



INDUSTRY INSIGHTS FOR WHEN THE WORLD EMERGES FROM COVID-19

AUTHORS



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DATE



12 May 2020

ABOUT THIS REPORT

Creative transformation has never been as important as it is now. The scale and impact of COVID-19 has been unprecedented and while business, the government and society grapple with the current reality, we are also anticipating the impact and opportunities of a post-COVID world.

We have asked a selection of our own sector experts to provide their insights on the current situation and consider the opportunities that might emerge. This has formed the WPP'd Smart Series. These are not intended as academic "white papers"; rather, they offer some key insights and actionable opportunities in a concise, digestible form that might trigger some new thinking for your business or organisation. If you would like to discuss these further please contact the authors directly – you can find their details on the last page.



RETAIL

INSIGHT FROM COVID-19

OPPORTUNITY

Stores are no longer places to browse and have experiences. Consumers are focused on getting in, sanitising hands, shopping to a list and getting out.

The whole notion of a store will need to be reconceived. Physical retail locations and store networks will be smaller, there will be fewer staff and more zero-touch automation. Rent will also fall as demand declines. Now is the time for your brand to reimagine your stores. Alibaba's Hema supermarket is a good benchmark.

Consumers have become very internally focused during COVID-19. It's all about home, family, wellness and looking after each other.

We're seeing a fundamental flip in consumer desires that will become a long-term trend. Look for ways to tap into this trend for home everything – home improvement, cooking, gym equipment and so on. There will also be a continued boom in health and wellness products.

How will you cater to this new shopper?

Technology is running at full capacity, and often overstretched, resulting in poor user experience for digital customers.

The overnight switch to online sales has exposed ageing technology for many retailers. This will accelerate the uptake of cloud-based business systems that offer greater agility and can scale in response to changing consumer demand.

Cash is no longer king. Many retailers are no longer accepting cash to minimise physical contact in support of social distancing restrictions. Card issuers have also raised contactless limits to facilitate more zero-touch transactions.

Cash is difficult to manage, hard to regulate and unsanitary. The Reserve Bank of Australia estimated last year that the number of cash transactions halved between 2007 and 2016. Focus on new and emerging payment technologies, ensuring that they provide customers with appropriate choice while managing transactional costs and regulations.



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After 5 years in New York City in global leadership roles for VMLY&R, Jon Bird returned last year as CEO of VMLY&R across Australia and NZ.

While in the US, Jon headed up VMLY&R's global retail and commerce practice, working at the intersection of digital and retail for some of the world's best brands.

Before relocating to the US in 2014, Jon was based in Australia and was a founding partner and ultimately Executive Chairman of IdeaWorks, which was Australia's fastest-growing agency for several years running. Separately, he served as Director of Retail Marketing for M&C Saatchi in Sydney and was Chairman of trade publication Inside Retail.

Neil is a specialist in digital consulting and product strategy where he leads strategy, technology and product teams to deliver business value. He leverages technology to build innovative, engaging and intuitive customer experiences across both commerce and content platforms.

Neil's passion lies in driving business growth via executable strategy development and delivery. Most recently, he has been leading a series of product concept & strategy engagements across the Retail sector - focusing predominantly on revenue stream analysis and business model diversification.

Over the last 15 years David has worked across a range of industries, challenges and continents developing strategies and solving problems to help brands unlock customer side growth.

As Head of Strategy at The Brand Agency Melbourne, he is responsible for the development of brand and marketing strategy along with advertising planning across B2B and B2C brands. David has had a strong focus on the retail industry, working with businesses to identify commercial opportunities across the entire customer experience that drive short term profitability while also maximising long term growth.

GET IN TOUCH

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INSIGHT FROM COVID-19

One of the overarching shifts during the next few years will be in consumer buying behaviour. This will be similar to the rise in mindful consumption we saw after the Global Financial Crisis (GFC).

The switch to online retail will be permanent, but will likely still take a while to peak. The real growth in online sales following the GFC of 2008 wasn't seen until consumer confidence had fully recovered in 2011.

OPPORTUNITY

Frugality and authenticity will be the order of the day in the aftermath of the COVID-19 crisis. Tap into the increased consumer desire for authenticity and provenance in your products and services, while redefining customer value.

Prepare for the new normal of digital sales, with a particular focus on finding ways to recreate profitable behaviour, like impulse buying online. Evaluate your customer experience against a broad set of competitors and fast-track digital transformation projects.

THE STORY BY THE NUMBERS:

50%

Supply issues are driving promiscuity: across categories, less than 50% of shoppers are buying their usual brands¹

69%

of Australians are avoiding touching objects in public to protect themselves²

63%

say the priority should be affordable pricing, deals and promotions³

61%

will preference electronic payments over cash when the emergency is over³

72%

prefer shopping for groceries in supermarkets close to home since coronavirus³

¹Geometry, April 2020, ²YouGov, 2 April 2020, ³Kantar Barometer, 23rd - 27th April 2020