

SEVEN LESSONS FROM IPSOS' SUMMIT ON THE FUTURE OF RETAIL

An Ipsos Point of View

GAME CHANGERS



Experts mined data for clues to a brighter path ahead in an industry rocked by the pandemic. Here's what to take away from the event.

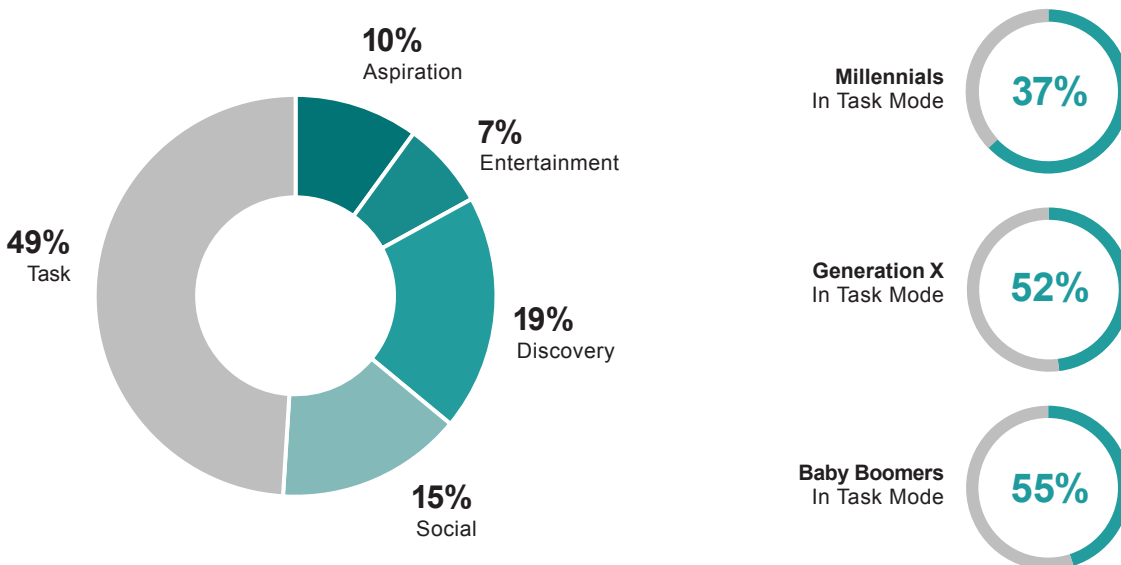
The retail industry is a “tale of two cities.” While all sectors were rocked by the coronavirus pandemic, some were battered, and some came out stronger than ever. That’s the message from Ipsos’ third industry summit, a virtual event focused on the retail sector. The day examined the winners and losers in an industry that adapted in extraordinary ways the past year.

1. Retail bankruptcies hit their highest level since 2009, and there were a record 12,200 U.S. store closings, but Ipsos’ Mark Berry notes that many of our largest retailers posted record years. Much of the retail pain was concentrated among small, mall-based retailers, brought on by reductions in demand, higher debt loads and weaker balance sheets.
2. The effect on small businesses has varied: Construction is booming, particularly home construction, according to Tom Sullivan, vice president of small business policy at the U.S. Chamber of Commerce. Construction firms’ biggest issue is finding qualified employees. Restaurants, on the other hand, have been “absolutely devastated.” Recent Ipsos polling finds that small businesses reported slightly rosier sentiments regarding their overall business health, but owners continued to express high levels of concern about the impact of the

pandemic on the health of their businesses, their employees and themselves. Minority-owned businesses have been especially hard-hit; many are sole proprietors, and “when you get hit hard as a sole proprietor, it hurts more,” Sullivan said.

3. When it comes to retailers and diversity, there’s still a lot of work to do, despite all of the current messaging. Pamela Neferkará, founder and principal, Elmira Street Associates, joined Ipsos’ Menaka Gopinath and Adriana Mora to discuss the necessity of diversity and inclusion. Their discussion came amid recent Ipsos data that shows consumers will continue to support brands that take a stand on issues ranging from race to gender and more. Ultimately, “it’s not about addressing minorities,” Neferkará said. “It’s about reflecting and addressing the needs of your consumer base, which is more diverse.”
4. In a wide-ranging discussion about online sales, an Ipsos panel found that while these kinds of sales are spiking, the experience isn’t “completely fulfilling for people.” Recent Ipsos research found that only 49 percent of shoppers who go to store were in a “task flow”—meaning that they’re looking to acquire a good and bring it home. Other people shopping in person were looking to learn something, or to have an experience with a social aspect. This means most shoppers are looking for something besides simply accomplishing a task.

Shopping is very different than buying



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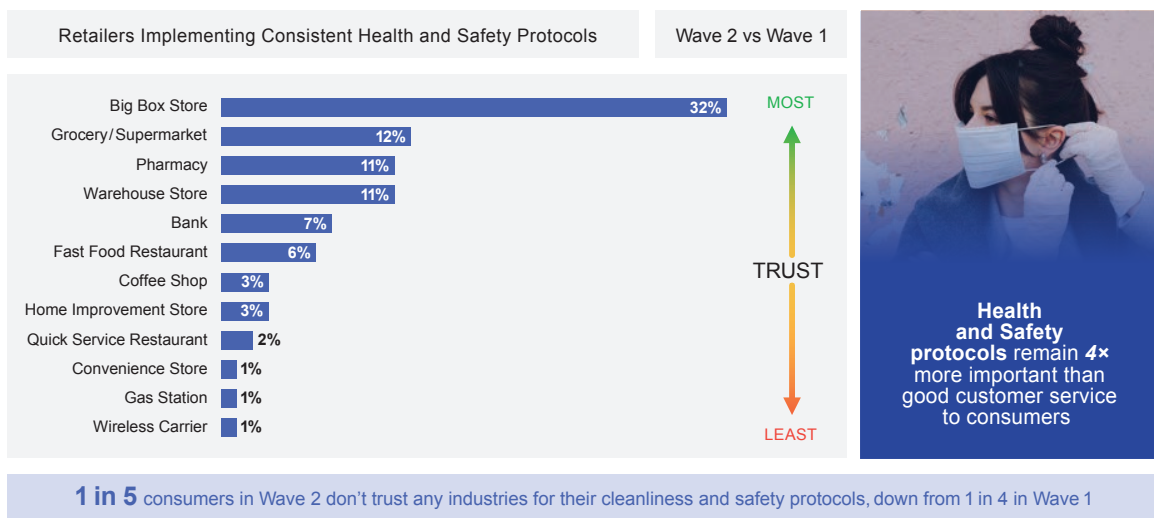
The panel also cited Ipsos research with additional insights into consumer needs and desires, especially when it comes to Main Street stores that have been hurt by the pandemic. At the height of the pandemic, 40 percent of American employees were working from home; that number is down to 25 percent working from home some of the time. This slow move toward normalization could mean a bump for downtown and Main Street stores.

5. What will the desire for a social aspect of the shopping experience mean for, say, malls? Jones Lang LaSalle's James Cook has "no worries about the good destination malls." The class B and C malls on the other hand, will struggle—malls that have a mid-range department store, with mid-price apparel, are just not appealing anymore, according to Cook.

6. The pace of evolution in payment systems is accelerating. Panelist Lisa Ellis, senior equity analyst at MoffettNathanson; Kroger's Mike Wolf, and Ipsos' Tim Spenny note that ease of checkout is a huge factor. The panel also cited recent Ipsos data showing that shoppers plan to continue wildly popular conveniences like "buy online, pick up in-store" and "buy now, pay later."

7. Shoppers want retailers and brands to make shopping seamless and easier to use across channels, according to T-Mobile's Danielle Ogieguata and Ipsos' Jon Atkin and Reena Roy. That means better experiences in the physical, online and virtual shopping spaces. Shoppers also expect stores to focus on health and safety as the U.S. tries to return to normal, a challenge for retailers who pre-pandemic interacted closely with customers to demonstrate products to them.

Generally, retailers who implement health and safety protocols are more trusted by consumers



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T-Mobile's Ogieguata noted some of the adjustments the telecom giant made during the pandemic. Because of different COVID-19 regulations in different parts of the U.S., some states told T-Mobile they could only serve customers outside during the pandemic. T-Mobile gathered multiple teams together, making sure frontline teams were included, and adapted to each state's changing rules, as well as changing customer needs.

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Retail Summit: At A Glance

The retail industry is a “tale of two cities.” While all sectors were rocked by the coronavirus pandemic, some were battered and some came out stronger than ever. That’s the message from Ipsos’ third retail summit, a virtual event on March 24, 2021 that examined winners and losers in an industry that adapted in extraordinary ways during the coronavirus pandemic. Topics covered:

- Retail bankruptcies hit their highest level since 2009, and there were a record 12,200 U.S. store closings, but Ipsos’ Mark Berry notes that many of our largest retailers posted record years.
- Construction is booming, particularly home construction, Tom Sullivan, vice president of small business policy at the U.S. Chamber of Commerce noted. Their biggest issue is finding qualified employees. Restaurants, on the other hand, have been “absolutely devastated.”
- Despite all of the current messaging on diversity and inclusion, there’s still a lot of work to do. Pamela Neferkara, founder and principal, Elmira Street Associates, joined Ipsos’ Menaka Gopinath and Adriana Mora to discuss the necessity of diversity and inclusion.

- Brands can unleash the power of their purpose while driving profits at scale, said keynote presenter, author and consultant Afdhel Aziz.
- Despite the huge rise in online sales, online isn’t “completely fulfilling for people.” Half of shoppers shop in a “task flow” – meaning that they’re looking to acquire a good and bring it home, said Ipsos’ Oscar Yuan. Which means half are looking for something more.
- What will the desire for a social aspect of the shopping experience mean for, say, malls? Jones Lang LaSalle’s James Cook has “no worries about the good destination malls.” The class B and C malls on the other hand...
- The pace of evolution in payment systems is accelerating. Panelist Lisa Ellis, senior equity analyst at MoffettNathanson; Kroger’s Mike Wolf, and Ipsos’ Tim Spenny note that ease of checkout is a huge factor... But what else?
- Shoppers now expect to have similar experiences across category buying points. T-Mobile’s Danielle Ogieguata and Ipsos’ Jon Atkin and Reena Roy talked about the all-important consumer “expectation convergence.

Access event archive of videos and articles
<http://view.ceros.com/ipsos/industry-summit-retail-recordings/p/1>

