



# Retail at a crossroads: Opportunities & Risks in a pandemic world

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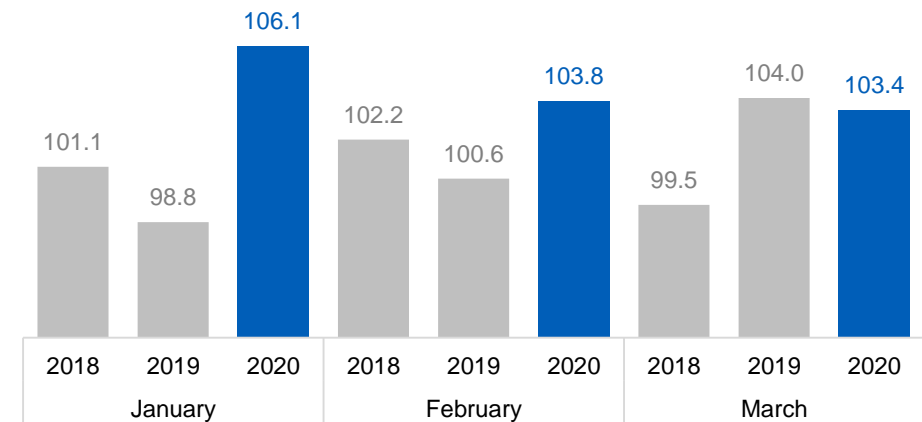
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4 June 2020

# Retail has sustained its sales in the outbreak of COVID-19

- Both Turnover and Volume sales indicate that Retail started 2020 with increased or almost equal sales compared to the two previous years
- Food & Grocery in supermarkets were the main drivers of sustaining sales level in Retail during March with an increase of 23% and 32% compared to 2019 and 2018, respectively
- Decline in sales were mainly observed in Apparel & Footwear, Furniture & Home Equipment, and Book & Paper Product stores
- It is likely that as the market reaction to the pandemic matures, the extreme sales level of some retail categories will revert to normal

Seasonally Adjusted Turnover Index in Retail Trade in Greece (2015=100.0)



Source: Hellenic Statistical Authority (Provisional Data), KPMG analysis



- Food & Grocery
- Pharmaceuticals & Cosmetics



- Apparel & Footwear
- Furniture & Home Equipment
- Books & Paper Products

# But the market has become more unpredictable than ever

## Disturbed demand

- Altered customer preferences with high demand in specific products (e.g. long lasting staple foods, masks, sanitizers) and very low demand for others (e.g. travel accessories, fashion)

## Hindered / closed suppliers

- Shift in supplier trustworthiness due to circular/part-time work, sick workforce, or factories being shut down. Supply chains broke as a result of country lockdowns, lack of raw materials, longer lead times, etc.

## Change in sales channels

- On-line sales have abruptly surged and many retailers were not prepared to cater for those customers

## Customer Mindshift

- The rise of “Conscious consumption” and the quest for meaningfulness

# Retailers have to adapt in order to survive in the new reality

## **Disturbed demand**

- Adjust the range of products to become pandemic-proof: Hold back on seasonal products in the short term, include affordable variants, use health cautious packaging
- Get to know your customers (again): Encapsulate health considerate behavior in analytics: customer segments, M.B.A., demand models and update the action plan

## **Hindered / closed suppliers**

- Expand the supplier base for all critical supplies, including suppliers from EU, as a contingency measure in case supply chain breaks
- Incorporate proactive risk identification of the suppliers, e.g. diagnose liquidity issues to the suppliers and take corrective actions

## **Change in sales channels**

- Take advantage of store resources to enhance the online channel by using the physical stores for deliveries and redistributing personnel from store staff to online sales assistants
- Invest in online shop to satisfy a continuous elevated demand for electronic sales including flexible fulfilment capabilities

## **Customer Mindshift**

- Consider Retail as a part of the leisure industry. Along with new store designs that will focus on health restrictions, retailers must provide enough experiences per square meter
- Consider customers as part of the shopping family instead of source of cash: emphasis on quality of service (kindness, expertise, personal connection) that will lead to loyalty & trust

# What is next?

- Thanks to COVID-19 which acts as a transformation catalyst, retailers are shifting into turbo mode, finding digital solutions and starting to be creative
- There is a breeding ground for creative business models, new retail ecosystems, more digitalization and more humanity
- More importantly, the pandemic crisis can be transformed into an opportunity for a sustainable and human-centric world with a healthy climate
- It's up to every one of us





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