

The road to recovery **for retailers**

Back to business

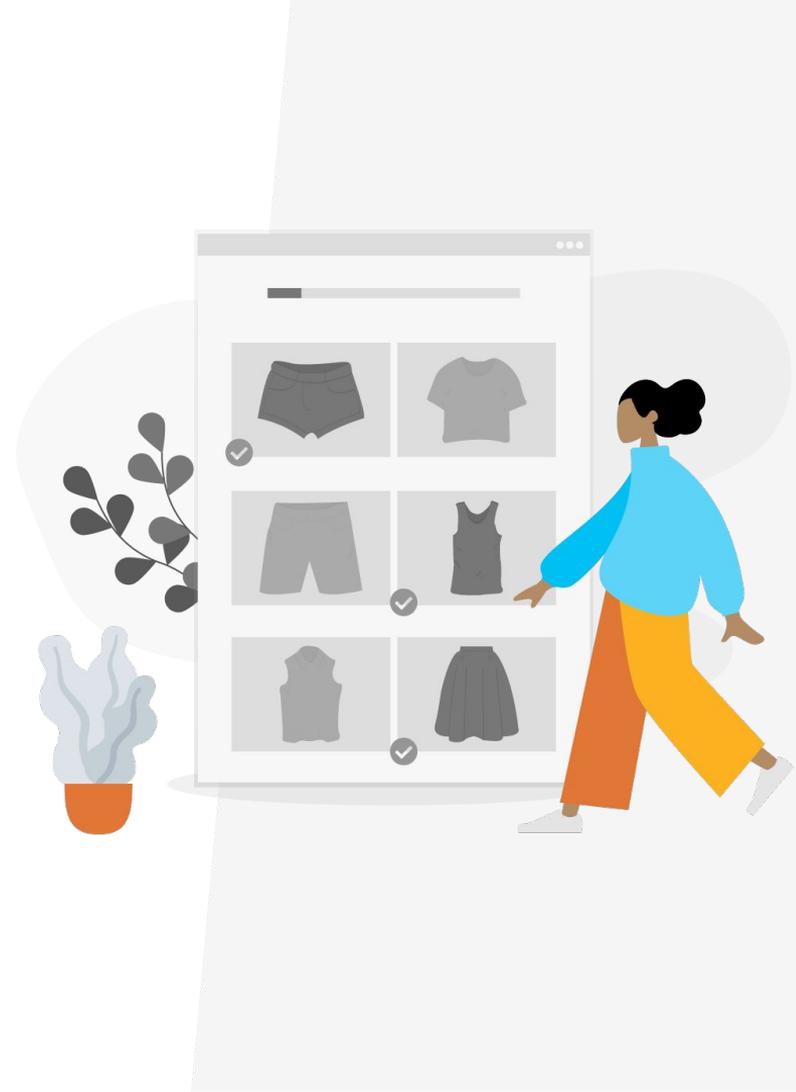


Agenda

- What can we learn from the Chinese retail sector?
- State of play in the European retail industry
- 3 key recommendations
- The role of communication

Your Speakers

- James O'Hare, General Manager, Text Marketer
- Liz Wilson, Head of Marketing



What can we learn from
China's retailers?

Early indications of retail recovery

COVID-19 was first detected in China in late December 2019, consequently it was one of the first countries to go into lockdown to prevent further spread of the virus.

China is estimated to be 4 weeks ahead of Europe in-terms of the progression and impact of COVID-19.

Consequently, the Chinese retail industry is one of the first in the world to begin to see green shoots of recovery.

A closer look at how Chinese retailers dealt with the crisis and what they're doing at the start of recovery, can help to create a more stable future for our retailers





90%

Of Chinese businesses believe pandemic has impacted customer numbers



60%

Drop in footfall to Chinese businesses

The shape of recovery: Not a linear path

Early signs from China reference a u-shaped recovery with a lingering effect over the coming months before trade fully returns to normal levels.

A survey by Deloitte reports that over 90% of Chinese businesses believe the pandemic has impacted customer numbers, with some experiencing a 60% drop in footfall to their stores post-lockdown.

This is believed to be linked to a change in consumer behaviour:

- Continued public concern around crowded places
- Frequency of store visits substantially reduced
- Online shopping demand substantially increased



40%

Consumers still cautious with spending



60%

Spending significantly



80%

Of consumers are spending
what they would normally

Emerging consumer behaviour

There are two types of consumers emerging:

- 40% of consumers continuing to be cautious around spending
- 60% of consumers are spending significantly and are already back to spending at 80% of what they would be spending in normal circumstances

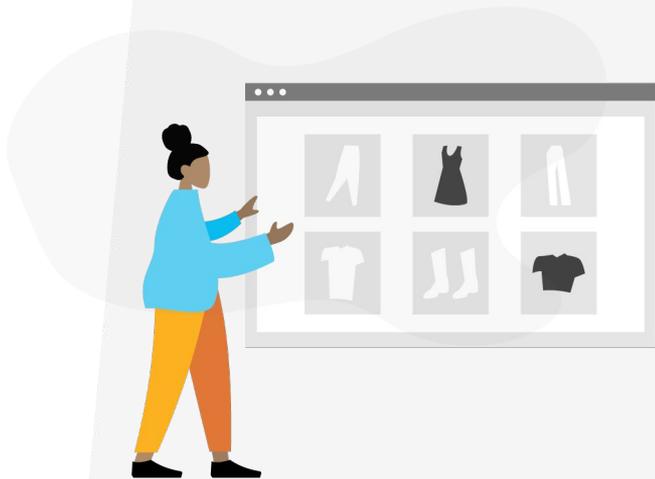
Online retailers have continued to do well with a marked growth in the apparel segment.

The Chinese e-commerce giant Alibaba reports that shopping activity is beginning to approach pre-outbreak levels.

Recommendations from Chinese retailers

Focus on improving your online offering

- E-commerce & Click and Collect are set to be growing revenue arms for retailers
- Expand online inventory (SKUs) to meet growing customer demand
- Community retail is set to become an influential player in retail post COVID-19, consider how you can incorporate new sales methods into your business and what online channels are gaining an increased following - who does your customer now trust?



Recommendations from Chinese retailers

Invest further in delivery

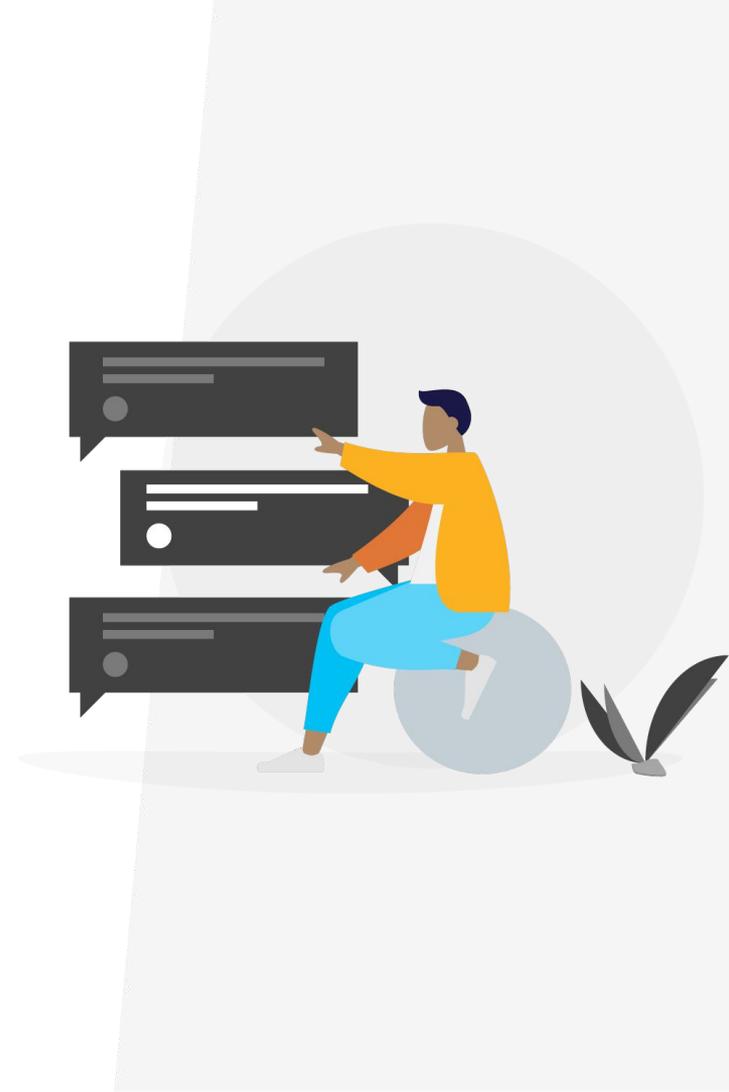
- Loyal high street shoppers have now swapped to online purchasing and many look like they're here to stay, ensure your delivery service is robust enough to continue to serve such high volumes of online shopping and home delivery



Recommendations from Chinese retailers

Communication is king

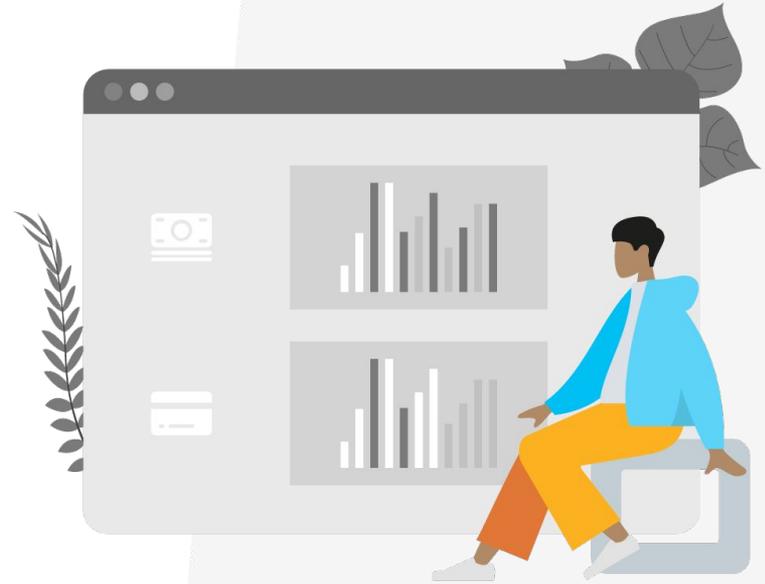
- The correct channel or combination of channels can give companies the edge over competitors to reach your new type of customers - consider what messaging would be most effective and which channels would be most appropriate



Key trends to look out for from China

Consumer demand patterns

- Identify the segment of customers able and willing to continue spending and strengthen your online offering around them
- Keep track of how online ordering changes during lockdown and highlight any significant shifts in top selling products/brands and adapt your future strategy accordingly





50%

Of Chinese businesses will
make no adjustment to
2020 budgets



83%

Will develop online
channels

Key trends to look out for from China

According to the Deloitte report, 50% of Chinese businesses will make no adjustments to their 2020 budget or financial targets despite the existing challenges.

So what will they do?

- It appears that the pandemic has given many retailers a new found awareness of the urgency to develop online services and accelerate offline-online integration into their growth plans
- 83% will develop online channels

A look to the
European retail industry



69%

Retailers have developed
new routes to consumers



62%

Of retailers have increased
investment in e-commerce

Early European trends

According to a survey by Kantar UK, retailers have already started to react positively to the additional channels:

- 69% of retailers have already developed new routes to the consumer by setting up direct-to-consumer websites (e.g. [Heinz to Home](#)) and finding new distribution partners such as Deliveroo
- 62% of retailers have increased investment in their e-commerce platform and advertising channels
- We are also seeing the emergence of new direct-to-consumer brands such as [Who Gives a Crap?](#)

Consumer behaviour and crisis implications

Some new behaviours will stick around far beyond the crisis such as a higher demand for e-commerce and virtual experiences, so investment in this area is of paramount importance

Millennials are likely to be particularly hard hit by the economic decline as it impacts their ability to make payments on debt and mortgages making them more cautious shoppers



Consumer behaviour and crisis implications

Younger generations such as Gen Z are infused with a sense of can-do spirit and additional resilience driven by their ability to get by in a crisis making them perhaps more willing to spend money - they seem to be becoming increasingly less risk averse





88%

British public think it is too early to start releasing lockdown measures



46%

Of people surveyed uncomfortable visiting clothing stores

Consumer behaviour and crisis implications

According to the latest YouGov survey, consumer behaviour will vary depending on age, gender and retail segment.

- 88% of the British public think that it is too early to start releasing lockdown measures and opening high street stores
- Many Brits say they will feel uncomfortable going to newly reopened stores once lockdown is lifted
- 46% of people surveyed said they'd feel uncomfortable visiting a clothing store



54%

Men surveyed said they'd
feel comfortable returning
to shops



58%

Women surveyed said
they'd feel
uncomfortable
returning to shops

Consumer behaviour and crisis implications

The gender divide:

- 54% of men surveyed said they'd feel comfortable returning to shop at a high street clothes store
- 58% of women surveyed said they'd feel uncomfortable returning to shop at a high street clothes store

Consumer behaviour and crisis implications



64%

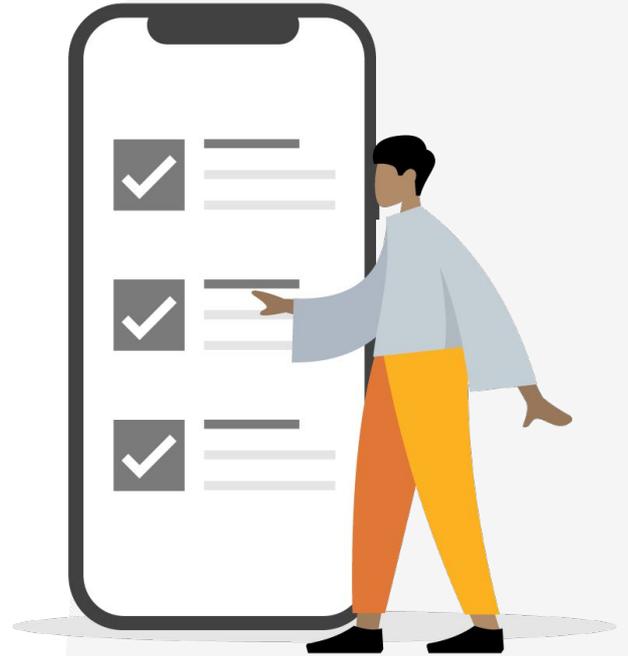
18-24 year olds surveyed said they'd feel comfortable returning to shops

The age gap:

- 64% of 18-24 year olds surveyed said they'd feel comfortable returning to shop at a high street clothes store
- Women aged 24+ are increasingly uncomfortable returning to shop at a high street clothes shop

Recommendations

- If you work in the fashion industry and your target audience is women aged 24+ then you should divert a good portion of your budget to boost your online presence for this section of your customer base
- Since this audience segment also falls under the millennial generation you should invest time and money into communicating to this segment, address them personally and ensure they understand how your products can enhance their lives and act as an investment rather than a frivolous purchase - this generation is set to become our most risk averse set of customers



Recommendations

- According to Brand Watch ethical, sustainable shopping is likely to play a large part in consumer purchasing patterns post Covid-19 with searches for sustainable products up 217% YoY and 2.4k consumers stating they will avoid fast-fashion.
- With consumers becoming more eco-focused than ever before, there is an opportunity for brands to attract these customers by openly talking about their ethics and clearly stating their stance on supporting the environment and factory working standards.



3 **takeaways**

3 recommendations

- Continue to build a strong online presence, and review new ways to reach your customers (direct to consumer / new distribution models).
- Consider your in-store retail experience - how can you make customers feel safe, and make your shopping experience more appealing (community retail)?
- Focus your strategy around new consumer behaviour - who (age, gender) is spending? On what? How has COVID-19 changed their shopping habits?

New resource to try out:

<https://www.thinkwithgoogle.com/feature/category-trends/uk/month>



The role of **communication**

Right message, right channel, right time

KPIs	Email	SMS	Direct Mail
Message open rate	20.90%	95%	75%
User response time	2.5 days	90 seconds	Up to 17 days
Conversions	3.26%	32%	5.10%

The key to success here is how you communicate these changes to your customers.

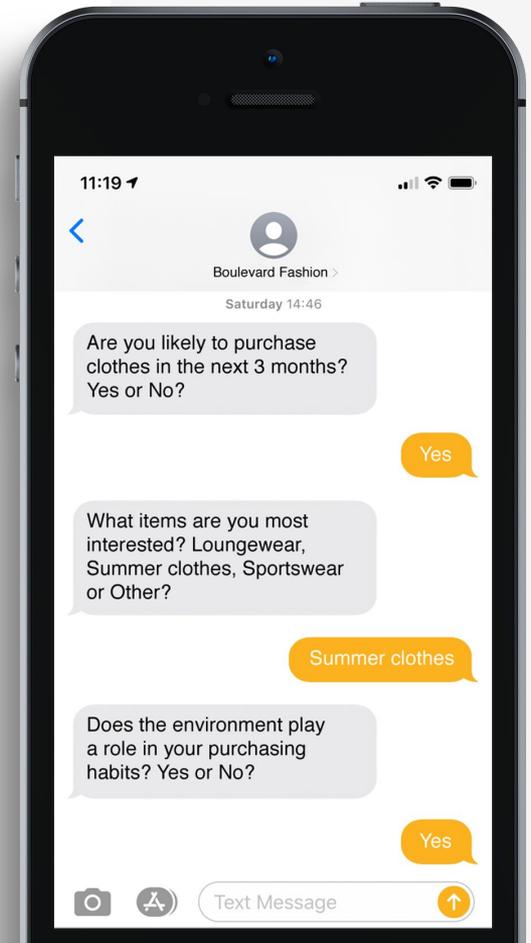
Ensure all messages address any concerns they may have and highlight all safety measures you have incorporated.

Using the correct message to communicate and advertise your new online presence is more important than ever. The population will be bombarded with sales messages post lockdown - how will you stand out from the crowd?

Effective customer surveys

SMS surveys

- Adopting a more digitally-focused presence for all methods of communication will compliment the more digitally savvy consumer that is emerging post Covid-19
- SMS surveys have a 95% open rate, 90 second response time and are quick and easy to set up and gather data
- Opportunity for further business for satisfied customers e.g. "£10 off your next order"



The power of SMS

Benefits of SMS

Personalised message

95% open rate

90% will be read within 3 minutes of receipt

Highest conversion rate

A mobile channel in an increasingly online world

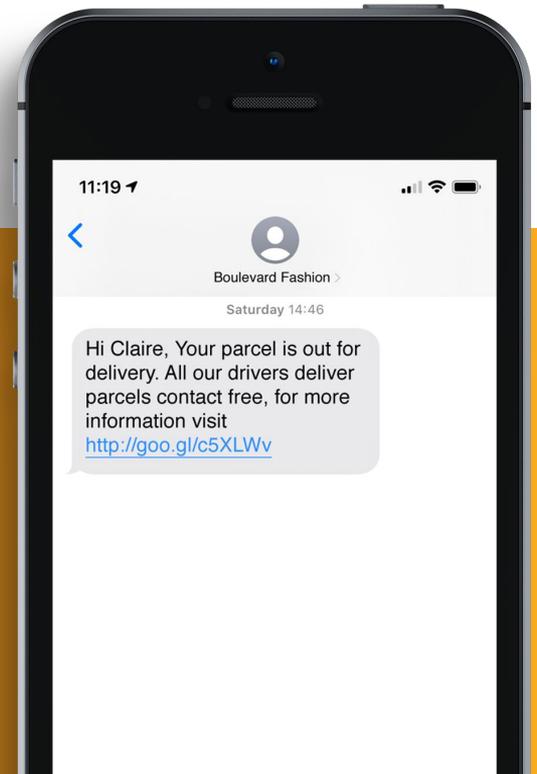
Powerful player in a multi-channel strategy

Link through to your website - one click purchase

The power of SMS

Retail use cases

- ✓ SMS surveys to gather latest consumer purchasing trends & consumer sentiment
 - ✓ Delivery notifications
 - ✓ Click & Collect alerts
 - ✓ Tailored marketing
 - ✓ Back in stock alerts
- ✓ Link to nearest store information
- ✓ Customer satisfaction survey
- ✓ Internal staff comms and shift rota updates



Focus your strategy around new consumer behaviour

Retail recovery is likely to be u-shaped with consumer demand remaining cautious for at least half of your customer base for the next 1-3 months. Being agile to these new trends is how retailers can best succeed.

Invest more of your budget into supporting and targeting a vulnerable segment of your customer base, such as women aged 24+

The correct message and channel for your communication is vital. For example, Millennials need to know you understand the gravity of their situation and any purchase needs to hold true value to them - consider how you communicate this to them? What touchpoints will you use? Which communication channels?

How can you encourage Generation Z back to your stores and thus reassure and influence Millennials to mimic this behaviour?

Consider who influencers each segment of your audience and look to start focusing on community retail.

Thank you for your time!

For more information or to book a call with one of our communication specialists, simply email info@textmarketer.co.uk or call 0117 205 0202

