

The Retailers' Path to COVID-19 Recovery Playbook

Real-time recovery steps retailers can take
as the U.S. reopens for business

acxiom. |  RETAIL DIVE

Custom content for Acxiom by
Retail Dive's Brand Studio





The COVID-19 pandemic created a catastrophe for the U.S. retail industry. To slow the spread of the virus, 250,000¹ stores across the country closed — at least temporarily. Hundreds of thousands of employees were furloughed or laid off. With the virus still present, businesses of all kinds ground to a halt, with unemployment historically high.²

Now, as governments begin lifting restrictions and allowing more stores to open, retailers wonder how and when they will recover from the crisis.

The answer isn't simple. Even though the pandemic will eventually ease, that process will take time, and setbacks are almost certain. For now and for the foreseeable future, retailers will operate in a different reality from what they've known — serving a person who has also irreversibly changed.

Although daunting, the situation also offers an opportunity. The retailers that survive long-term will be those that recover quickly short-term. The recovery depends on staying in lockstep with the customer — the changed one, not the old, familiar one from before the pandemic.

To come out on the other side of this crisis, retailers must analyze new behaviors and sentiment, rethink segmentation, and use consumer-level data to deliver timely and useful communication, products, and services.

As retailers map out their playbook of recovery, they must implement six specific strategic steps to quickly pivot, adjust, and eventually thrive in the new and uncertain future.



The Shift in the Post-COVID-19 Retail Landscape

The first step in recovery is understanding the current state of the industry. Granted, this “current” state is rapidly shifting, with new regulations on what types of retail stores can open and how they can operate, as well as continuously changing information on the spread of the virus. Still, retailers will need to recognize these aspects of the new landscape:

The pandemic hit the retail industry hard, with brick-and-mortar stores damaged the most.

This comes at a time when brick-and-mortar stores had already been on a decline, with 9,300 stores³ closing for good in 2019 — despite a strong economy. The sudden shift to online shopping places urgency for brick-and-mortar retailers to develop an omnichannel approach.

Even when retailers begin to open, they face an unusable spring inventory.

Buying decisions made 30 weeks ago leave retailers with money tied up in products they can't sell, leaving them cash-strapped for future purchases and other operating expenses, said Michele Fitzpatrick, retail industry strategy consultant at Acxiom.

Buying needs have changed, as people stay home.

In both in-store and e-commerce retail, some categories, such as groceries, at-home fitness, and electronics, particularly for working or learning at home, have fared better than luxury brands and office apparel. As businesses extend work-from-home plans — some through 2020,⁴ some unexpected purchasing nuances have arisen. “There’s an increase in sales for shirts and tops, but not bottoms,” Fitzpatrick said. People working from home and making video calls want to look professional where the camera can see them, from the waist up. Shopping for traditional summer gear will likely wane as people stay closer to home. Besides changes in types of products purchased, people have had to be flexible on brand loyalty. In grocery stores, for example, as shelves emptied, shoppers bought whatever brand was in stock, rather than go to another store to find a favorite.

Stores are rapidly trying to pivot to meet the current consumer needs.

Retailers are trying to ease people’s safety fears by communicating cleaning protocols, shifting to delivery and curbside pickup, and implementing in-store social distancing (i.e., directional signage, limiting the number of customers). During this time, stores will rely even more on online channels, mobile apps, and contactless pickup or delivery. Retailers without a robust online presence must determine how to move forward.

The coronavirus hasn’t gone away and could resurge periodically.

This means continued increasing and lessening of restrictions on businesses — perhaps geographically, based on outbreak location. Retailers must be ready to pivot quickly to adjust marketing, inventory, supply chain, workforce, and policies to meet the current needs.

Life will not return to the normal that people remember.

People’s behaviors have changed out of necessity because of the virus and will continue to evolve over the next year. People who didn’t use digital channels before have now done so in the last few months, said Brian Dodge, president of the Retail Industry Leaders Association (RILA). “It’s very reasonable to expect a larger share of digitally connected purchases, for example, where people buy online and pick up in-store,” he said.

Besides changes in types of products purchased, people have had to be flexible on **brand loyalty**.

With more people buying online, the role of the store in the buyer journey will change, and retailers must find ways to entice customers to come into the on-site location.

“Customers will be moving from casual buying behavior or window-shoppers into smart shoppers,” said Gaurav Johari, director of business solutions at diwo. “No longer will they go to stores for the heck of it; they will go with a clear set of consumption goals.” With this intent to buy, customers will come to stores expecting more personalized services, exceptional cleaning and hygiene in-store, and an overall better shopping experience. Retailers that can deliver that will change the shopping experience from transactional to value-based, he said.

As a result of the economy, people will focus on value, safety, and convenience in their shopping.

They will look for retailers that are responsive to their personal needs and that are not overly promotional. That means that retailers need to offer personalized and contextually relevant communications. Communications will need to go way beyond the Saturday sale promotion for all and become more tailored to the individual. This means that brands need to do a better job of listening to the customer, detecting and interpreting signals, and ultimately delivering an experience that is more personal and human at every step in the buyer journey.



(Re)Opening for Business

Nonessential stores across the country are gradually reopening as local governments ease stay-at-home restrictions. RILA and the National Retail Federation created a blueprint⁵ for the process, which follows CDC guidelines and includes three phases:

- **Phase 1:**
Allow e-commerce, contactless curbside pickup, and in-home delivery.
- **Phase 2:**
Reopen stores to the public, with social distancing protocols and reduced occupancy.
- **Phase 3:**
Establish protection, then lift all restrictions.

Even though stores may reopen, that's not the same as recovery. The increase in sales when stores reopen may not be enough to offset the decline that occurred while stores were closed. And just because stores are open, does not mean people will be comfortable going into them. Additionally, stores may reopen, only to file for bankruptcy in the coming months.⁶ This means that an industry-wide recovery will happen over an extended period.

Besides a playbook on tactical steps required to reopen their doors to the public, retailers also need a playbook for how to stay open; how to recover and regain financial health long-term. By developing a strategic playbook for recovery, retailers can better control their future, limiting the pandemic's ultimate effects on their stores and customers.

The increase in sales when stores reopen may not be enough to offset the decline that occurred while stores were closed.



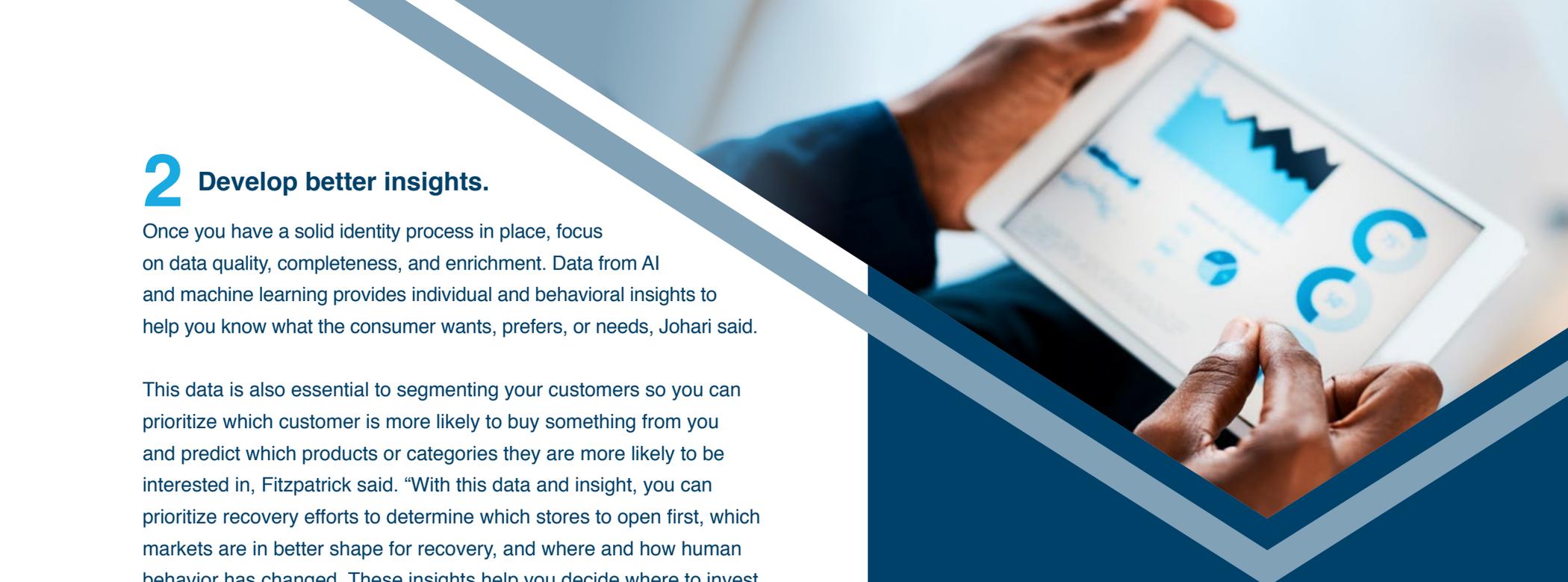
Six-Step Retail Recovery Playbook

1 Know your customer.

“There’s never been a more important time to know the customer. Who they are, how have they been impacted, what is their new normal,” Fitzpatrick said. Retailers should ask themselves: How connected is your current adtech and martech stack? Can you accurately identify a person across channels and devices? Can you tell if a new customer is actually new or is, instead, an existing customer using a different email address?

To connect personally, you need a reliable identity resolution and management process so you know who the person is across channels and devices, Fitzpatrick said. This information helps retailers understand how to best engage with a customer in an appropriate and thoughtful way. “As we head toward recovery, people are looking for the brands they know to know them back and help rebuild their confidence and brand trust,” she said.





2 Develop better insights.

Once you have a solid identity process in place, focus on data quality, completeness, and enrichment. Data from AI and machine learning provides individual and behavioral insights to help you know what the consumer wants, prefers, or needs, Johari said.

This data is also essential to segmenting your customers so you can prioritize which customer is more likely to buy something from you and predict which products or categories they are more likely to be interested in, Fitzpatrick said. “With this data and insight, you can prioritize recovery efforts to determine which stores to open first, which markets are in better shape for recovery, and where and how human behavior has changed. These insights help you decide where to invest to accelerate a faster recovery,” she said.

3 Activate better audiences.

Building better digital and media audiences can help the retail business recover by focusing marketing messaging and engagement strategies on those customers who are ready to return to more regular shopping and buying patterns. Retailers can create addressable high-value audiences and activate them in all channels the customer uses. This step allows retailers to discover insights and behaviors that help them understand the mind of the customer and act on those insights wherever and whenever people shop. “What happens is that you leverage customer level data to power your media outreach to get a seamless alignment across channels,” Fitzpatrick said. “You also detect buying signals and get customer level data that doesn’t exist in most companies,” she added.

“With this data and insight, you can prioritize recovery efforts ... These insights help you decide where to invest to **accelerate a faster recovery.**”

– MICHELE FITZPATRICK, RETAIL INDUSTRY STRATEGY CONSULTANT AT ACXIOM



4 Create better campaigns/messaging/offers.

Brands must maintain the delicate balance of messages of empathy with ones of back to business. Soon after the initial shutdown from COVID-19, multiple brands came out with the “we care” message, Fitzpatrick said. Now, the goal for retailers is to show they genuinely care. “Personalization and contextual relevance will be needed more than ever since it’s very easy to convey the wrong tone,” Fitzpatrick said. “Brands need to get personal and more human to earn people’s trust.”

5 Encourage better loyalty.

People have not been able to earn and burn loyalty rewards during the pandemic in the same ways and at the same velocity as pre-COVID. Building on this idea of contextual personalization, loyalty programs must evolve to become more relevant and experiential. “This is a golden opportunity to hit the reset button for your loyalty program. One size does not fit all anymore,” Fitzpatrick said. Retailers should prioritize experiences over discounts, provide personalized and customized experiences, consider gamification to woo customers back, explore strategic loyalty partnerships, and use hyper-localized marketing, Fitzpatrick said.

6 Form a better community.

In times of crisis, people look for leadership. That can come from retailers and brands when that effort is authentic and useful. From manufacturing facilities repurposing to make hand sanitizers to grocery stores offering exclusive hours so at-risk groups can shop to sports teams donating salaries, brands are acting to help the community.⁷ Research has shown that customers expect to have a relationship with a brand or retailer.⁸ During the aftermath of COVID-19, customers will pay attention to which brands and retailers express genuine concern and support — not just for customers and employees but also for the community.

Agility, Insights, and Strategy Will Win the Day

The retail landscape for the next 12 months will be filled with twists and turns. Still, retailers and brands that use data and tools to understand the landscape to prioritize where to invest time and resources — and use customer-level data to identify and meet changing needs — will recover faster. Customer insight and knowledge will be the fuel to drive accelerated recovery.

Retailers cannot make assumptions about their customers based on pre-coronavirus customer journeys. Instead, they must know who their customers are, understand what they need, and meet those needs in both message and product offering. Retailers don't have the time or finances to waste on a slow recovery. To accelerate the recovery, retailers must focus on identification, insights, audiences, campaign, loyalty, and community to develop a strategic advantage, speeding their path to recovery and helping them lead the new customer experience.



Sources

1 Rey, Jason Del. "Amazon Was Already Powerful. The Coronavirus Pandemic Cleared the Way to Dominance." Vox, April 10, 2020, www.vox.com/recode/2020/4/10/21215953/amazon-fresh-walmart-grocery-delivery-coronavirus-retail-store-closures.

2 Schwartz, Nelson D. "How Bad Is Unemployment? 'Literally Off the Charts.'" The New York Times, May 8, 2020, www.nytimes.com/interactive/2020/05/08/business/economy/april-jobs-report.html.

3 Meyersohn, Nathaniel. "More Than 9,300 Stores Closed in 2019." CNN, Dec. 19, 2019, edition.cnn.com/2019/12/19/business/2019-store-closings-payless-gymboree/index.html.

4 Friedman, Zack. "Work From Home for Rest of Year? Some Tech Companies Say 'Yes.'" Forbes, May 12, 2020, <http://www.forbes.com/sites/zackfriedman/2020/05/08/google-facebook-amazon-work-home/#424153e6eaea>.

5 Retail Industry Leaders Association and National Retail Federation. "Open for Business — A Blueprint for Shopping Safe." RILA.org, 2020, <https://rilastagemedia.blob.core.windows.net/rila-web/rila.web/media/media/pdfs/committee%20documents/coronavirus%20documents/open-for-business-a-blueprint-to-shopping-safe.pdf>.

6 Unglesbee, Ben. "COVID-19 Will Both Complicate and Accelerate Retail Bankruptcies." Retail Dive, Retaildive.com, April 13, 2020, <https://www.retaildive.com/news/covid-19-will-both-complicate-and-accelerate-retail-bankruptcies/575837/>.

7 Frank, Karlie. "6 Ways Retailers Are Helping Communities During COVID-19." National Retail Federation, NRF.com, March 20, 2020, <https://nrf.com/blog/6-ways-retailers-are-helping-communities-during-covid-19>.

8 Bussgang, Jeffrey. "When Community Becomes Your Competitive Advantage." Harvard Business Review, Jan. 21, 2020, hbr.org/2020/01/when-community-becomes-your-competitive-advantage.



Acxiom provides the data and technology foundation for the world's best marketers. We enable people-based marketing everywhere through a simple, open approach to connecting systems and data to drive better customer experiences for people and greater ROI for business. A leader in identity, customer data management and the ethical use of data for more than 50 years, Acxiom now helps thousands of clients and partners around the globe work together to create millions of better customer experiences, every day. Acxiom is a registered trademark of Acxiom LLC and is part of The Interpublic Group of Companies (IPG).

[LEARN MORE](#)



BRANDSTUDIO

Custom Content. Targeted Results.

Industry Dive's Brand Studio collaborates with clients to create impactful and insightful custom content. Our clients benefit from aligning with the highly-regarded editorial voice of our industry expert writers coupled with the credibility our editorial brands deliver. When we connect your brand to our sophisticated and engaged audience while associating them with the leading trends and respected editorial experts, **we get results.**

LEARN MORE