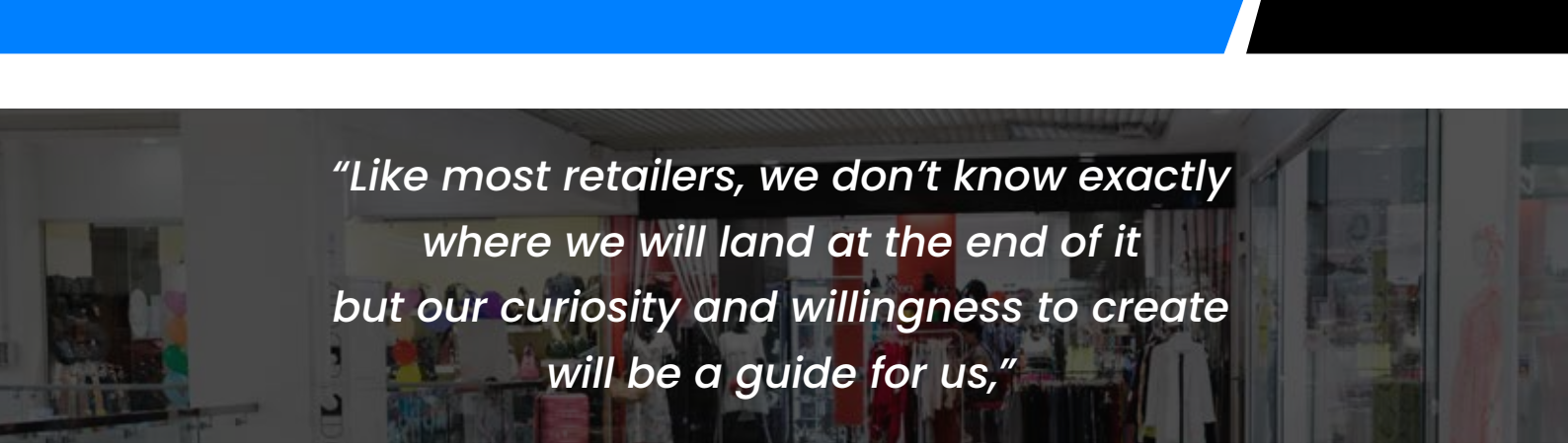


Ctrl + Shift + R:
Time for "hard-reload"
for retail



“Like most retailers, we don’t know exactly where we will land at the end of it but our curiosity and willingness to create will be a guide for us,”

said Jesper Brodin, CEO of IKEA a couple of years ago. He mentioned it in the context of testing AI and virtual reality but amid a pandemic his statement has taken on a truly different meaning.

There is no predictive model that was able to predict the spread of the virus far less the down-stream impact on the retail business, consumer behaviour and the quick shift in preferences. What was initially expected to be a blip on the curve, an outlier to treat for, has now become a major life event with far reaching consequences. It is time for a hard reload for retail. (If you haven’t tried it already, Ctrl-Shift-R is the hard reload command in most web browsers)

1 **The bull run has ended.** It is time we throw-out those excel forecasts. We need something more robust. Did someone say Machine Learning algorithms? There is a reason why Industry leaders are where they are:

- **Walmart** uses Machine Learning (ML) to map better delivery routes, offer faster checkout, demand forecasts, make better recommendations and product matches
- **Amazon** applies ML on customer data to generate accurate forecasts for many products, detect fraudulent activities and offer customer-specific product recommendations. And they run 1000s of tests to validate these.
- **Target** started utilizing Machine Learning to analyse its customer data to identify specific customer conditions and have targeted recommendations. I can only see them putting this to greater use in Phase 1 of the opening.

2 **No room for error.** If we had 3 strikes in the year, then COVID-19 has left us with zero. This means there is no room for another buy, pricing or assortment mistakes. Such mistakes could prove catastrophic for a business in the second half of 2020. We need to stop using our gut and start listening to the data.

- Powerful decision-support tools can help retailers quickly run simulations for various outcomes and pick the ones that best fit their business needs.
- The rest of the year will focus on combining business intuition along with algorithmic, auto-generated recommendations to drive decisions for the back half of the year.

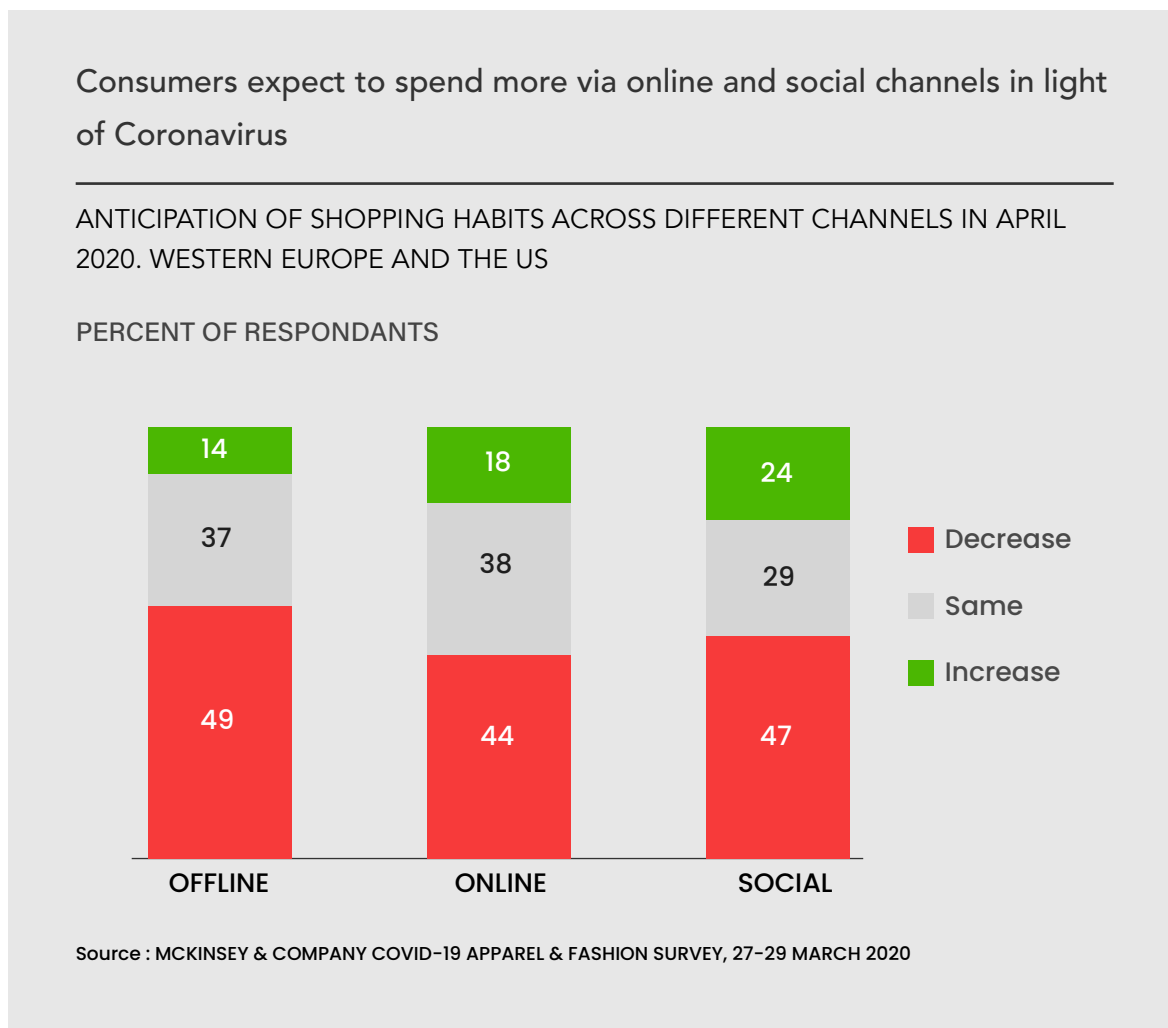
3 **Volatility** is the new norm. Plan for it, prepare for it, deal with it. For the next 6 months to a year we need to be monitoring KPIs daily and adjusting multiple levers on the fly. Time for some assisted automation.

- **Become a KPI stickler:** You need to track your price, inventory, store and customer KPIs daily and have a COVID adjusted model / COVID-factor to help you adjust your forecasts and take better actions.

4 **Consumer behaviour has changed. It will be permanent.**

- Prepare for a retail world with reduced 'touch and feel' based shopping.
- Many customers who have moved online will want to stay there. Can we offer the same level of customer service and options digitally?
- Stop behaving as if having a website is a competitive advantage. It is a bare minimum requirement
- Dig up that e-mail on recommendation engines, auto-replenishment and subscription plans. Find an expert who can implement this for you.
- Have you updated your labor model to factor in curbside pick-up, delivery, packaging for online orders etc.? Some retailers like Pet Supplies Plus are already ahead of the game as mentioned by their CEO Chris Rowland in a recent webinar.

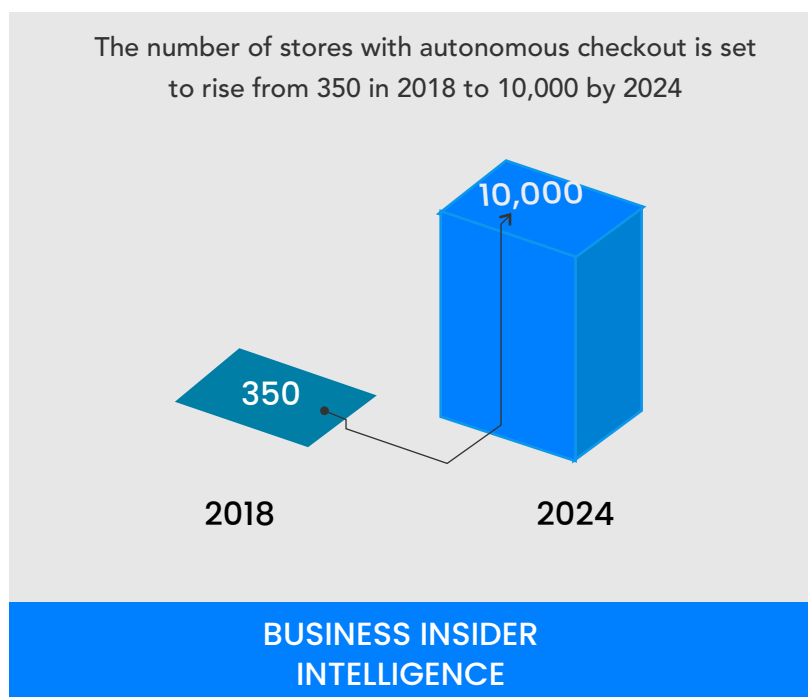
- Post-pandemic, apparel executives expect up to 18 percent increase in online penetration, according to a survey conducted by McKinsey



- Omnichannel retail models are now critical with stress on personalization. It is important to retain any new customers you might have acquired and bring back the ones you have lost by sharper segmentation and analysis of past transactions. Additionally, you now have to maintain this consistent messaging across print, direct mail, mobile, social, digital and OOH channels.

5 When customers come back to our stores, they will want a more sanitized and 'socially distant' experience. 2020 is when store formats get a hard reset – you must redo those planograms, layout modules and have innovative in-store experiences.

- Low touch – High engagement
- As of the morning of April 29th, Barclays has already reported a spike in contactless transactions during the pandemic. 7 million contactless payments in the UK and Ireland since their governments raised their contactless transaction value limits on April 1st.
- Faster checkouts – the below infographic from Business Insider might well be outdated by the time we overcome this pandemic.

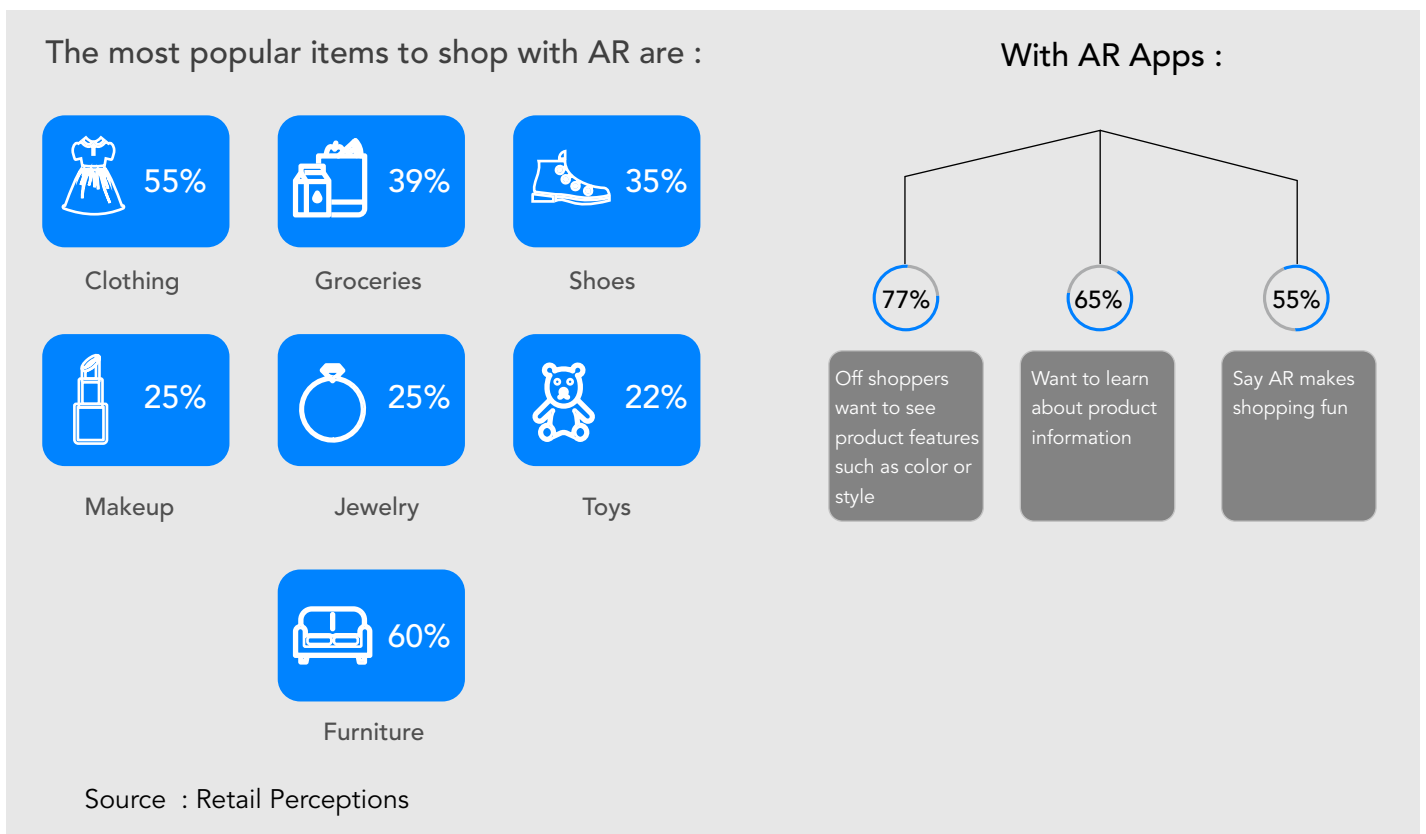


6 The retail calendar might as well be Mayan. 2020 has made it ancient. It is already time to plan for an early Black Friday! It is time to prepare our Buy plans for 2021. Where do we even start?

- We need to have a world view to get through this, learn from China and South Korea's rebound and talk to someone who has cross-retail exposure to see what might suit our business.

5 Other trends that will make a return or dominate in the next 6-18 months:

- **Chatbots and Virtual assistants** - As customers pre-plan shopping slots and restaurant visits they will want to reduce their wait times and this will result in higher volumes of customer service calls and queries that can be managed by virtual assistants without overwhelming the store staff.
- **Rise in Visual Search** - Apparel shoppers will spend lesser time in trial rooms and might be averse to trying on shoes and other items before purchasing. Apps and solutions that allow users to visualize outfit options and get recommendations on accessorizing will make a comeback.
- **Is this the era of AR** - the immersive experience that Augmented Reality provides could be the new shopping experience for a set of shoppers that have decided to browse from the couch.



A survey conducted by Retail Perceptions identified the most popular products people would like to shop with AR.

To extend Brodin's statement, it will be our curiosity to execute new ideas and willingness to make changes quickly and create new retail experiences with data being the guiding light that will help us tide through this pandemic. Time for you to drive it.

*"If there is not the war,
you don't get the great general;
if there is not a great occasion,
you don't get a great statesman;
if Lincoln had lived in a time of peace,
no one would have known his name."
– Theodore Roosevelt"*



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