



How Retail Has Changed During COVID-19... And How It Must Change After

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In early February, the Coronavirus seemed distant and exotic to European and North American shoppers. Now, February feels like a lifetime ago, and customers across both continents remain sequestered within various levels of quarantine. Meanwhile, retailers in every arena from fashion to food are left wondering not only how to navigate this pandemic, but also what shopping life will look like after it passes.

Today's discussion focuses on four areas:

- The changes that retailers have already seen
- How COVID-19 has changed customer behaviour
- What customers will want when this crisis draws to a close
- How retailers' reactions to those desires will determine whether they find success after this pandemic.

What Changes Have We Seen Already?

There are several major trends that have either emerged or accelerated as a result of the Coronavirus pandemic. The first is that contactless payments have seen a marked uptick since many customers were told to stay home. Contactless payments have, of course, been on the rise for

many years, but this pandemic has accelerated this shift. In the UK, for example, the limit on contactless payments has increased from £30 to £45 to help reduce physical interaction between customers and employees.

Additionally, some companies have adopted or are considering programmes that further diminish customer-employee contact. Amazon, for example, is reportedly considering making its "Just Walk Out" programme available to other brands as a third-party service. Additional programmes or not, though, it's clear that store processes and environments need to change to suit the social distancing guidelines that many governments are recommending.

The final, and perhaps least surprising, major change being witnessed on the brand side is an increase in digital/online transactions. However, not all of these fulfillment experiences have been positive for customers, so brands shouldn't take this trend to mean that in-store experiences won't reemerge once this pandemic subsides. In lieu of being able to operate, many retailers and restaurants are putting out messaging about their values and the experiences they provide in the hopes that their customers will return after this crisis ends.



How is COVID-19 Changing Customer Behaviour?

Now that we've discussed how brands are changing in response to the pandemic, it's time to briefly touch on how the Coronavirus has impacted retail customer behaviour. In addition to being disallowed from conducting most in-person shopping (and, therefore, switching to digital), many customers on both sides of the Atlantic have indicated sharp uncertainty by hoarding toilet paper, hand sanitizer, pasta, and other functional essentials. This trend has eased somewhat in recent weeks but remains a prime indicator that many retail customers feel uneasy about this pandemic's impact on their lives and society.

Additionally, as many customers have seen their income drop due to being furloughed or unemployed, their demand for goods and services has likewise fallen. Couple this with falling housing prices, and the result is many retail customers who will feel less financially able

for at least the next several months and, quite likely, well into 2021. Retailers will, unfortunately, feel that lack of demand hit their revenue.

What Will Customers Want Post-COVID-19?

Both retailers and customers have adapted to stark new realities during this pandemic—what will customers want when the dust settles and some semblance of normalcy returns?

Well, owing to the earnings difficulties we just talked about, the consumption of luxury goods is all but certain to fall once fashion and other retailers reopen. There is some talk of “revenge spending”—i.e. that customers will spend more after the pandemic to release pent-up demand and to demonstrate that the Coronavirus hasn't “beaten” them—but luxury retailers shouldn't count on this idea to save their bottom line.

Though retail customers won't be buying as many luxury goods once quarantine guidelines are relaxed, they will likely buy more local products and services. Many customers want to support their local economies during this time, but the pandemic has also revived customer interest in self-sufficiency. Thus, customers will be more interested in, say, buying yeast instead of baked bread, which presents a slew of both opportunities and threats for retailers and beyond.

Finally, customers will emerge from this pandemic looking for opportunities to lighten the mood. The Coronavirus has brought tragedy to some unfortunate families and a profound sense of uncertainty, isolation, and boredom to many others. There will be a desire for some return to pre-pandemic normalcy, but also to maintain some of the cleanliness standards that this event has introduced.

How Can Brands Succeed After This Pandemic?

The Coronavirus has thrown endless complexities retailers' way, but the keys to finding success after this pandemic ends are relatively simple.

KEY #1: MESSAGING AND MEASURES

First, as we just mentioned, retail customers will emerge from quarantine seeking uplifting, positive experiences, but will also want to be reassured that brands are still taking adequate safety measures. Retailers can address these areas with positive messaging and by maintaining new standards adopted during the pandemic, such as wider aisles for greater space between customers.

It's important that brands stick solely with adjustments like these instead of far-reaching changes that risk eliminating the human interactions that many customers have missed while stores have been closed.

KEY #2: KEEP LISTENING TO CUSTOMERS

Additionally, customers are paying very close attention to how brands are treating them during this pandemic. The retailers who take the time to listen to customers, demonstrate that their concerns are being heard, and invest

in building long-term relationships will emerge from COVID-19 in a far stronger position than brands that don't. Author and marketer Richard Shotton put it best when he said that "brands that treat customers unfairly during the (COVID-19) crisis will be punished."

KEY #3: ADDRESS EMPLOYEE CONCERNS

Customers will also remember how brands have treated their employees, so it's important for retailers to pay equally close attention to those individuals' welfare during this time. Brands can invigorate their employees by listening to and accommodating their concerns wherever possible, which results in both a more impassioned workforce and additional brand advocates.

Post-Pandemic Success

In the end, retailers can succeed after the Coronavirus by investing in customer relationships and employee well-being. The path to post-pandemic success begins with listening to customers, treating them fairly, and not forgetting their contributions to organisational achievement. When retail customers can shop again, they'll pay closer attention than ever to how well a brand adheres to its values. The retailers that meet that expectation are the brands that will achieve in a post-COVID world.

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