

Organized Retail Landscape in COVID19 induced Renaissance

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The COVID-19 pandemic was sudden and unprecedented forcing businesses into a prolonged period of uncertainty overnight. The impact was all pervasive with a varying degree of severity across sectors. Undeniably, the impact on brick-and-mortar retail was especially more profound as its raison d'etre – physical interface – was taken away. And most players struggled through 2020 to navigate through the extraordinary circumstances that emerged consequent to the pandemic.

This disruption swiftly altered the retail landscape, giving some companies a massive performance jolt, making them reassess their strategies and devastated many others. Retailers realized that they had to act quickly and with resilience in these tough times. The challenges were more difficult than they had ever faced, ensuring survival and at the same time, assessing and grabbing opportunities for growth coming out of the downturn.

Cautious Reopening

Cut to now, the recent reopening of establishments is a welcome sign of things returning to normal. But does this 'normal' mean a return to the conditions that prevailed in pre COVID-19 era? Only time will tell – but the early signs indicate that the new normal would essentially be different.

A recent Ipsos study in the US, where COVID-19 was as severe as in India found that the customers expect the pandemic conditions to last way into the future with a sense of nervousness gripping them in leaving their homes for going to public places. The study also found that close to 2/3rd of customers feared getting sick on visiting brick-and-mortar retail. History tells us that it takes years and years to overcome such anxieties. Thus, a return to "old normal" seems a pipe dream. Understanding and accepting the new normal is the first step for retailers to model strategies to exist and thrive in this environment.

The article identifies key trends of the new normal and its impact on retailers, and the actions needed for extracting maximum business advantage.

Demonstrating safety commitment – going beyond hygiene

The pandemic has shattered traditions. Safety protocols are replacing customer service as the formula for customer experience. An Ipsos study found that in the post COVID19 era, customers assign four times more importance to health and safety protocols than customer service. While customers continue to shop at essentials retailers, consumers had low trust on most retailers with respect to safety protocols; they felt they were exerting more effort than companies to keep themselves safe.

Customers explicitly expressed that they would stop shopping at retailers that don't take health and safety measures seriously. At the same time, they were willing to pay a premium to retailers who got this aspect right.

Given customers' reluctance to enter stores, the priority for them today is to get in and out of a store as quickly and safely as possible, purchasing as much as possible — if they choose to go in at all.

Thus, there exists high potential incentive for retailers who demonstrate safety protocols – as more products can be sold and at a premium price.

To get this right, it is important for retailers to know what safety protocols to focus on. Availability of hand sanitizer at entrance/ restrooms; social distance markers outside stores and at the billing

counter; and employees wearing masks and gloves, are basic hygiene requirements. Adherence to these might not give the retailers additional leverage in customers' minds but missing out on these may lead to them being seen as negligent on safety protocols.

At the same time there are some clear differentiators which make the customer perceive the retailer as caring for customer safety. Employees have an important part to play in this regard. There is a strong relationship between customer trust and employees appearing to take health & safety seriously.

- ✓ The Ipsos study found that employees visibly sanitizing shopping carts/ exterior entrance/ checkout had a high impact on customer trust.
- ✓ Retailer providing safety equipment to employees also enhanced customer trust.
- ✓ Company branding on the safety equipment demonstrates the same to the customer.
- ✓ Managing the total number of customers entering the store in an efficient way, clear 6-foot safe distance markers and plexiglass dividers at checkout counters, are other differentiators that boost customer confidence and alleviate their safety related anxieties.

Prepping employees to expect uncertainties

An important characteristic of the new normal is uncertainty. While the pandemic continues to peak in some countries, it is returning with a vengeance in others which had declared themselves COVID-19 free earlier.

The situation is similar within different states in India. Vaccination does offer a ray of hope – but the inoculation rates vary substantially across states in the country. Amidst all this, the next variant and wave of the pandemic is always looming. Decentralized management of COVID-19 where each state acts differently further adds to the uncertainty. In such uncertain times, retailers must consider how the pandemic's progress, strength or recurrence in different states, is impacting their reopen strategies.

Regular course correction would be required as and when the circumstances change. Retailers should be asking themselves if they are attitudinally primed for all contingencies – new normal, restrictions, logistics depending upon how it unfolds. Responsiveness and being geared for all situations.

It is pertinent to keep track of altering consumer preferences and reacting accordingly with speed.

- ✓ For example, have you stocked up enough for physical stores and online shoppers?
- ✓ Consumers often complain about lack of certain styles in clothing in the store and in different sizes, while they are available online. Some of these market barriers are avoidable if we regularly replenish the stocks.
- ✓ Likewise, if the staff is following the safety protocols discreetly, appealing to the sensibilities of the most finicky shoppers. It should reflect in the ethos and actions.
- ✓ Even when it comes to logistics, speed in delivery is key. Marketers/ retailers should step up to be in sync with consumer expectations.
- ✓ Also, communication on promotions across touch points if not done right then it will be another market barrier to accomplish sales.

Leverage Omnichannel

Customers have brought about substantial changes in their routines to limit exposure. Businesses too have embraced remote working, leading to the workforce operating from non-office locations. A combination of these two means that customers may no longer be found in same places as earlier.

However, it would be naïve to conclude that online would take over as a result. There is an element of irreplaceability to brick-and-mortar stores as they evoke experiences and sensations that a website cannot. In store, customers can visually see, touch and feel the merchandise, which would be tedious to sift through online. Categories like Auto retailing, Jewellery, cannot be imagined currently without brick-and-mortar retailing channels.

But each brick-and-mortar location must evolve if it expects to engage more meaningfully with customers—becoming an experience hub rather than simply a point of sale. For providing better experiences, the stores can be supported by other channels. Thus, channels like online can be thought to complement brick-and-mortar retailing than replacing it. For example, Book-Online-Pick-In-Store (BOPIS) picked up during the pandemic. Online channels were used quite effectively by stores to manage store occupancy even by those stores, which previously had zero to very weak online presence.

Location intelligence supplied by online apps of the retailer can be used for store promotion and sending personalized communication accordingly. For example, a brand initiating an in-store sale can communicate to customers within the area. Adding location based personalized information to the promotional message — like mentioning that the store is just a 10-minute drive and has implemented extra safety measures, might be the touch, that produces new in-store sales and provides the essential tailwind required to get the brand through the pandemic.

These trends are likely to stick and can safely be expected to be the norm even in the post COVID-19 era. Given this, retailers need to stay vigilant and nimble and modify their modus operandi as demanded by the situation, to emerge stronger through, as well as post the COVID-19 storm.