**

Use **3D digital design software** to create virtual, true-to-life renderings to validate product concepts before production

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