

# Roadmap to a New Retail Vision

From surviving the pandemic shock to  
implementing the new retail model

The 3-staged  
multidisciplinary approach

# From Survival to the New Retail Paradigm

A multifaceted approach to people changing habits

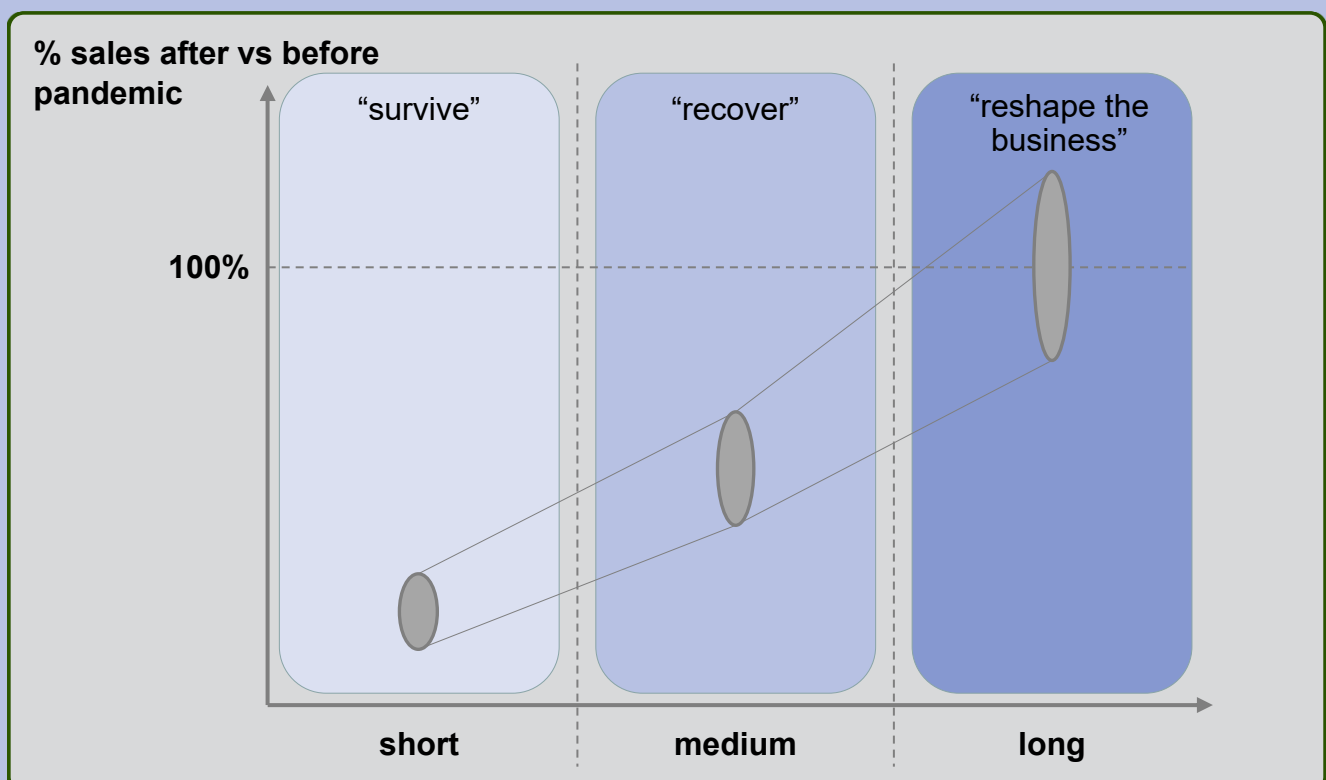
**As most markets are moving out from lockdown the retail sector is still developing tactical and strategic priorities to drive business for next months and years**

The scale of changes that will be required to restart operations and to achieve financial targets is unprecedented. The pandemic has altered customer priorities, expectations, lifestyle, spending patterns and the effects will impact the omnichannel model, the frequency and the location of shopping, the decision process, the influencing factors

## Retailers will face 3 stages of evolution

- short term - the first period after lockdown release
  - survive the financial shock
  - take immediate top priority actions on stores, collections, points of sale
  - fine tune operations to meet safety standards and to offer satisfactory customer service
- medium term - flexible management of transitional period
  - develop trading scenarios, monitor progress and optimize financial impact
  - enhance the retail experience according to customer behaviour
  - take in season assortment decisions to reduce risk
- long term – the raise of a new retail paradigm
  - absorb the radically changed consumer habits
  - develop differentiation factors on product, experience, service
  - deliver seamless omnichannel model with stronger community values

➤ **in the first 2 stages trading results will be below the pre-crisis levels posing a financial threat to many players**



# Differentiated approach at each stage

From survival to recovery

## Short term - survive the shock

Priority is on one side to restart operations encouraging customers to visit; on the other to ensure financial stability and sustainability of every point of sales

In the first stage customer attitude is dominated by extreme prudence and focus on bare essential categories. More engaging retail segments and impulse purchase will therefore be penalized therefore financial results are expected to be far below last year levels

Retailers' priorities:

### **Assess current collections**

- Keep long lifecycle items to be sold in next seasons
- Integration with new collection
- Clear trendy, seasonal items

### **Effective clearance to reinvest cash in new collections**

- Dynamic, clever campaigns to attract customers to all distribution channels
- Leverage current community

### **Review buying orders for next seasons**

- Reduce commitment as much as possible
- Reinvest in flexibility to react in season

### **Re-organize store operations**

- Meet security protocols
- Offer shopping alternatives to respond to different customer profiles
- Quick adaptation according to results

### **Re-organize store network**

- Assess the potential of every point of sale
- Identify actions to protect financial stability

### **Leverage close community**

- Re-activate loyal customers
- Encourage both personal and remote contacts
- Individual promotions on old stock

## Medium term - recover balance

Priority is dynamic business management according to customer behaviour, product rate of sale, channel performance

In the second stage customer attitude will be a balance between the negative economic outlook and the growing desire to shop lifestyle products and personal benefit services

Like-for-like sales are however predicted to be below last year results therefore reaction and effective use of resources is critical to by-pass the second tough period of recovery

Retailers' priorities:

### **Community fostering and growth**

- Dynamic engagement program
  - updated retail calendar program
- Special rewards
  - customized discount for store purchase
  - additional earned points for word of mouth
- Options to connect with stores and staff
  - video shopping
  - curbside pickup
- Follow ups
  - post purchase contact
  - added value messages to thank and encourage come back

# Differentiated approach at each stage

From recovery to business reshape

## Medium term - recover balance

Retailers' priorities:

### Dynamic sales management

- Micro seasonal trends
- Quick replenishment
- Constant link with suppliers for release of Open To Buy

### Quick product reaction

- Consumer behaviour analysis
- In season assortment development actions
- Shorter time-to-market process

### Extend retail experience options

- Front of store trading area
- Extend *zero contact* Drive Thru
- Widen reach of e-commerce customer base
- video shopping service

### Optimize physical store network

- Review performance and potential by point of sale
- Take action on priorities:
  - town centers, shopping centers, retail parks, pop-ups, outlets

### Flexible omnichannel stock

- Shared centralized stock
- Fluid product movement across channels including stores
- Shops as fulfilment centers

### Manage trading scenarios

- Rebalance weight of sales channel
- Optimize operational costs
- Reduce upfront buying in favour of in season reaction

- constant monitoring of customer behaviour, expectations, shopping habits is critical to lay the foundations of a renewed business model

## Long term - reshape the business

Longer term evolution will be evident when restrictions due to security protocols will be eased and when the new consumer values will be fully visible

Priority is the development of innovative business models capable of engaging people through proposition, differentiation, ethics, flexibility of fruition, experience

In the third stage, which will most likely begin after a vaccine or proven treatments will be available, will bring financial results back to or above the levels before crisis. The new 'rule-of-play' will determine a competitive selection as success factors will be deeply different from before

- an increased attention on brands' ethics, product sustainability, durability and perceived value, links to territory, relevant communication to individuals will drive major changes in retail landscape

# The approach for a new Retail paradigm

A new retail vision

## Long term - reshape the business

Key to implement a new retail model is the understanding, the interpretation and the absorption of the huge shifts in people's values and expectations. It will be the combination of principles already growing before the pandemic as well as the new lifestyle that will emerge in the next coming months



## The 10 retailers' priorities:

The scale of changes required for being competitive is unparalleled and demands a synchronized management effort across several disciplines

### **Product and store sustainability**

- Reduced consumption and waste
- Reduced carbon emissions
- Circular model fully implemented and available for customers

### **Assortment differentiation, innovation**

- Better perceived USP, decline of commodity proposition
- Intellectual property, patent -based offering

### **Collection design new principles**

- Ongoing customer involvement
- Increased focus on perceived value
- Extended product lifecycle
- Faster, more effective process

### **Store formats innovation**

- Smaller size, more focused stores
- Differentiated retail experience supporting product and localism
- Memorable customer service

# The approach for a new Retail paradigm

## A new retail vision

### The 10 retailers' priorities:

#### **Trading model evolution**

- Longer product lifecycle
- Reduced sold volumes
- Fewer physical stores
- Price sensitivity modelling

#### **Faster, more effective supply chain**

- Shorter lead times from assortment conception to retail floor
- Strategic relation on sales data, trends, product development

#### **Omnichannel integration**

- All store formats fully part of seamless experience
- Broader number of paths to product
- Dynamic story telling meaningful for individuals

#### **Stronger liaison with community**

- Sharing lifestyle beyond product
- Full involvement on assortment feedback and evolution
- Bespoke, added value enticing communication

#### **Links to territory**

- Fine tuned assortment
- Direct involvement on local initiatives
- Dedicated store staff
- Cause-based marketing

#### **Brand's people, passions, values**

- Transparent, honest company story telling
- Ongoing visibility of behind the scene values and unique expertise

## A New Retail Vision

### The challenges for international omnichannel players

- survive the shock
- recover balance
- reshape the business

➤ get in contact with us to further discuss the fundamental changes that will take place in customers' habits, in retailers' business model and in the retail landscape



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#### **Ispira Ltd**

Ispira is a European consulting practice specializing in retail providing vision, guidance and profitable delivery in multi-channel retailing, assortment evolution, retail merchandising, store marketing, brand dynamic communication

Our team has gained unparalleled strategic and operational experience working with some of the world's most successful retailers in highly competitive markets

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