

10 WAYS

THE 'STAY-AT-HOME ECONOMY' WILL RESHAPE

Holiday 2020

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SPECIAL REPORT

Are You Ready For The ‘No Normal’?

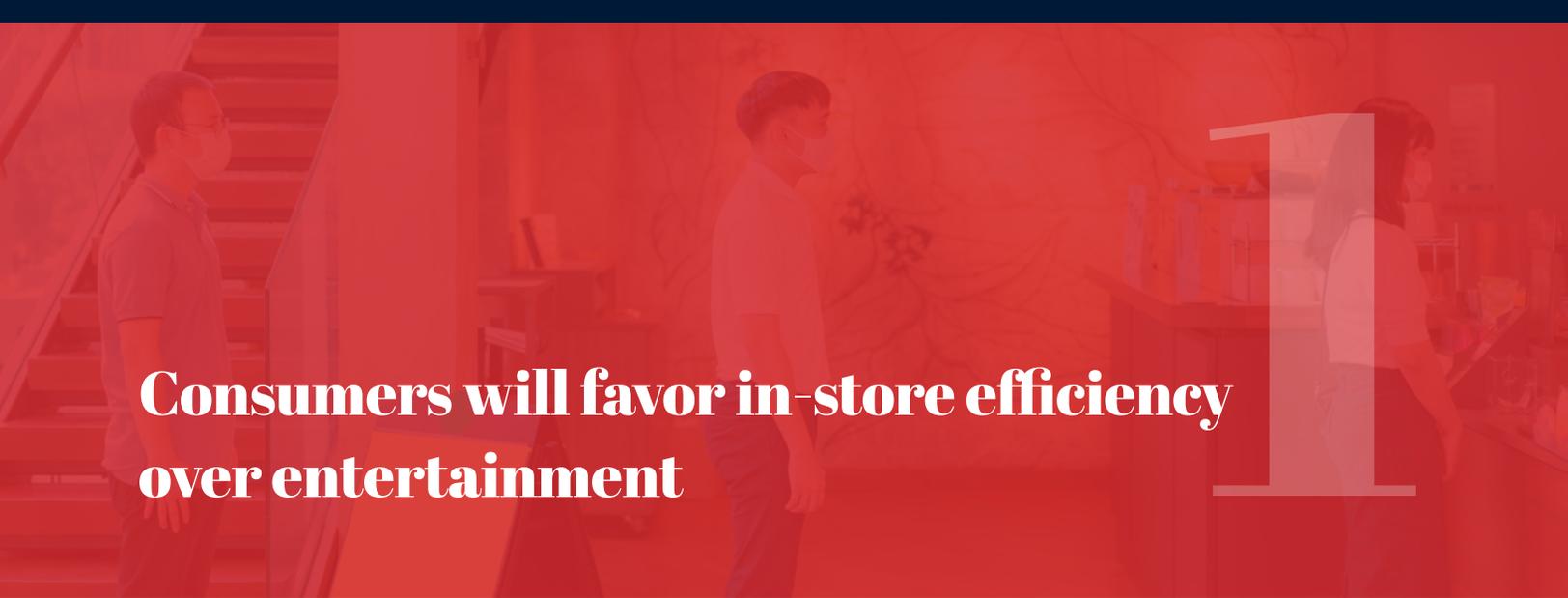
Even though the conditions surrounding COVID-19 continue to change rapidly, the “stay-at-home economy” that the pandemic has created will have an undeniable impact on consumer spending and, in turn, retailers’ strategies for Holiday 2020.

In fact, the World Economic Forum **noted** that consumer preferences will “continue to evolve rapidly as consumers discover new ways of accessing goods and services, receiving an education and doing their jobs. As a result of the crisis, the stay-at-home economy has received a major boost and will catapult to new heights of value creation.”

So while some retailers are chasing after the “New Normal” or the “Next Normal,” Michael Brown, a partner in the consumer practice of **Kearney**, believes that retailers instead should accept the fact that we’ll be in a **“No Normal” phase, at least through the New Year.**

“Our conversations are circling around this ‘No Normal’ period we’re living in,” Brown said in an interview with *Retail TouchPoints*. “Everyone’s looking for the New Reality or the New Normal, but things will shift every day over the next six to 12 months and we’re going to have to be prepared to react, re-react and respond.”

Industry experts are zeroing in on the key psychological and behavioral shifts that took place between March and July, in order to develop a high-level understanding of what retailers will need to do to prepare for their most critical time of year. Based on interviews with several of these experts, here are the **10 trends** that should drive retailers’ holiday strategies.



Consumers will favor in-store efficiency over entertainment

The holiday season typically is the time for retailers to bolster their in-store services and events in order to maximize consumer traffic. But lower store traffic limits and strict safety guidelines mean both retailers and consumers will be focusing on the **efficiency of the experience**.

“I think it’s going to be about creating the most pleasant experience you can within the constraints of COVID, which means a lot of face masks, sanitizing and curbside services,” noted Gabriella Santaniello, Founder and CEO of **A Line Partners**. “For example, I doubt there’s going to be gift wrapping in stores and other services, but it’s something that retailers can easily put in bags as a value-add for customers to do themselves.”

Retailers will need to use all their communication channels, including digital touch points and in-store signage, to show consumers that they’re doing all they can to create not just an efficient shopping experience but a safe one. “In every survey we’ve conducted, consumers have continued to confirm that their needs and demands are around safety first, then comfort,” said Marie Driscoll, Managing Director of Luxury & Fashion, at **Coresight Research**. “If retailers don’t clearly communicate that they have their customers’ safety top of mind, in their signage and the actions of their associates, their customers will go elsewhere.”

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- PERISCOPE BY
MCKINSEY



Retailers will need to start executing (and learning) earlier in the season

“Agility” has been the *buzzword du jour* during the pandemic, and the need to quickly adapt to new trends and results will continue to be key through the holidays. After all, consumers’ behaviors and purchase patterns will continue to change in response to shifting local guidelines, infection rates and more.

Retailers will need to be “connected in multiple ways to the consumer, to the medical community, to the competition and even the weather, to be able to react and build flexibility into their plans,” said Brown. “We’ve seen what a major snowstorm in the Northeast does to retailer numbers. Imagine if we saw another widespread outbreak of COVID that forces them to close all stores for the last two weeks of the holiday season?”

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To curtail digital competition, retailers will need to spread out campaigns and deals

Experts agree that retailers can prepare for the uncertainties surrounding brick-and-mortar traffic requirements and e-Commerce spikes by spreading out the holiday season. While **Columbus Consulting** Partner Daniel Binder noted that retailers may start rolling out their plans as early as the end of September, Brown points to Orange Sunday — the day after Halloween 2020 — as the new business-critical holiday.

“You can spread that demand out over a two-month period and that will give you a chance to capture demand,” Brown advised. “It also will give you a chance to fulfill consumers’ orders for a much longer period, and react if and when there are breakdowns in your system.”

These “system breakdowns” could be caused by purchase surges that overload delivery and fulfillment networks, or in an extreme case, new COVID cases that force fulfillment centers to shut down. Driscoll noted that retailers can use early and ongoing communication to consumers to encourage early action. “Retailers and service providers should clearly communicate the importance of consumers acting early, using the online channel, and making sure goods are shipped early, as there will be an obvious strain on fulfillment,” she said. “Retailers can plant the idea that while socializing might need to be virtual, gift giving can be solidly three-dimensional, with sufficient planning ahead.”



67% OF SHOPPERS EXPECT TO MAKE THEIR HOLIDAY PURCHASES ONLINE TO AVOID CROWDS AND EXPOSURE.

- SHOPKICK

Canceled gatherings and ‘Zoom holidays’ will change assortment plans

Just like **the back-to-school season** has seen shifts in overall spending patterns and trending products, Holiday 2020 will see parallel changes, according to experts.

“For back-to-school, they’re not buying four outfits, they’re buying two and what they’re buying is different because they’re at home,” Santaniello said. “I think there’s still interest, but I think people are buying different products and tempering their purchases over time. It’s just a different mindset.”

While this shift will impact all categories, those brands and retailers that use holiday entertaining as a marketing and promotional cornerstone may need to change their approach, according to Binder. “We’re moving more to home orientation versus a party, and that’s a big deal because a lot of holiday strategy is built around the portrayal of holiday gatherings and holiday settings.”



**NEARLY 50%
OF AMERICANS
PLAN TO
HOST FEWER
FRIENDS AND
FAMILY AT THIS
YEAR’S HOLIDAY
GATHERINGS.**

- SHOPKICK

Inventory will need to be accessible across channels to accommodate spending shifts and spikes

Omnichannel inventory visibility, fulfillment and the overall last mile experience have all gotten their fair share of attention during this period. This scrutiny will continue through Q4 and possibly beyond. Retailers will need to spread out their inventory in order to accommodate any shifts and spikes in demand.

“Retailers need to be more strategic about how much inventory they push to where, and their overall ability to access it,” Brown said.

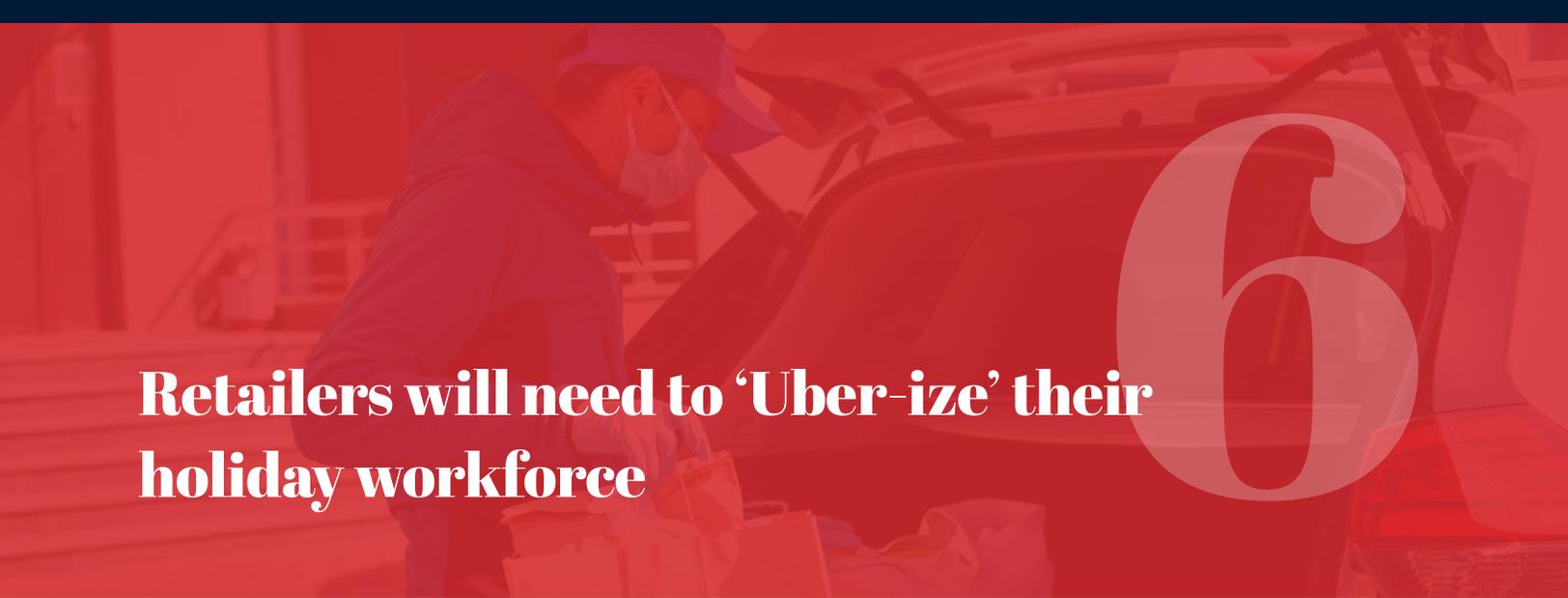
“If there’s more of a push to e-Commerce, you can’t have that inventory trapped in your stores.”

Many retailers are slowing (or even stopping) store inventory shipments due to closures and low traffic numbers. However, Santaniello believes retailers will need to place inventory in stores to support alternative fulfillment offerings such as curbside pickup. Retailers also are likely to use store inventory to shorten delivery times to customers’ homes. She added that currently, “there’s a really big disconnect between online and the store.”



66% OF CONSUMERS PLAN TO SPEND MORE ONLINE DURING THE 2020 HOLIDAY SEASON.

- RADIAL



Retailers will need to ‘Uber-ize’ their holiday workforce

Given the uncertainties surrounding consumer spending across channels, Brown recommended that retailers “Uber-ize” their workforce to acquire a constant stream of on-demand resources. This will be especially important as retailers allocate staff for managing traffic and tracking consumer adoption of safety and health rules, such as mask wearing and social distancing.

“That means we not only do our normal holiday hiring — we also tap into our alumni networks of people who used to work in our stores, so we could potentially call them in at a moment’s notice based on a new need,” Brown explained. “In addition, we have to build connectivity to third-party staffing providers to give us resources for those non-skilled tasks.”

Additionally, experts predict that retailers’ holiday hiring strategies will revolve around omnichannel logistics and fulfillment tasks. “A lot of holiday preparation used to be around building sales staff, warehouse staff and staff to deal with traffic,” said Binder. “Now it’s more about how stores are going to be used in addition to what traffic circulates the fulfillment center. **A lot of staff in-store will be fulfilling orders very differently than they were 12 months ago.**”

“THERE’S STILL GOING TO BE SEASONAL HIRING AND SEASONAL TRAINING, BUT NOW THERE ARE NEW AND DIFFERENT ROLES THAT RETAILERS ARE GOING TO HAVE TO THINK ABOUT.”

- CHRIS MATICHUK,
STOREFORCE



The fulfillment experience will be a point of differentiation

Some consumers will prefer to do most, if not all, of their holiday shopping online this year. Others will cancel their plans and simply have gifts delivered directly to their loved ones. As a result, retailers will need to find ways to add excitement, even exclusivity, to the delivery experience.

“We want holiday gift-giving to feel different,” Brown explained. “Because if a brown box showing up on the doorstep meant it was Christmas at my house, it would be Christmas every day.”

Effectively differentiating the gift-giving experience could be accomplished via small details such as gift wrapping. In other cases, it could mean creating digitally integrated experiences that help consumers feel closer to their friends and family.

“Maybe [the consumer can] scan a small QR code to access a personal video greeting from a family member,” Brown said. “Or a retailer can create a virtual experience around a baking tradition and have the ingredients arrive at the consumer’s house, and all family members can log into a virtual chat and make the same recipe together. We think those retailers that can enhance the holiday and gift-giving experience to replicate what might not be happening in-person will be the ones to really engage consumers this year.”

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**- MICHAEL BROWN,
KEARNEY**

Retailers will change store hours to accommodate traffic and sanitation guidelines

When one hears Black Friday, the image of a large crowd charging a display comes to mind. But this year, Santaniello expects retailers will rethink both this holiday tradition and extended shopping hours. In fact, she believes retailers will continue their limited store hours to help minimize crowds and chaos, and afford employees more time to complete other now-critical tasks such as extra store cleaning.

“I don’t think anybody is going to be open on Thanksgiving and I think we’re going to see limited store hours through the season,” Santaniello explained. Big-name retailers including **Best Buy, Walmart, Target, Kohl’s** and **DICK’s Sporting Goods** all have announced that they’ll remain closed on Thanksgiving Day.

“Retailers are going to want to make sure they’re not having such huge crowds because there’s going to be a lot of recovery. It’s a lot of cleaning and a whole different protocol now,” said Santaniello, adding that retailers will want to use those off hours to give associates time to pick and pack online orders, which consumers will expect quickly and seamlessly.



**MORE THAN 50%
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TO FOLLOW
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TO HELP KEEP
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EMPLOYEES SAFE.**

- PERISCOPE BY
MCKINSEY

Digital tools and services will provide the ‘missing magic’

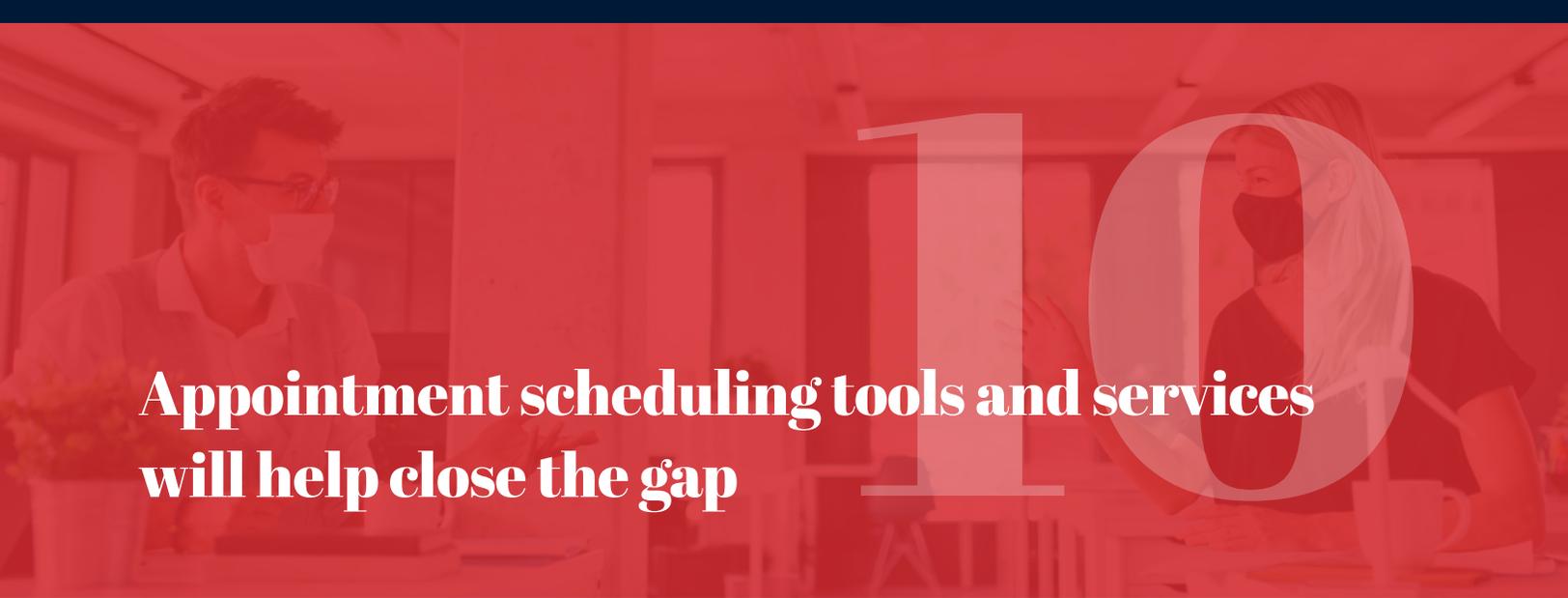
Historically, retailers have relied on stores to provide consumers with the holiday shopping magic they crave. This was largely because e-Commerce sites and experiences were more utility-based, and in some cases even stale. But Binder notes that incredible advances in technology will empower retailers to re-create this magic online, while still supporting consumers who decide to venture to the store. This “harmonization of the brand experience” also will lead to the adoption of cutting-edge technology such as augmented reality, magic mirrors, social commerce and even voice commerce.

“There is a lot of attention [among executives] on ensuring optimized customer service to drive an uplift in spending,” Binder noted. “There are digital tools now, such as the mobile phone, to guide the customer journey and communicate unique offers. You’ll see magic mirrors in the case of beauty, or some tools to show how fitting rooms and sizing works. We didn’t see that last year.”

TOP TWO TECHNOLOGIES CONSUMERS WANT MORE OF:

1. **MOBILE PAYMENTS ARE UP 80% IN IMPORTANCE POST-SHUTDOWNS**
2. **MOBILE APP ORDERS SEE 56% PICKUP SINCE SHUTDOWNS**

- PERISCOPE BY MCKINSEY



Appointment scheduling tools and services will help close the gap

When social distancing guidelines were first implemented, **Best Buy** was one of the first retailers to embrace online appointment scheduling as a win-win service. While shoppers felt supported because they were able to have the one-to-one engagement with associates they needed, the retailer was able to effectively manage traffic and keep both customers and employees safe. As more retail stores reopened, brands such as **Lululemon** eagerly embraced the technology.

Because Santaniello doesn't expect there will be a "mad rush to the store" as in the past, she notes that this appointment-scheduling model is an effective way to drive traffic and engagement. "I think there's going to be a lot more retailers doing appointments or some sort of digital check-in service to get on a waitlist, versus forcing people to just stand there and wait," she said.

Binder agreed that this integration of digital and in-store, coordinated by mobile devices and apps, is going to be more important this holiday season. He added that retailers will be able to integrate different applications to support a more "seamless" and "cultivated experience," including delivery services as well as assisted selling.

"WE'RE GOING TO SEE GROWTH IN THE APPOINTMENT SCHEDULING SPACE BECAUSE THAT ENABLES PERSONALIZED SHOPPING."

- DAVE LOAT,
STOREFORCE

The Virtual Field Manager: 4 Ways To Empower Your Stores' Most Powerful Assets

BY CHRIS MATICHUK, GENERAL MANAGER, STOREFORCE



Retailers globally are scrambling to adjust to their ever-changing realities. And while change may appear to be creeping into every facet of retail, there is at least one truth that will not change: holiday is still coming. Certainly, there is nothing — not even a pandemic — that will change that. Many retailers, however, are still in triage mode, dealing with the day to day and unable to put focus on the pending holiday season. The solution? Harness the incredible energy, creativity and skills of the group best suited to lead the way: your Field Managers.

Whether you call them District Managers, Area Managers or Regional Managers, your Field Management team has always played the critical role of driving store execution. They are the essential conduit between the corporate office and the stores. And with evolving guidelines, rules and regulations relating to COVID-19, the importance of their role has only elevated, while at the same time making it more difficult for them fulfill that role.

In an effort to keep their teams safe, many retailers have eliminated air travel, and also have restricted visits to stores that can be driven to and from in the same day in order to eliminate hotel stays. Some of our clients estimate that up to 50% of their stores will not receive a visit from their Field Manager between March of 2020 and January (or later) in 2021. In essence, Field Managers who manage geographically dispersed stores will have to go virtual, managing remotely from their dining room tables.

WHAT PRACTICES AND TOOLS WILL BE NEEDED TO ENABLE YOUR VIRTUAL FIELD MANAGER TEAM?

Let's start by examining their roles. Field Managers are your Communicators, Coaches, Compliance Officers, Recruiters and your Cheerleaders. In order to be effective in their roles, your virtual Field Managers require:



Real-time performance data to monitor their stores' progress throughout the day and prioritize their communications and efforts;



Messaging capabilities with store leadership teams to communicate priorities, troubleshoot issues, and provide store teams with coaching based on business insights;



Automated store visit tools that Store Leadership teams can complete in self-audit mode, in order to provide the necessary insights to their Field Leader and create meaningful action plans; and



Video calling or photo uploading capabilities to enable a Store Manager to provide their Field Manager with "virtual tours" of stores using their mobile devices.

There is a clear silver lining to this shift to the Virtual Field Manager: by eliminating the travel time between stores, it is possible for a virtual Field Manager to effectively manage a larger number of stores. And if done well, they can virtually touch more stores, more often.

While we all long for that face-to-face, human contact, the realities of the pending holiday season will require adaptation and versatility. Enabling your Field Manager Teams to "go virtual" by providing them with the tools and processes they need to be successful will be a critical step to a successful holiday season.

3 Principles For Uncertain Times

Although these trends, and their ultimate impact on holiday results, aren't set in stone, retailers should remember three realities to guide their approach:



It's all about flexibility.

"It's about sensing and pivoting, and being connected in multiple ways to the consumer," said Kearney's Brown. "It's also about being connected to the medical community, the competition, the weather, and building flexibility into plans so you can react at a moment's notice."



Digital is officially omnipresent in everybody's lives. Use it in a meaningful way.

Columbus Consulting's Binder believes this holiday is going to be "all about how we can reach out and drive engagement through very curated digital communication." That includes "digitally curated offers that offer that magical holiday experience, and communication to make customers feel safe and comfortable."



Your consumer is more patient than ever. Just learn and adapt from lessons learned.

"We need to give consumers a little credit," said A Line Partners' Santaniello. "I think everyone is being more understanding and more patient with retailers."



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