

OUR financial and strategic analysis of 100 retailers from 11 retail subsectors demonstrates how recent customer experience trends—including an individualized, increasingly digitized, and complexified shopping experience led by the buyer rather than the seller—are compounding a margin crisis that was already playing out before the pandemic. Welcome to the era of consumer-to-business.

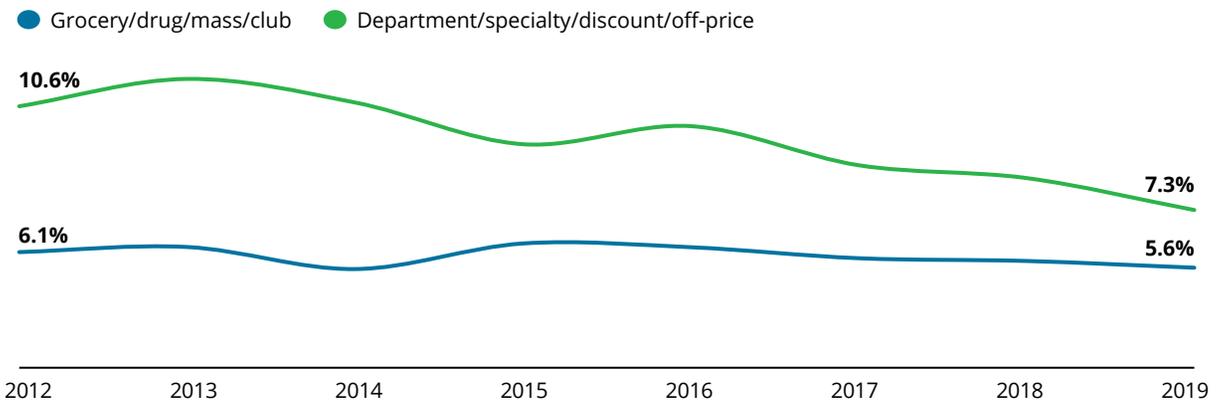
How should retailers adapt?

Here are three steps retailers can take to embrace it.

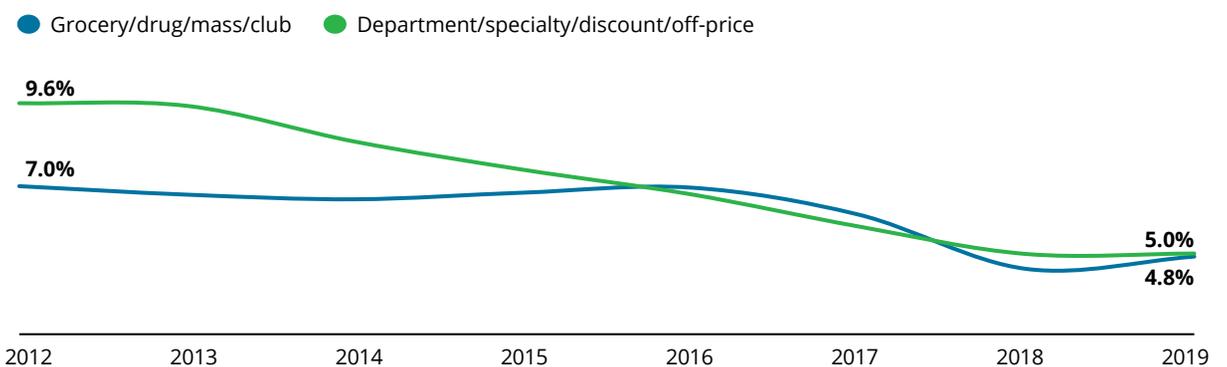
- 1. Remove friction.** Make shopping easier by offering various purchasing formats, such as text, livestream, social media, and web as well as fulfillment options like “buy online, pick up in store.”
- 2. Redefine service.** Treat consumers like merchants in their own right: Offer more thorough product descriptions. Expand return options, potentially including other retail partners.
- 3. Organize your operations by customer segment.** Create a designated customer management team for each segment, charged with owning that segment’s data and smoothing their experience across touch points.

For more of Deloitte’s insights on the consumer-to-business model, read [The retail profitability paradox](#) published by *MIT Sloan Management Review*.

Median EBITDA margin (%)



Median return on assets (%)



Notes: 1. Analysis considers data of ~100 companies over the analysis period. 2. Department/specialty/discount/off-price also includes other discretionary items such as apparel and accessory stores, building materials, hardware, garden supply, home furniture, and furnishings. 3. COGS% and SG&A% refer to median COGS as a percentage of revenue and median SG&A as a percentage of revenue, respectively.

Sources: CapIQ; Thomson Refinitiv Eikon; Deloitte analysis.

About the authors

Rodney R. Sides | rsides@deloitte.com

Rodney R. Sides is vice chairman with Deloitte LLP and leads the US Retail & Distribution practice. He is responsible for driving key sector initiatives that include original research, talent development, and strategies that guide retailers as they navigate uncertainty, compete globally, and improve performance and profitability. Sides has more than 25 years of experience in store operations, supply chain, procurement, back-office operations, and IT.

Lupine Skelly | lskelly@deloitte.com

Lupine Skelly is a manager at Deloitte Services LP's Consumer Industry Center and leads research for the Retail, Wholesale & Distribution sector. With more than 15 years of retail market research experience, Skelly uses her expertise to uncover actionable insights around emerging trends across the retail industry. In addition, her research focuses on consumer behavior and how it relates to key retail events, such as back to school and holiday.

Contact us

Industry leadership

Rodney R. Sides

Vice chairman and US leader | Retail & Distribution | Principal | Deloitte Consulting LLP
+1 704 887 1505 | rsides@deloitte.com

Lupine Skelly

Retail, Wholesale & Distribution Research leader | Manager | Deloitte Services LP
+1 509 844 4899 | lskelly@deloitte.com

The Deloitte Consumer Industry Center

Stephen Rogers

Managing director | The Consumer Industry center | Deloitte Services LP
+1 475 277 9018 | stephenrogers@deloitte.com

The future of retail is in consumers' hands

About the Deloitte Center for Industry Insights

The Deloitte Center for Industry Insights provides premiere insights based on primary research on the most prevalent issues facing the consumer business and manufacturing industries—ranging from aerospace to retail—to help your business run effectively and achieve superior business results.

Technology is changing rapidly, and so are consumers, radically altering how companies do business. The Deloitte Consumer Industry Center delivers insights that help leaders in the automotive, consumer products, retail, transportation, hospitality, and services sectors better understand their business environment and where it's heading. Read recent publications and learn more about the center on [Deloitte.com](https://www.deloitte.com).

Deloitte.

Insights

Sign up for Deloitte Insights updates at www.deloitte.com/insights.



Follow @DeloitteInsight

Contributors

Editorial: Elisabeth Sullivan, Kavita Saini, Blythe Hurley, and Preetha Devan

Creative: Sylvia Yoon Chang and Molly Woodworth

Promotion: Alexandra Kawecki

Artwork: Victoria Lee

About Deloitte Insights

Deloitte Insights publishes original articles, reports and periodicals that provide insights for businesses, the public sector and NGOs. Our goal is to draw upon research and experience from throughout our professional services organization, and that of coauthors in academia and business, to advance the conversation on a broad spectrum of topics of interest to executives and government leaders.

Deloitte Insights is an imprint of Deloitte Development LLC.

About this publication

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or its and their affiliates are, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

None of Deloitte Touche Tohmatsu Limited, its member firms, or its and their respective affiliates shall be responsible for any loss whatsoever sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

Copyright © 2021 Deloitte Development LLC. All rights reserved.
Member of Deloitte Touche Tohmatsu Limited