

# The Pandemic has Forever Changed the Game for Retailers

While retailers across Europe have seen their income shrink after multiple lock-downs, their online counterparts' volumes have soared. Consumers are now more confident and accustomed to ecommerce than ever before. How will retailers bounce back from these changes and make their off-line business more viable in an online world?

The pandemic sent shock waves through the retail industry. Retailers have been forced to rapidly change and adapt to the new inherently uncertain reality. It has become clear that when the pandemic ends, the industry will take on a different form, and the shift to online will continue to grow. Retailers must react and adjust their business operations to the fast-evolving changes in consumer behavior – or risk becoming yet another casualty of ecommerce.

Retailers have seen their store revenue base drastically decrease, as statewide lockdowns kept consumers away from malls. US giant J.C. Penney filed for bankruptcy in May 2020, as sales fell by 50% in the initial months of the pandemic. Other household names have been restructured as part of a Chapter 11 process. Meanwhile, a 44% increase in ecommerce picked up the slack, American consumers spending of \$861.12 billion online in 2020 has been good news for retailers like Amazon, already geared for online shopping.

In 2020, total worldwide retail sales declined by 3%, however, total retail ecommerce sales grew by 27.6%. A staggering 44% of European consumers have purchased products online for the first time during the pandemic, emphasizing consumers' growing trust and confidence in online shopping. In the US and the UK, approx. 50% of consumers now shop 75% of all their purchases online.

## Transitioning from retailer to online

To keep up, retailers are looking for ways to up-scale their online activities. They must learn to deliver on key differentiators that online retailers have mastered for years, including digital marketing, fast delivery, and flexible return schemes.

► If you look towards large brands like John Lewis and Marks & Spencer in the UK, they are heavily investing in their online and fulfillment operations. The big key players in online retail, like ASOS and Boohoo, have a strong competitive advantage, as their setups were built for ecommerce, explains Neil Thornton, Account Manager in Caljan UK.

The customer experience will still play an important role post-pandemic, with 91% of customers reporting that a positive customer experience influences further purchasing both online and in stores. Retailers must therefore leverage the best of the physical store and the online store to deliver on the customer's expectations.

## FAST TRACK

- The gap between retailers and online is widening, with a 27.6% increase in global ecommerce sales in 2020.
- Curbside collection will continue to grow as a service offered in physical retail stores.
- Investment in the delivery and fulfillment processes remains essential to deliver on customer expectations.

► There is a trend that traditional stores will remain, but their function will change. They will become showrooms where consumers can test products, shop a limited product selection, and collect their purchases. This also means that click and collect will only continue to grow as a service, explains Thomas Heydolph, Global Strategic Account Manager in Caljan Germany.

### Investment in delivery and fulfillment

For retailers to successfully transition into online, they must invest in the delivery and fulfillment processes to secure that they deliver on customer expectations. Ultimately, the infrastructure and equipment in fulfillment centers needs to match the increasing demands.

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– Thomas Heydolph, Global Strategic Account Manager, Caljan Germany

► The consumers' expectation around same or next day delivery and unlimited returns are paramount. This directly impacts warehouses and fulfillment centers and their capacity, which will result in investing in higher grades of automation to cope with the high volume of online orders, explains Thomas Heydolph.

The advantages of starting the process now rather than later is the ability to increase the throughput rate and remove bottlenecks in the facility that contribute to delays.

► Bottlenecks often occur in the fulfillment center. This might be related to space constraints that prevent the

facility from managing the high volume of goods in and goods out. New automated equipment can help alleviate these types of bottlenecks, concludes Neil Thornton.

The long-term benefits of investing in infrastructure and equipment that helps automate parts of the fulfillment process includes increasing order accuracy, meeting customers' needs, and meeting order commitment dates. Retailers introducing more technology and automation into their fulfillment operations are meeting the demands of online shopping in the future.

