

Assessing the Impact of COVID-19 on the Retail Industry - A 360° View

SURVEY RESULTS

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ARE YOU PLANNING FOR THE FUTURE? 8



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INTRODUCTION

COVID-19 has turned the entire retail sector on its head; retailers have adapted to social distancing guidelines and brands have worked around the click to deliver in-demand products.

In times of need, transparency is vital. We need to understand the severity of the situation from both sides of the industry and identify areas that require focused support.

KSF Global created this survey to empower the retail sector with critical information that exposes the reality of the COVID-19 pandemic. We contacted a cross-section of brands and retailers with a questionnaire to discover the impact of COVID-19 on a range of areas, including:

- **Sales**
- **Store Layouts**
- **Budgets**
- **Safety & Protection**
- **Contingency Plans**

Our survey report investigates the best route forward for the recovering retail sector. We've separated our findings into two sections, showing brand and retailer results.



RETAILERS ARE FOCUSING ON THREE CRITICAL AREAS IN-STORE:

- **NEW APPROACH TO SHOPPING EXPERIENCES**
- **IMPROVED CUSTOMER ACCESS**
- **LESS FRONT OF STORE PROMOTIONAL BULK STACKS AND DEALS & WIDER AISLES**



IMPACT OF COVID-19 ON RETAILERS

SALES

As expected, almost all retailers reported a drop-off in in-store footfall, and 66% of respondents do not think their sales will return to normal levels in the next twelve months.

CONTINGENCY PLANS

We are happy to report that almost all retail respondents have created a contingency plan to mitigate the long-term impact of recent events on their business. While all retailers will have a unique set of challenges to overcome, the survey revealed four focal points that appeared in almost all recovery plans:

- **Reduce costs where possible**
- **Adapt multichannel sales strategies**
- **Improve local delivery services and invest in online ordering innovations**
- **Commit to customer safety and personnel protection**

RETHINKING IN-STORE PROMOTIONS & LAYOUTS

With all respondents reporting plans to launch in-store promotions prior to COVID-19, most promotional pipelines have been significantly disrupted. **49%** said they had delayed their existing promotions, and **16%** have cancelled them indefinitely.

However, the majority of respondents are developing new in-store promotions tailored to the current situation. Specifically, retailers highlighted three critical areas they will focus on to boost the effectiveness of in-store campaigns:

- **NEW APPROACH TO SHOPPING EXPERIENCES.** Retailers must provide a safe, welcoming, and comfortable shopping experience to encourage in-store visits and incentivise purchase-making.
- **IMPROVED CUSTOMER ACCESS.** Reconfiguring store layouts, implementing clear signage and providing natural prompts to direct customers around the store were cited as important adaptations in the coming months. Participants also reported delivery innovation and promoting the benefits of 'click and collect' shopping as an important strategy.
- **LESS FRONT OF STORE PROMOTIONAL BULK STACKS AND DEALS & WIDER AISLES.** Retailers are trying to discourage crowding or backlogs at entranceways to ensure customers have sufficient space to maintain social distancing requirements. **66%** of retailers expect to change the layout or design of their stores following COVID-19.



SAFETY & PROTECTION

All retailers have taken steps to protect both employees and customers as a result of the outbreak.

Retail respondents have reported putting the following protections into place:

- PPE
- Strict social distancing and hygiene policies
- Increased cleaning procedures and social distancing tape
- One-way flow systems to reduce browsing
- Plexi-glass walls and hand sanitiser stations
- Contactless payment and product handovers

STORE MANAGEMENT & INVENTORY PLANNING

We were delighted to hear that two-thirds of respondents stated that their stores are not at risk of closure following COVID-19, and they are hopeful that staffing levels will return to normal in the coming months.

- 33% of retailers have excess stock as a result of the outbreak and all are experiencing a surge in online orders.
- Most are confident they can deliver a contingency plan to repurpose any excess stock.
- 66% of those surveyed said certain products were in higher demand than usual.
- Like-for-like revenue could decline by 1-25% over the next twelve months across all types of retailers.
- 83% of respondents have developed innovative strategies for their products, marketing or operations to help overcome financial difficulties.



TWO-THIRDS OF RESPONDENTS STATED THAT THEIR STORES ARE NOT AT RISK OF CLOSURE



Please follow
the one-way
system



IMPACT OF COVID-19 ON BRANDS

SALES

While all respondents reported a drop in product sales due to COVID-19, there is an overwhelming expectation that these figures will return to normal in the coming months.

As we saw with retailers, some brands have also experienced a surge in demand for specific products. This has provided some of our respondents with vital cash flow over the past few months.

Products that have been in demand, include:

- **Kitchenware**
- **Shelf-stable food**
- **Hand disinfection equipment**

ADAPTING MARKETING MESSAGES

One of the most interesting results from the survey was a shift in messaging across all respondents.

Brands have responded to the pandemic by adopting a health-orientated and customer-focused approach that puts safety at the centre of the equation. Participants describe their commitment to promoting the health benefits of certain products and tailoring the brands' approach to acknowledge customer concerns.

CONTINGENCY PLANS

All surveyed brands have developed comprehensive contingency plans for the coming months. And while they all agreed that changes were necessary to adapt to the so-called 'new normal', the individual responses of each brand varied significantly.

Brands recovery plans include: Retail promotions **(50%)**, increased advertising **(32%)** and finding alternative supply chains **(16%)**.

Specifically, our participants said that their plans include:

- **Budget reduction**
- **How we will adapt to changed shopping habits**
- **A different customer experience**
- **Multiple supply sources**
- **Mass marketing**



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BUDGET & STAFFING

66% of respondents have seen their job responsibilities change as a result of COVID-19. From increased health and safety measures to covering furloughed staff, brands have faced a complex set of challenges as they adapt to the ongoing situation.

While only **33%** of brands said they had marketing budget cutbacks, **16%** of respondents saw their marketing campaigns aborted altogether. Additionally, **83%** of brands have developed a contingency plan to repurpose excess stock that they've struggled to sell throughout the pandemic.

RETAIL INITIATIVES FOR BRANDS

83% of surveyed brands reported that their marketing teams had developed further innovative strategies such as health-orientated design, increased social media activity to inform customers and mass marketing campaigns to distribute important information.



**HEALTH-
ORIENTATED
AND
CUSTOMER-
FOCUSED
APPROACH**



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80%

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