

HEALTH AND SAFETY MEASURES TO #STAYPROFITABLE

How best-in-class retail brands are breaking through uncertainty to retain and grow customer loyalty

An Ipsos Point of View

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GAME CHANGERS



HEALTH AND SAFETY MEASURES TO #STAYPROFITABLE

How best-in-class retail brands are breaking through uncertainty to retain and grow customer loyalty

COVID-19 continues to batter retailers as infections resurge with dimming hope for economic recovery anytime soon. Globally, two in five people don't see normal life returning for at least a year. Another three in five Americans say they wouldn't trust a vaccine due to its rushed approval process. So, what's the best way forward for brands?

A growing number of Americans (52% and counting) believe businesses should be able to open and operate as they choose. Ipsos research shows the most effective stay-open strategy is to adhere to the utmost health and safety standards.

Through Ipsos' Consumer Health and Safety Index, we identified three critical insights: how health and safety dictates where people shop; how top-performing industries and brands keep shoppers safe; and the future of health and safety and how brands can keep up. How brands use these insights will determine their resilience or survival in the coming months.

Figure 1 Health & Safety is still relevant and top of mind in September 2020

- 2 in 5** Globally don't see life "returning to normal" for at least another year
- 4 in 5** Americans think there will be a second wave of COVID-19 infections in the country
- 3 in 5** Americans unlikely to take the vaccine as soon as one is available



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HEALTH AND SAFETY DICTATES HOW AND WHERE PEOPLE SHOP

Ipsos' Consumer Health and Safety Index measures a brand's performance on 25 health and safety measures against consumer expectations through surveys and mystery shops. These include cleanliness, use of masks and gloves, presence of sanitizer, and distancing measures.


Over the first two waves of the Index, health and safety measures were four times more important to shoppers than customer service in stores. Six in ten Americans said they would stop shopping at a store that does not take health and safety seriously. By not embracing these practices, retailers face significant risk of customer defection.




There are silver linings, though. Shoppers are making more trips, mainly at "essential" retailers like grocery and big box stores.

And more than a quarter of Americans (27%) are willing to pay a premium for products at retailers that do a superior job with health and safety.

For additional clues on which practices most shape shopper behavior, our analysis revealed the top factors that **lead shoppers to return** to stores are employer-provided safety equipment for workers, social distancing reminders and automatic entrances. To inspire **shopper trust**, brands must highlight behaviors that customers have come to expect to ensure their personal safety. Topping those are employer-provided safety equipment for workers, hand sanitizer available at entrances and checkouts, and employees visibly wiping down high-touch areas.

Figure 2 Some top drivers of Return in Wave 1 became top drivers of Trust in Wave 2, with new measures, including requiring customers to wear masks emerging as new drivers of Return

 **Top 5 Drivers of Return in Wave 2**

-  Employee safety equipment provided by employer
-  Social distancing reminders in-store
-  Store entrance opens automatically / without hand contact
-  Plexiglass dividers at counters / checkout
-  Requiring customers to wear masks to enter stores

 **Top 5 Drivers of Trust in Wave 2**

-  Employee safety equipment provided by employer
-  Hand sanitizer available at store entrance / checkout
-  Employees visibly wiping down high traffic areas with disinfectant
-  Employee safety equipment is consistent in appearance across all employees
-  Store restrooms with regularly updated cleaning schedules

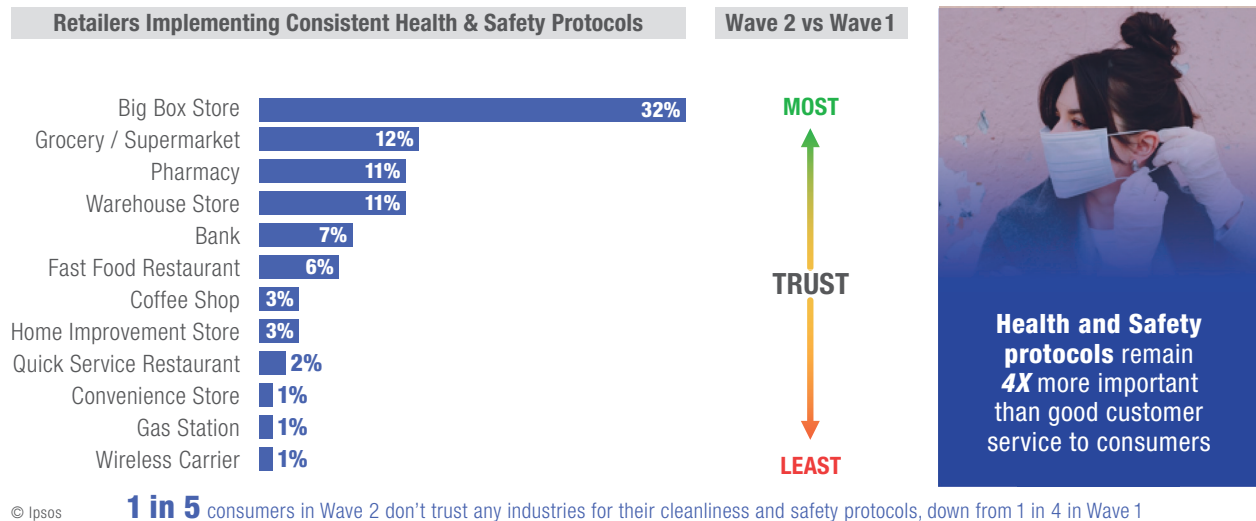
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HOW TOP PERFORMING INDUSTRIES AND BRANDS KEEP CONSUMERS SAFE

Grocery and big box retailers led mystery shops in both waves of the Index by demonstrating superior implementation of the top drivers of return. Yet across industries, many brands failed

in a top driver of shopper trust: the availability of hand sanitizer. By placing these throughout the store, brands could easily differentiate from competitors.

Figure 3 Generally, retailers who implement health and safety protocols are the more trusted by consumers



HOW THE FUTURE OF HEALTH AND SAFETY LOOKS AND HOW BRANDS CAN KEEP UP

Brands that focus on health and safety now will gain a competitive advantage in the near- to mid-term future by encouraging customers to return to stores. They will win the long-term customer loyalty by reinforcing consumer trust.

Some brands are acting and even seeing the ROI...

- Based on Index results, one leading food and beverage brand placed motion-activated hand sanitizer around the entrance of their restroom.
- A leading telecom brand conducted monthly health and safety audit of all its stores in North America. It plans to keep auditing stores until it achieves its compliance target.
- A home improvement retailer implemented nationwide COVID-19 safety measures and more than \$460 million in

support for its associates and communities and saw sales soar 135% in the second quarter alone.

Yet these brands are in the minority, which reveals a major opportunity for improvement. Of the more than 4,700 stores Ipsos visited in Wave 2 of the Index:

- Three in four stores failed to provide sanitizer at checkout, the No. 2 driver of Trust.
- Three in five stores had no employees conspicuously cleaning high-touch areas, the No. 3 driver of Trust.
- One in five stores had no social distancing reminders present inside stores, the No. 2 driver of Return.

HOW BRANDS RESPOND WILL DETERMINE THEIR RESILIENCE AND GROWTH IN THE FUTURE

These gaps show why brands need to periodically reassess business priorities and adjust their policies. Despite the challenges that lie ahead, brands that will stay healthy or recover fastest are those that:

- Review and align their health and safety protocols with consumer expectations and industry best practices.
- Measure progress, address gaps and adapt to changing shopper demands.
- Communicate to customers in words and deeds the steps you're taking to keep them safe.
- Ensure consistent execution.

Contact

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