

# The Pandemic Is Rewriting the Rules of Retail

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Retailers need to stop expecting business to return to “normal.” There's no going back to how it was anytime soon. Even before the Covid-19 pandemic and economic crisis, brick-and-mortar retailers had been fighting a fierce battle against Amazon and other e-commerce players. Those challenges have now accelerated at staggering speed.

The latest data from McKinsey shows that consumers are likely to keep the behaviors they've adopted amid stay-at-home orders, such as more online shopping and fewer mall visits. Retailers can't afford to be in a wait-and-see mode. First, they need to reimagine their baseline requirements and then turn their attention to taking their customer experience to the next level.

## A New Baseline

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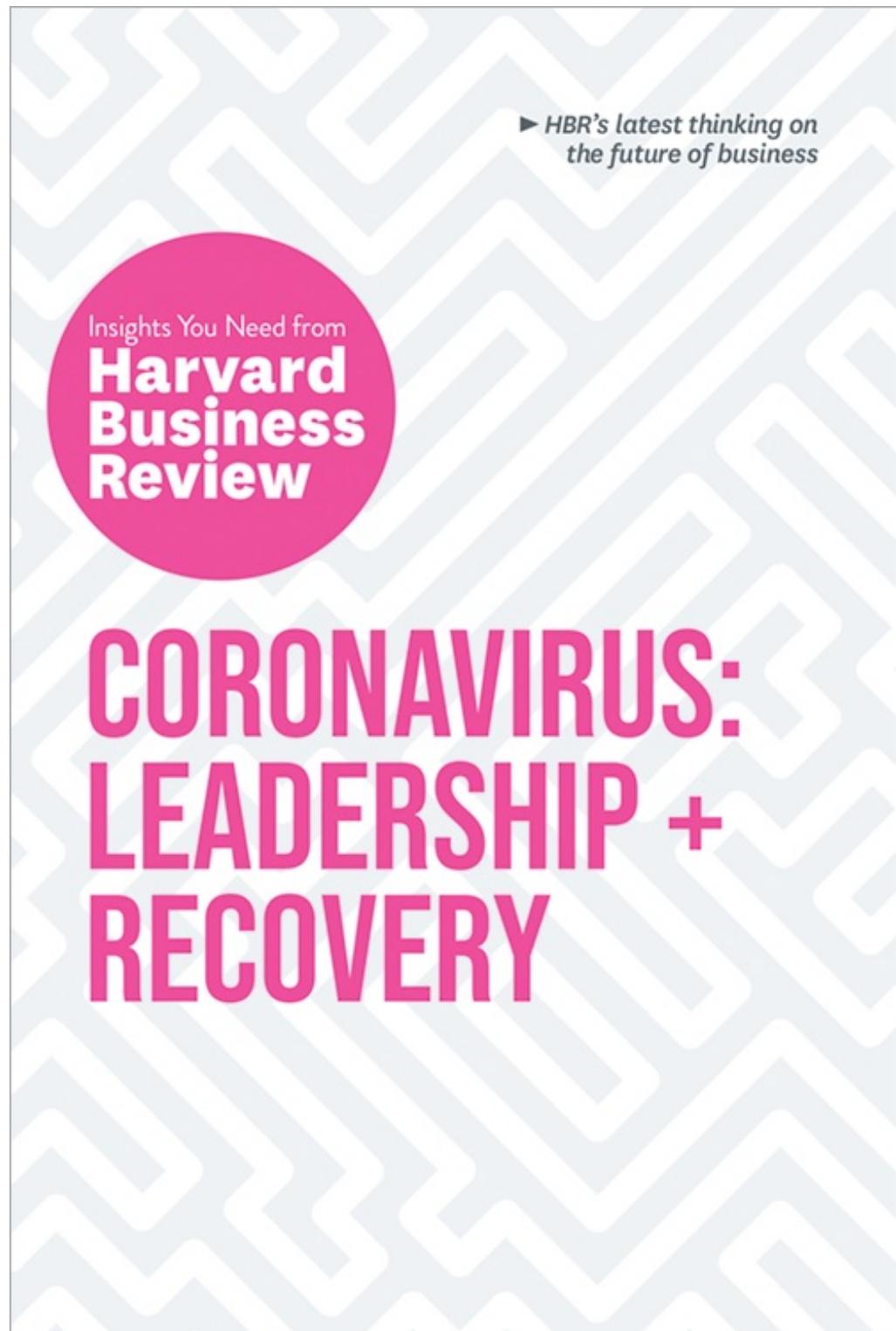
To start, retailers have to adapt their brick-and-mortar operations to comply with health-and-safety regulations and meet basic customer expectations. This includes mask wearing, ensuring physical distancing, and controlling the number of employees and customers in

stores, instituting contactless transactions, improving speed of service, and introducing more self-service options.

## Further Reading

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Retailers also need to offer a simple and seamless e-commerce experience — from browsing to researching, selecting, purchasing, and



returning/exchanging. Customers will no longer tolerate sub-par digital shopping

experiences like they may have before the crisis. Retailers have to make sure their sites are mobile-responsive, offer integrated services such as “buy online pick up in store” (BOPIS), and deliver a consistent, reliable digital experience across devices and channels.

For a select few retailers, such as trendy fashion stores or pop-up restaurants, executing at this baseline level is sufficient. If demand for a product is so high and/or urgent — for example, as it had been for Shake Shack burgers, Nike shoe drops, or the latest Apple release — customers will still venture out to a brick-and-mortar location. Camping out overnight or waiting in hours-long lines to shop may eventually return as a super fan’s pastime. But that’s no longer a strategy to rely on – enhanced in-store operations and a well-functioning digital presence are table stakes.

## **Rethinking the In-Person Experience**

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For several years now, some retailers have been putting as much if not more priority on the in-store experience than on the products they sell. From Restoration Hardware to Bass Pro Shops and even Walmart, retailers have learned that holding events or offering special experiences and services in-store not only attracts customers, but also encourages them to linger longer, buy more products, and spend more on those products.

As a result of Covid-19, all retailers will have to make their in-store experiences even more extraordinary for those who can visit in person. They have to give people a reason to visit that is so compelling, it justifies their exposure to health risks and overcomes the inertia of the behaviors they adopted during the shutdown.

To get started, retailers can consider how premium movie theater brands such as Cinepolis emerged back when Netflix and other home movie-viewing options threatened the movie theater industry. These new experiences didn’t simply improve what had been previously offered to customers and address the shortcomings of existing options. They made visiting a theater better than watching at home — offering luxury reclining loungers, specialty food and beverages delivered seat-side, and lobby areas with bars to hangout with friends before and after movies. Retailers that offer an exclusive, superior experience like luxury cinemas once did can draw people out of their homes.

Elevated in-person customer service is another way to compete and win over online players, but retailers must think differently about service. Service can no longer be defined as a support for sales and be limited to generic efforts, such as greeting customers, handling complaints, and managing returns and special requests. Even personal shoppers, technical experts, and certified installers have become expected from most retailers of bigger ticket, more complex product categories.

Best Buy used this approach several years ago to rebound from its losing battle with Amazon. It introduced an advisor program that allows customers to get free in-home consultations about the products they should buy and how they should be installed. The service is intended to facilitate long-term customer relationships, not necessarily to close sales. As a result, it lured customers away from online options and positioned Best Buy as a trustworthy, more personal brand.

## **Digitally Native Customer Experience**

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This new emphasis on innovation and service needs to extend to the digital customer experience as well. Most retailers with roots in brick-and-mortar simply try to replicate their in-store experience online, but such efforts are fruitless and misguided. Beyond the transaction basics discussed earlier, customers don't expect a virtual experience to be like an in-person one — nor do they want it to be.

Investing in some of the unique capabilities of digital — including real-time inventory management, predictive analytics, AI-powered search, and personalization and co-creation functions — can create completely new and different shopping experiences. Take, for example, social commerce, which not only enables companies to sell through social media channels but also incorporates social interactions; peer support, reviews, and recommendations; multimedia content; personalization; gamification; and more. A retailer can use these new capabilities to create a social, interactive, immersive experience wherever customers are — that's something no physical outlet can provide.

To get inspiration and insights for designing an online shopping experience from the ground up, retailers might want to examine the evolution of other brick-and-mortar industries and institutions. When Covid-19 forced churches to shut down their weekly services, most simply transferred their church services online using digital conferencing solutions like Zoom. But Cincinnati-based Crossroads Church seized the opportunity to re-imagine its pastors' weekly sermons. Now they film pastors delivering messages at different locations to help reinforce that week's message (for example, talking about the importance of a strong foundation at the site of a historic church). Similarly, retailers can take advantage of the greater flexibility and new contexts that digital affords by, for example, depicting a single clothing item on multiple models to show what it looks like on different body shapes and sizes or using videos to demonstrate how real customers actually use a tool.

They can also take inspiration from how digital enables immediacy and interactivity for online education platforms such as edX and Coursera. Students studying software programming can upload their coding projects and get them automatically graded, so they receive instant feedback; psychology students can use an app that goes with their class to track their habits and better notice patterns in their own behavior. What might this look

like in the retail context? Possibilities include AI-enabled answers to customers' questions in real-time, instant video chat with a personal stylist, and apps that track usage of current products to make recommendations for new ones. Ideas like these arise when retailers think beyond adapting the in-person experience online.

This isn't the time for the retail industry to try to simply ride out the storm. With a more proactive, progressive approach to both digital transformation and a new era of customer experience and service, the future might look less bleary.

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