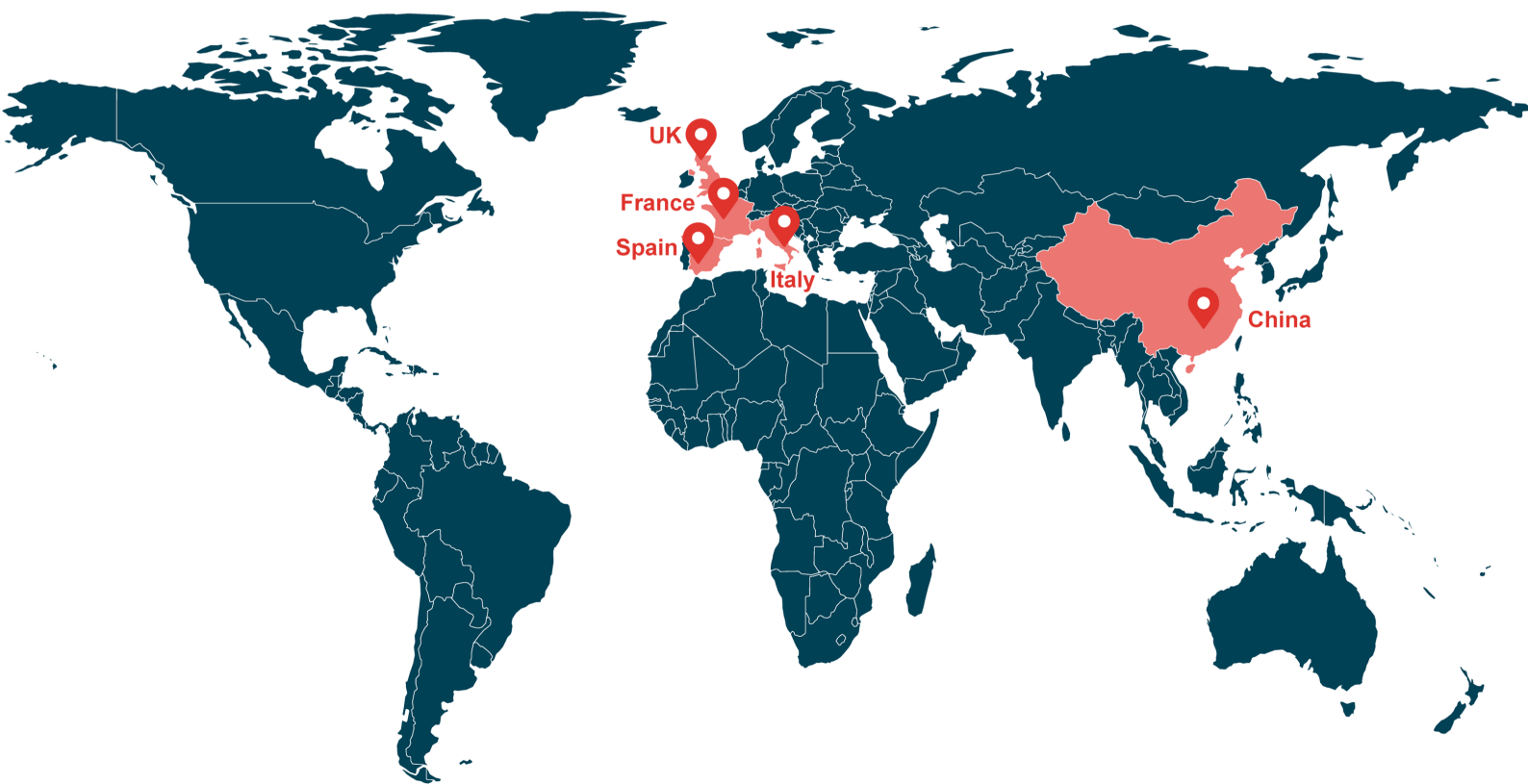


APRIL 2020



COVID-19 PANDEMIC & GLOBAL RETAIL



INTRODUCTION

APRIL 2020



The COVID-19 Pandemic has impacted life around the world in every sense. Even six months ago the current situation would have been a thing of pure imagination. Airports at a standstill, schools closed, and retailers shutting their doors to prevent and protect the implications of the virus. But as the world comes to a halt, what happens in the world of retail, do the wheels keep on turning and if so, how at a time like this?

As experts in retail, we felt it our duty to explore and investigate using our global resources what effects this has on the industry at present, and for the future. Whilst looking to our neighbouring countries in Europe, (Spain, Italy and France) and further afield in China, what can we learn from their current situation, and what advice can we begin to implement to ensure we are poised to recover from such a colossal event?

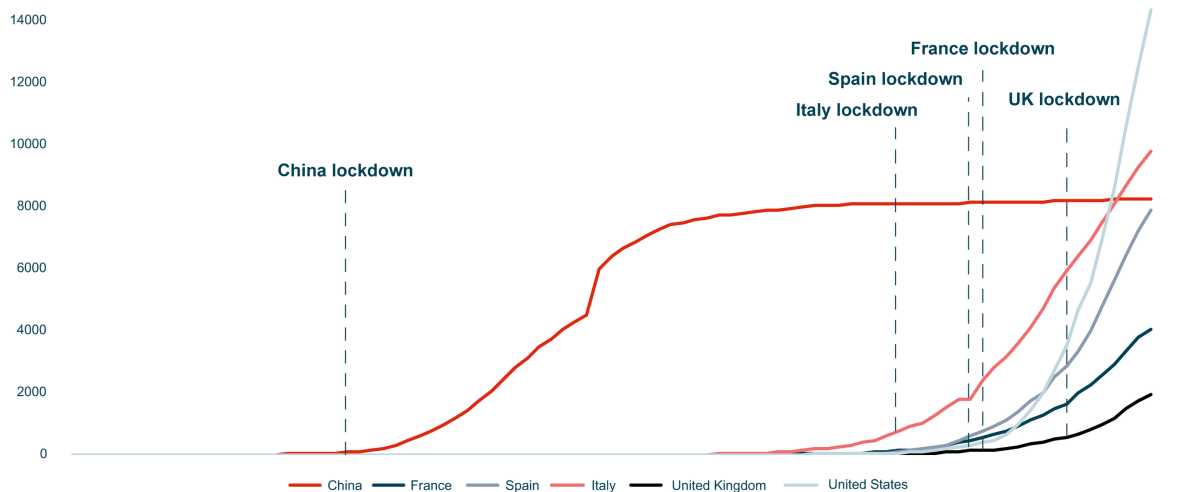
As part of the tcc Global family of brands, with a mission to help build a 'World more loyal' we had the opportunity to connect with retail experts covering more than 50 markets across the globe. Their men and women on the ground, with the help of many impressive clients, have been able to provide the insight needed to make this report as insightful and resourceful as possible.



MARKETS AHEAD OF THE UK OFFER A GLIMPSE TO THE FUTURE OF THE UK'S RETAIL SECTOR

UK is behind
the curve of
the virus

Confirmed Corona Virus Cases as of 30/03/2020*



COVID-19:
Markets ahead
of the UK offer a
glimpse to the
future of UK's
retail

As it stands today, the confirmed COVID-19 cases across the world continue to rise overall and vary by country as each phase of the pandemic passes.

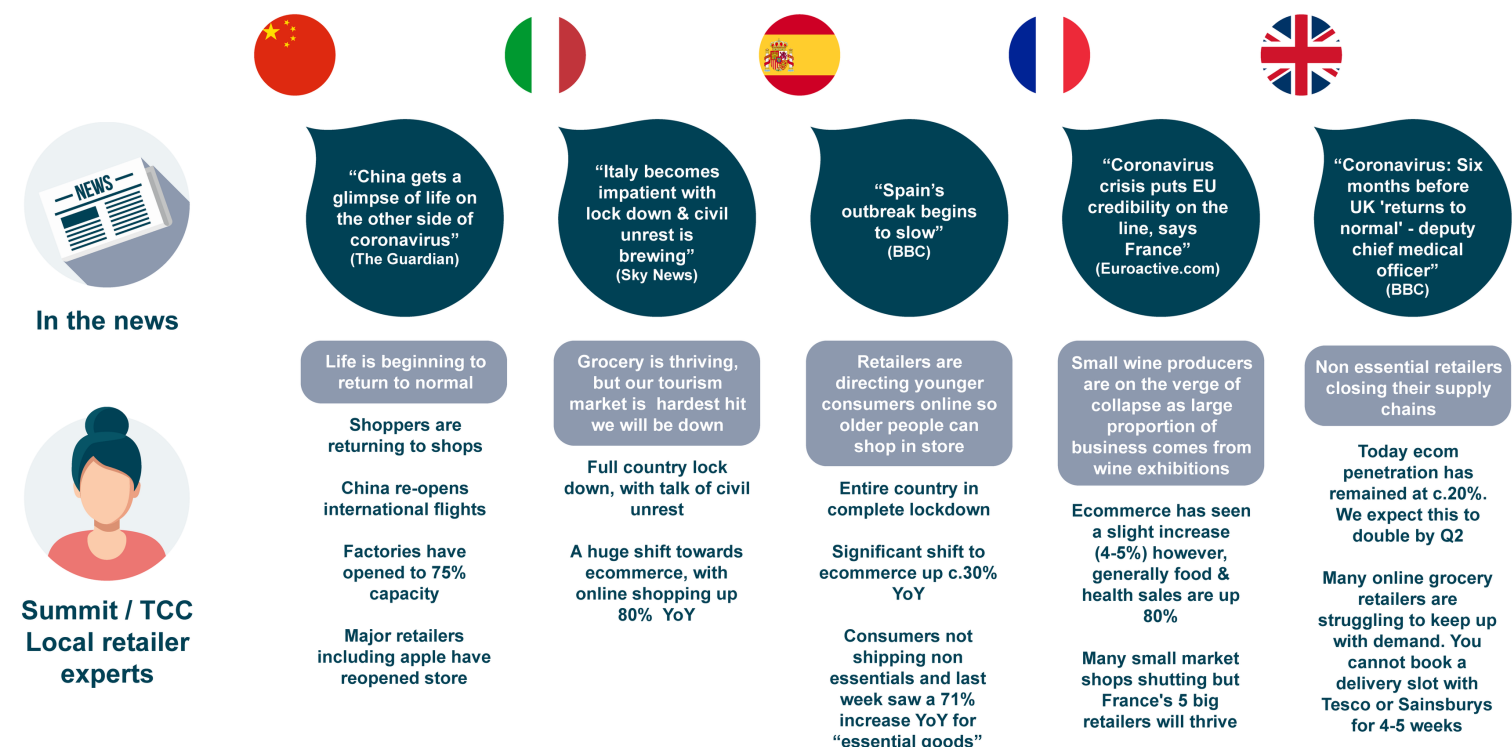
But what does this mean for each country as it embraces its own personal challenges around retail? What is in their control in ways they can adapt, survive, and even in some instances, thrive under such circumstances.

Needs: The First Wave

When news of the virus reached consumers closer to home, initial waves of buying essentials washed over cities and towns as people rushed to their supermarkets and grocery stores to buy, often in bulk. Consumers were sent into panic mode, if not by the virus, but by other shoppers beating them to it for their much-needed items.

But what does consumer behaviour look like today? We view the news headlines and compare with our global TCC colleagues around the world live on the ground in these countries to get the most accurate view.

What's The Situation Today?



When understanding the curve and impact upon retailers across the globe, five consistent trends continued to appear in all five global markets. As brands, it is not only important to understand why these are happening but also what is in your ability to be able to react.

COVID-19 Consistent Retail Trends

An irrevocable change to the customer journey

Many of the habits and rituals consumers create in these coming months will remain

Ecommerce is up globally by

50%

2020 online demand is now at what was previously forecasted for 2025

Online value chain capabilities now expected to deliver 40% of retail sales annually from now on

Digitally enabled retailers will thrive during and after the crisis



Customer needs not wants

Retailers research the new customer who is emerging

+70% staple food products sales

+160% personal hygiene



-20%

new cars

-20m

tourists for next 3 month

-\$80b

for luxury sector

Though many of these categories will have oversold and decline going forward





Solidarity and Community

- Future customer loyalty will be defined by HOW retailers deliver today and through the crisis
- Treating customers fairly, maintaining prices, enabling access, offering support for vulnerable customers & essential workers
- Health and education are at the forefront of marketing like never before



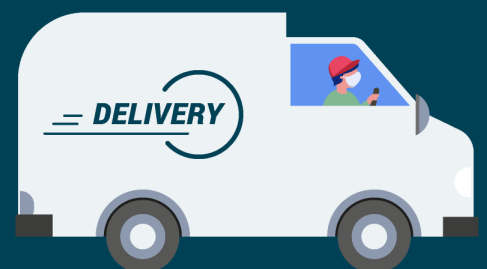
Cashflow Maintenance

- Retailers and consumers are tightening and focusing resources to preserve cash
- Retailers brand positioning at risk, with those who pull back too far facing upto 5 years of recovery
- Spend on things that will return upside to the cash flow in 30 days – best customer and categories
- Seek preferable supplier payment terms out and seek flexible 'win together trading deals' with shared risk



Focus on ecommerce stability

- With attention focused on meeting the demand of essentials retailers battle with capacity and focus on strengthening ecommerce supply chains
- Get ready for the surge in demand at first signs of normality that will be a sprint for market share and margins



WHAT WILL THIS MEAN FOR THE UK ECONOMY?

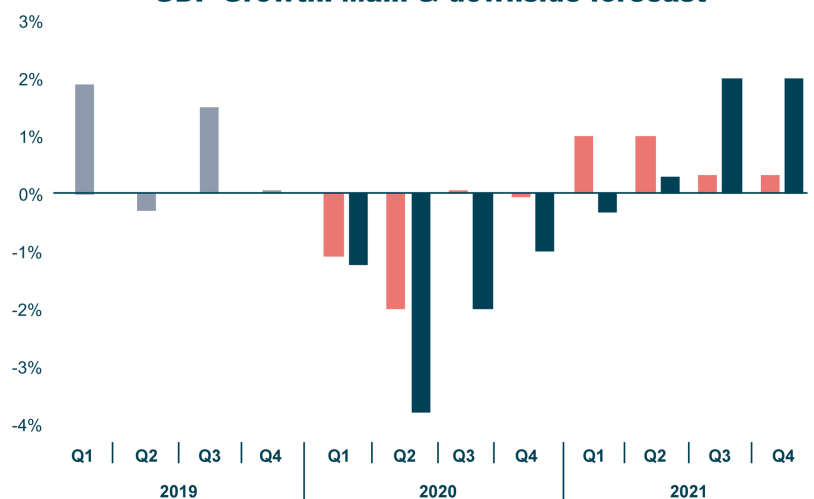
Main Economic Forecast*

	2019	2020	2021
GDP	1.4	-2.6	1.7
Consumer Spending	1.4	-2.5	1.6
Unemployment Rate	3.8	4.7	4.1

* KPMG UK Economic Outlook



GDP Growth: Main & downside forecast*



"GDP, CONSUMER BEHAVIOUR AND UNEMPLOYMENT RATES TO BE HIT HARD IN 2020"

Global multinational services firm, KPMG, states that as the impact of the virus changes the lay of the land here in the UK, key areas such as GDP, consumer spending and unemployment rate will also see a rapid downturn in 2020.

Wants: The Second Wave

Expectedly, the predicted decline in the economy in 2020 highlights that it is not only what retailers do in the present, but how they prepare for the second wave as consumer spending shifts from 'need' to 'want.'

This change in behaviour means those retailers who prepare for the surge in demand at the first signs of normality will be the biggest winners. It will be a sprint for market share and margins, and it will be an open race between big and small retailers. However, there are key things to consider in the road to recovery:

Covid Response Roadmap	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
	Low number of cases	Disease spread, rapidly increasing number of cases	Government intervention impacts public behaviours and movements	Significant case growth and health systems strained	Cases drop and consumerism / public behaviour normalises
	Outbreak →	Growth →	Containment →		Recovery
	Consumer Behaviour	Consumer Needs	Key Customer Comms	Key Actions for Retailers	
	Normal consumer behaviour	Normal behaviour challenged as adapt to social distancing	The 'At home economy'	The new normal	
	As normal	Reassurance Guidance	Direction Reassurance Emotional connections Essential products (food & hygiene) Easy access to shops (online & stores) Stability & price maintenance	Safety reassurance Community Emotional and social release Inspiration	
	Scenario planning Crisis management	Education and information	Guidance Foster communities	Guidance Foster communities Inspire customers	
	Focus on comms	Prepare for ecommerce stability Customer and colleague comms	Offer access to vulnerable customers Manage ecommerce stability e.g. digital queuing systems Focus product lines on the essentials Look for industry collaboration opportunities Focus on supply chain stability	Online to offline activation The new customer journey Support rebuilding the community	



HOW SHOULD RETAILERS FOCUS THEIR EFFORTS NOW?

How has your business been impacted by COVID-19?

If you're looking for help in ensuring
your road to recovery contact

enquiries@summitmedia.com



Identify inventory pain-points. Consolidate to essential & review your marketing calendar.



Promote products including: Health, fitness, hygiene, communication, family & at home entertainment



Anticipate the capacity to be permanent requirement for the customer journey of the future



Invest in your omnichannel experience to be ready for the new post COVID-19 retail



Pivot messaging towards what matters to people today: Community, rebuilding & support

If you have any questions or think Summit could help support your business through this time, please get in touch via enquiries@summitmedia.com





WE MAKE IT MORE LIKELY THAT PEOPLE WILL BUY FROM OUR CLIENTS THAN FROM ANYONE ELSE

Who are Summit?

Summit is a changemaker in online retailing. For 18 years we've worked with some of Europe's most successful retailers and brands, helping them to make more money from retailing online.

**Our purpose is simple and commercial: to make it more likely that people buy from our clients than anyone else. Our unique online retail 'value chain' provides our clients with deep expertise across the disciplines required to trade online:
Strategy, ecommerce, online marketing, trading and logistics.**

With 120 staff working across the UK and Europe, we are passionate about helping our clients transform their business opportunity online by thinking and acting differently.

We give advice that changes the way retailers think about their business. We build technology that makes it easy for them to trade and for their customers to buy.

We create online marketing that brings people closer to their business.

The combination of joined-up expertise working collaboratively across our retail value chain ensures our clients adapt faster to the changing retail landscape.

