The background features a dark teal color with several abstract graphics. On the left side, there are concentric circles and radial lines, resembling a stylized gear or a data visualization. In the center and right, there is a network of interconnected nodes and lines, suggesting a digital or data network. At the bottom right, there is a faint silhouette of a hand reaching out.

The Playbook for a Smart Retail Reopening

A Plan to Unshutter Stores Safely and Profitably

Countries are emerging from lockdowns prompted by COVID-19

As the global public-health emergency continues...



Compared to

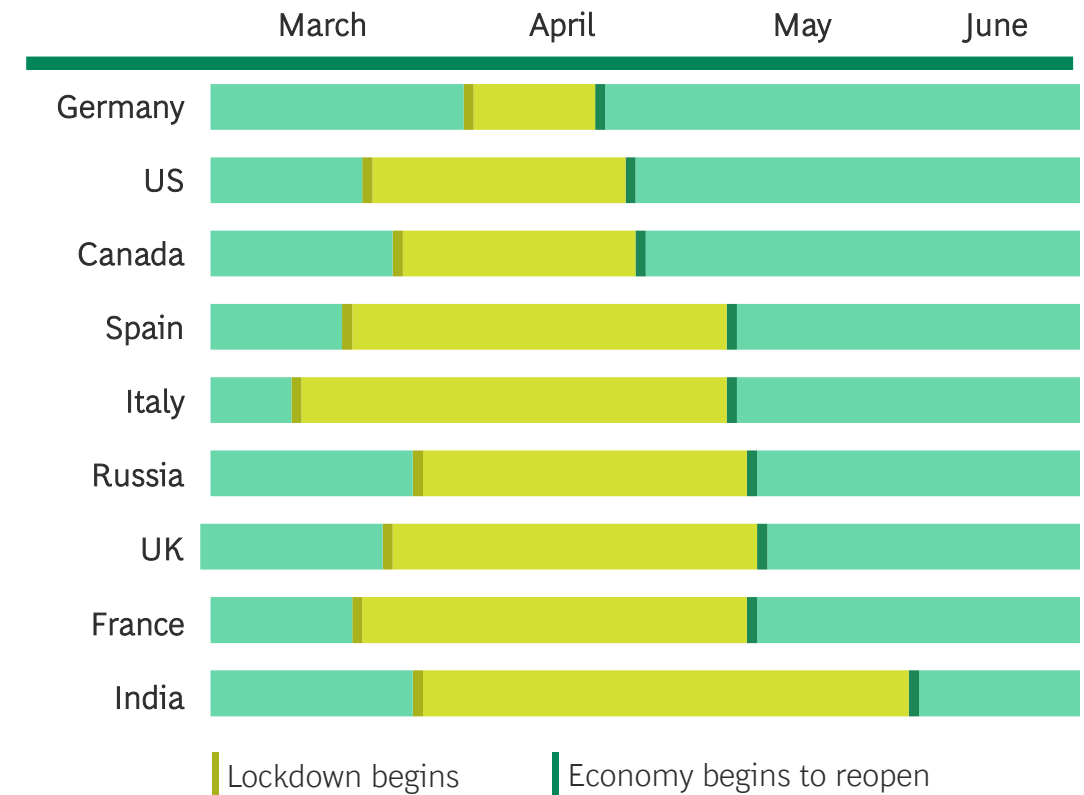
- 8,000 SARS cases
- 2,000 MERS cases



Compared to

- 770 SARS deaths
- 860 MERS deaths

... countries are reopening their economies



Sources: WHO COVID-19 Situation Report; US Centers for Disease Control; Johns Hopkins University; BCG Henderson Institute; Oxford COVID-19 Government Response Tracker; World Economic Forum; Our World in Data.

Note: Estimates of COVID-19 cases are from Imperial College of London projections; recorded COVID-19 deaths as of June 25, 2020; SARS epidemic data from 2002–2003; MERS epidemic data from 2015; country lockdown and reopening dates as of May 28, 2020; lockdown dates may vary for different regions within countries.

While reopening, retailers must address key questions about operations and safety

Questions listed are not exhaustive



Safety

- How to provide personal protective equipment
- How to screen employees and customers, and manage in-store social distancing



Store network

- Which locations to reopen
- How to stagger openings
- Short-term vs. long-term considerations for the physical network



Customer offer and assortment

- How to change the product mix to meet shifting customer needs
- How to manage existing inventory
- How to change the go-to-market model



Profitability

- What level of staffing to adopt
- Which variable costs to reduce or eliminate
- How to shape pricing and promotions



Marketing and communications

- How to share safety protocols to make customers feel comfortable returning
- Which promotions to use to generate demand

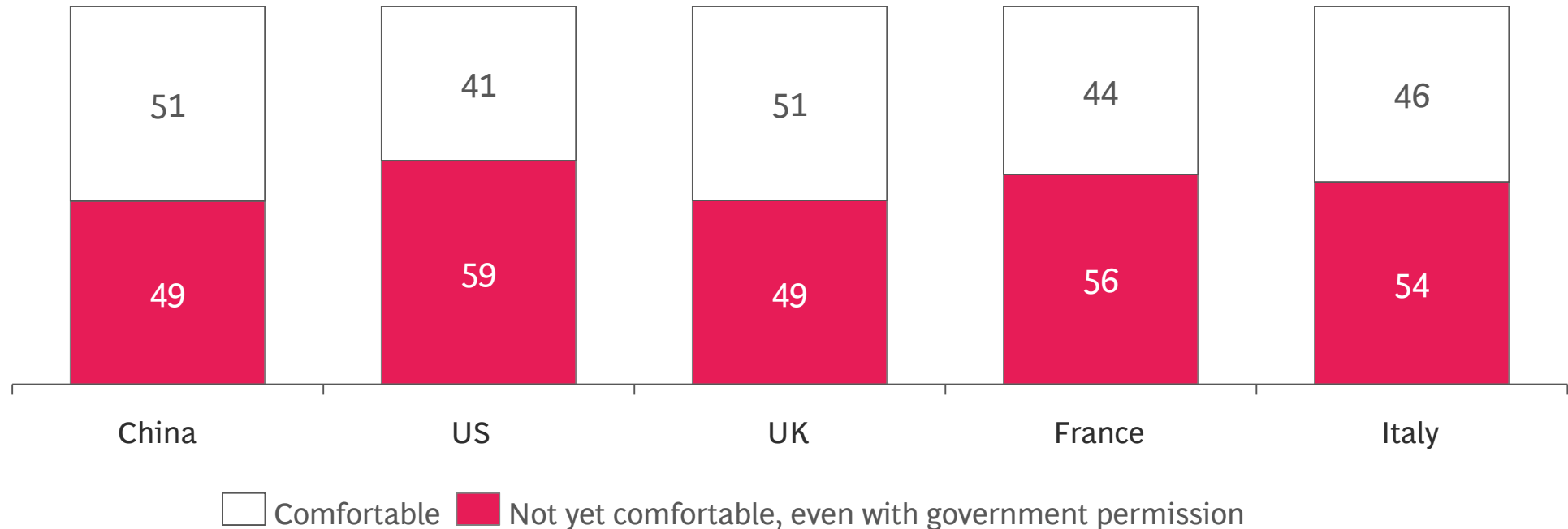


Other

- How to comply with local regulations
- How to take competition into account in making reopening plans
- What supply chain changes to make

However, many consumers are not ready to return to pre-COVID-19 shopping behaviors

Consumers who do or do not feel comfortable shopping in person for nonessentials (%)



Source: BCG COVID-19 Consumer Sentiment Survey, May 22–25, 2020; N = 2,963 China, 3,238 US, 2,014 UK, 2,963 France, 2,205 Italy; survey sample is unweighted and representative within ±3% of census demographics.

Note: Respondents were asked: “When will you feel comfortable with shopping at local stores for non-essential products?” (N = 207–252). “Comfortable” includes the percentage who answered: “I’m already doing this/already ready to start doing this again” or “Only after the government says we can resume all our everyday activities.” “Not yet comfortable” includes the percentage who answered: “Only after the number of new cases in my country slows down,” “Only after coronavirus testing is widely available,” “Only after there are no new cases in my country,” “Only after medication/drugs to treat coronavirus are approved,” “Only after a vaccine is available” or “N/A - I would never do this, even after we return to ‘normal’ times.”

To reopen safely and profitably, retailers must take a holistic approach

Set a long-term strategy

Assess long-term post-COVID-19 scenarios, and define near-term actions to carry them out

Create a reopening team

Assemble a dedicated cross-functional group, and give its members the right data to make decisions

Build and execute a detailed reopening plan



Continue to adapt on the basis of results

Evaluate the long-term strategy to inform the reopening strategy



Customers and missions

Understand how consumer demand and needs have shifted, model forward-looking scenarios, and determine which shopping occasions and purchase drivers to target



Categories and channels

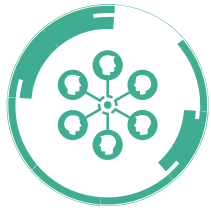
Use forward-looking scenarios to pinpoint which categories and channels to grow, enter, or shrink in order to meet evolving customer needs and expectations



Physical network and service

Identify how to serve demand and which stores and distribution centers to retain, repurpose, or close

Create a dedicated reopening team, and equip it with data



Use agile ways of working

Appoint a cross-disciplinary team to be responsible for building, testing, and communicating reopening plans



Build an analytics dashboard

Compile internal sales data and high-value external data into snapshots to use in making decisions

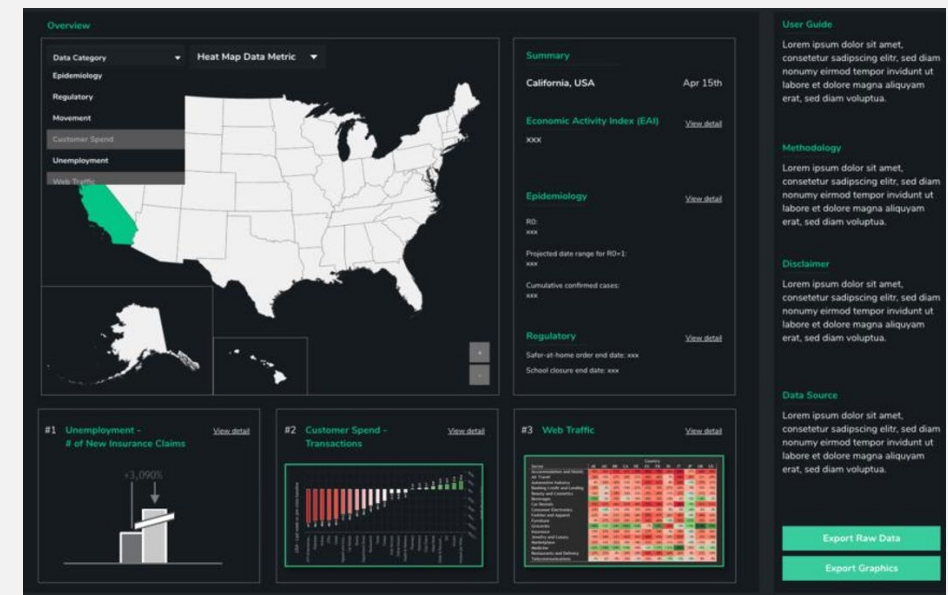


Create scenarios to influence decisions

Build potential future outcomes on the basis of economic, health, and market trend data, and adjust reopening plans accordingly

Examples of key data for an analytics dashboard

- Local COVID-19 cases and trends
- Local consumer spending trends
- Historical sales and costs by item and store
- Real-time profits and store traffic
- Customer and employee sentiment



Redesign operations to protect customers and employees



Ensure that customers are safe

Implement screenings at entrances

Require shoppers to maintain social distancing

Redesign checkout areas and payment procedures

Adopt more stringent cleaning methods

Modify return, try-on, and testing policies

Offer special measures for vulnerable populations



Offer employees protection and flexibility

Require pre-shift screenings

Provide personal protective equipment

Offer training on new policies

Review and update benefits packages

Provide access to physical and mental health care

Manage confirmed cases, and provide support

Key principles

- Put safety first, no matter what
- Communicate safety measures to employees and customers
- Track and include safety costs when calculating store profitability



Rebuild forecasting models to track and reflect shifting demand

Reconfigure prediction tools in stages, from the ground up



Start manually

Use pre-COVID-19 and advanced market data as a guide to build forecasts by hand, and take into account rapid changes in demand



Add automation

Use the new post-COVID-19 baseline to automate key components of the forecast, and maintain the ability to change plans as needed



Adopt artificial intelligence

Introduce AI-based forecasting to speed up responses to rapid changes in demand

Key principles

- After reopening, volatility and system constraints may require placing orders manually
- Track changes in demand to build more responsive forecasts
- Stay flexible; being responsive is critical



Adjust product offerings to meet shifts in demand



Carry categories that have become more popular with shoppers

- Increase the space allocation for core items, to meet pent-up demand
- Reassign shelf space to accommodate new customer needs



Streamline and simplify the product assortment

- Reduce SKUs where the cost of offering a larger assortment outweighs the benefits
- Reassess making purchases from low-volume suppliers



Communicate value to customers

- Evaluate whether customers respond better to promotion or to price, by category and channel
- Bypass promotions or pricing support for items that customers are less likely to buy
- Consider using “everyday low price” strategies for core or commodity items such as housewares

Stagger reopenings after analyzing hyperlocal data



Legal and safety

- Government restrictions
- Staff availability
- Virus presence in the community
- PPE availability
- COVID-19 remodeling requirements
- Product availability



Local market

- Reopening of anchor stores or co-tenants
- Competitor openings
- Foot-traffic patterns
- Population and demand forecasts



Individual store economics

- Pre-COVID-19 EBITDA
- Estimated post-COVID-19 EBITDA
- Estimated performance by model or format type
- Real-estate lease terms and conditions



Region and network

- Network performance across city or region
- Modeling of demand transfer effects
- Local e-commerce penetration
- Store consolidation



Close

Shut down the location

Wait

Gather and analyze more data before deciding to reopen

Repurpose

Convert the location to a new format or store model

Open

Make reopening the location a top priority

Use marketing and in-store promotions to reactivate demand

At stores that can safely reopen



Let customers know you are open



Reassure shoppers that stores are safe to visit



Give people a reason to visit

At stores that can't safely reopen



Provide shopping alternatives

Examples

- Digital marketing; local-area circulars that announce the reopening
- Updated search engine profiles, website, and store signage
- Safety measure announcements
- Signage for hand sanitizer, cart cleaning, etc.
- Reopening events
- In-store promotions to drive visits and increase average transaction value
- Items shipped from the store
- Click-and-collect, curbside, or in-store pickup of online purchases

Key principles

- Prioritize digital communications to reach customers
- Tailor demand generation to discrete customer segments
- Personalize offers to yield stronger results



Retailers can take these next steps to reopen safely and profitably



Immediate next steps



Evaluate your long-term strategy, and use it to inform your reopening strategy



Set up a core team to kick off store reopenings and drive accountability



Build an analytics dashboard to enable responsive decision making



Build a holistic reopening plan, monitor it closely, and modify it as needed