

# Managing disruption in a post-COVID world

Consumer goods companies need to adjust to new customer expectations and unique ways of working

## Retailers face challenges on all fronts

The rapid spread of COVID-19 is causing a huge slowdown of and unprecedented disruption to the Retail industry.

Depending on the type of goods in question, retail operations have either been put under pressure, as volume grew significantly, or been paused, as sales dropped to zero, forcing several retailers across the globe to close their stores for good.

Employees have been put on temporary unemployment or laid off completely, with a detrimental impact on the global economy. Cash again became king, meaning that monitoring available

cash on a daily basis is now a must to understand how operations are coping. Retailers have also had to quickly get to grips with the financial impact of various short-term business scenarios. Together, these event will undoubtedly have a long-term effect on companies' workforces and customers.

But, with every crisis come opportunities. It's time for retailers to rethink their end-to-end organisation in a more agile and digital way. Starting to build your post-COVID future now will create deep-rooted consumer, shareholder and organisational value.

## Setting the scene for Retail's next normal

In the hybrid situation we'll face until a COVID-19 vaccine is found and introduced, retailers need to think about how to create momentum out of this crisis. Over the past months, offices and brick-and-mortar stores have been shut and employees and clients forced to work from home. This has led to changes in customer demand and consumption patterns, and driven an accelerated switch to e-commerce in all directions. Even products that were traditionally purchased in store are now picked up online (e.g. make-up, barbecues, etc.). As we emerge from the crisis, e-commerce will remain important and people, even those formerly digital averse, will continue to shop online. That means wider data collection to feed targeted advertising and customisation. Retail companies will need to adapt quickly to atypical demand patterns and higher levels of online penetration.

Once stores reopen their doors, retailers will have to radically transform the way they operate. Consumers will require a safer and more reassuring in-store shopping environment. A change in customer habits could trigger a review of product ranges, in-store execution and ways of working across the supply chain.

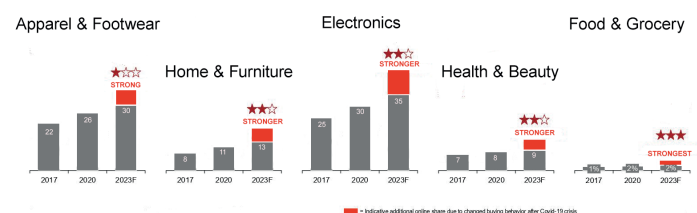
# 61%

Year-on-year increase in the value of Belgian e-commerce sales

To cope with new customer requirements, retailers should think of offering omnichannel experiences. Shops could evolve towards concept stores, presenting only display models, with limited stock on site. Another initiative that fits with a new contactless way of shopping is BOPUS (Buy Online Pick Up in Store) that radically changes the way companies handle product distribution. Home delivery and contactless self-service, such as self-checkouts and contactless payments, will also gain a foothold as people seek to avoid interaction until a vaccine's ready.

## COVID-19 sales impact on e-commerce development

As we emerge from the crisis, COVID-19 will continue to boost as consumers will stay with the online channel



**Sales impact from COVID-19 - Outlook on Germany's E-commerce**  
Online share per category, in % of total sales

Source: GlobalData, Strategy& analysis

As we emerge from the COVID-19 crisis, retailers will need to understand, plan and be prepared for management reporting and financial statement considerations that'll arise from revised business models. They'll have to take lessons from the crisis to digitalise and automate front and back-office operations. More than ever, finance teams will need to act as business partners and be equipped with the necessary skills and solutions.

## Prioritising the safety of stakeholders across the value chain

Even in a post-COVID world, social distancing is expected to remain part of our lives: 58% CFOs polled said they'd reconfigure work sites to promote physical distancing on the workforce. In retail, customers will want less in-store traffic and employees will have to be protected on the workforce and across the value chain. This presents an opportunity for retailers to apply insights and experience to digitise and connect their workforce in a contactless way on the shop floor.

As COVID-19 continues to spread and has forced multiple regions and economies to be put in lockdown, supply chains and logistics are experiencing converging pressures to deliver essential goods and services in time.

Once we emerge into the new normal, consumers' ongoing caution about the impact of COVID-19 means companies will have to provide more transparency and visibility on the origin and journey of their offerings. Consumer preferences may change, driving new demands and shopping habits. Businesses need to be prepared, to act in a flexible way and create contingency plans to respond to these new patterns, while securing the safety of their stakeholders across

Employees will need to embrace a multifunctional model where resources are easily moved around and replaced to ensure optimal allocation of capacity and productivity. This shift goes hand in hand with a cost structure transformation. Staffing will be more limited as businesses opt to recruit more specific profiles, rather than having many employees on the physical store floor.

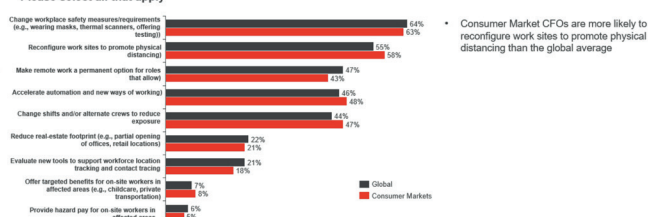
the value chain. Additionally, the need to deliver goods to households the next day will reinforce the case for shorter value chains, focusing on more local production with maximum use of technology. Decreasing dependency on other regions will help safeguard companies when other geographies are hit by future disruption.

Companies should challenge themselves to see how they become leading retailers. Quality consumer goods businesses will act fast, accelerating the shift to digitisation and focusing on stakeholder safety and relationships as a top priority when life starts to pick up again. It'll be critical to augment long-term supply chain resilience and network optimisation to continue delivering value to clients and partners in the near future.

### Consumer market CFOs plan to focus on changing safety measures to prepare the transition to on-site work

CFOs across industries plan to focus on changing safety measures to prepare the transition to on-site work

Which of the following is your company planning to implement once you start to transition back to on-site work? Please select all that apply



Source: PwC, COVID-19 CFO Pulse, 20 April 2020

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