WHAT'S IN STORE THIS HOLIDAY SEASON?

How retailers can achieve success during holiday 2020
The peak holiday shopping season is always important for retailers.

This year, it will be more critical than ever—and even more difficult to get right.
With total retail sales down significantly for the year across most retail sectors, peak season represents a crucial time for retailers to capture lost revenue.

However, unlike years past, peak season 2020 will be characterized by unique challenges created by the global pandemic that will require retailers to approach the season quite differently. eCommerce demand is likely to remain high and store traffic will continue to be limited—significantly so, if a surge in COVID-19 cases requires a new round of lockdowns. According to Accenture research, future ecommerce purchases among new or low-frequency customers globally will jump by 169 percent, while consumers around the world continue to express low confidence in visiting non-essential retail stores. Even more challenging, customer behavior will be extremely hard to predict with many big unknowns, adding a whole new level of uncertainty that makes planning far more difficult than during “normal” times. Twenty-eight percent of US shoppers say they will start their holiday shopping earlier than usual this year, and 48 percent expect to spend less this holiday season than they did in 2019.

Consumers’ pandemic-related buying and fulfillment preferences will continue:

- 84% of consumers will maintain their current increased use of in-app ordering after the coronavirus outbreak.
- 83% of consumers will maintain their current increased use of home delivery after the coronavirus outbreak.
- 80% of consumers will maintain their current increased use of store locker pick-up after the coronavirus outbreak.
- 79% of consumers will maintain their current increased use of curbside pick-up / click & collect after the coronavirus outbreak.

Source: Accenture COVID-19 Consumer Pulse Research 30 Jun – 5 July 5 2020
As a result, retailers will need to focus on four key priorities to be successful this peak season

1. **Augment and sustain digital assets**
   
   With the recent surge in online shopping, retailers need to make sure their ecommerce capabilities are up to the challenge. A tight focus on seamless experiences and fulfillment efficiency is especially important, leveraging all available consumer touchpoints for fulfillment and pickup (see previous page).

2. **Spread the peak over multiple weeks**
   
   To mitigate the impact of reduced store traffic, prevent congestion, and best leverage overall fulfillment capacity, retailers should look for ways to encourage and enable customers—both existing and new—to shop earlier. US general merchandise retailer Target and retail giant Walmart, for instance, have announced they’re closing on Thanksgiving and will begin to offer holiday deals in October.³

3. **Operate every day like it’s peak season**
   
   Operations excellence has never been more important to retailers’ top and bottom lines. Near flawless execution is required across all channels to capture and satisfy consumers this season.

4. **Focus on visibility and agility**
   
   It’s anyone’s guess what the next several months have in store. Retailers need to have detailed visibility into demand changes and inventory, and a correspondingly agile approach within their own and partners’ store networks and supply chains to quickly pivot in response.
It’s a tall order for even the best-run retailers

Analytics-driven insights on ongoing changes in demand and supply, as well as rapid shifts in volumes on a region-by-region basis, must be available at all times to all relevant decision makers. With data in hand, retailers can take a number of tangible, practical steps to help them achieve the four key priorities above and win during peak season 2020.

Targeted actions across the customer experience, inventory planning, online presence, and capacity will be critical for retailers to ensure they have the digital capabilities, visibility, and agility required to excel in an environment that’s more uncertain than ever.
Alternative customer experience: aligning with a new way of life

Consumers’ lives are changing, profoundly affecting how they shop and what they want from retailers. Retailers need to realign their business—especially, marketing and assortments—both in stores and online accordingly. The practicalities of a new reality (e.g. sanitization and ecommerce) and an awakened sense of local communities and connections are driving many people to spend more deliberately in ways that align with their evolving values.
In the store, the key objective should be building consumer and employee confidence that the store is a safe environment through highly visible changes.

These could include using protective face coverings, reformatting store layouts for social distancing, limiting the number of shoppers in the store, conducting temperature screening, and equipping the store to facilitate minimal-contact interactions (e.g. curb-side pickup, click & collect, ship from store, and lockers). One in-store innovation UK grocer Asda is working on is an automated trolley (or shopping cart) cleaning station. The waterless unit coats the trolleys in an anti-microbial solution to thoroughly sterilize all touchpoints, which helps to boost customer confidence in their safety during grocery shopping.4

Store associates also need to be trained to handle today’s new consumers, who will have varying degrees of anxiety and comfort going out in public. Employees must be aware of new protocols and proficient in how to best approach customers as well as de-escalate any form of rising tension. Importantly, retailers should continue to monitor relevant data at the local level, such as the spread of the virus and consumer confidence, and ensure both the store and regional teams are fully informed and have plans to modify their operations if necessary.

Online, there’s also a need for new thinking. Instead of treating the website as largely a catalog, retailers should consider how they can use their online presence to engage with customers in new ways to dramatically enhance the experience. For instance, they could enable consumers to use augmented or virtual reality to “touch and feel” products without leaving home, something Burberry’s new Shenzhen store does exceptionally well. Recently opened, it blends the digital and physical worlds, rewarding customers as they explore both online and in-store environments—for instance, by enabling customers to unlock exclusive offers by scanning QR codes and enjoying personalized in-store experiences.5

Retailers also could provide “fast packs” that enable shoppers to expedite cart building (via personalized recommendations or auto-refilling). And with less traffic in stores and, hence, less need for on-floor employees, retailers could consider converting store employees into order fillers, online advisors, or stylists who provide personalized customer service or curated shopping.

Doing so adds value for customers and helps retailers keep valued employees busy if there’s another shutdown.
Inventory planning: enabling flexibility

With the shift to ecommerce likely to continue, peak seasonal curves for in-store shopping possibly stretching out longer, and future store restrictions remaining uncertain, more focus on channel forecasting will be required including online, own stores, partner stores and digital marketplaces.

Retailers should revisit and deconstruct their forecast to independently adjust each lever—including level, trend, seasonal curve, and channel mix—to more precisely match their forecast with the recent consumer trends.

Robust inventory and financial risk modeling will be more important than ever this season. Retailers should stress test their supply plan against different local and global scenarios—for example, on cross-channel inventory pooling or service level differentiation—to understand their weighted financial risk.

They should also build in flexibility by postponing their supply decisions until the last minute, both by delaying purchases from vendors and by staging inventory further upstream.

As peak gets underway, retailers can quickly respond to market changes by flexing inventory across the chain or shaping demand through promotions and pricing actions.
As noted earlier, the expected surge in ecommerce will likely include consumers who traditionally didn’t shop online, or did so infrequently. It’s vital for retailers to make a good first impression with these shoppers to capture and retain their loyalty, and spend wisely in doing so. To that end, a great digital customer experience is vital.

Retailers need to plan for the increased volume and their systems should be able to handle two to three times the traditional peak to avoid crashing. Retailers also should optimize their mobile web experience, as the use of mobile devices for shopping continues to rise among all demographics, and deliver a seamless experience between their online and physical stores. For partner businesses on marketplace platforms, it’s essential that real-time information exchange on product, order, stock, and sales data runs smoothly, even with higher data volumes. Marketing also needs to be different this year, especially if peak season stretches across a few additional weeks. An extended peak will require sustaining marketing efforts for a longer period, which can quickly get expensive. A tactical, directed marketing outreach focused on the most impactful areas offering the best possible return (versus a “set it and forget it” approach) can help retailers get the greatest bang for their buck.

Marketing performance should be monitored continually to be able to determine what’s working and what’s not, and change course accordingly.
Recent research shows that 44 percent of global consumers have increased their use of curb-side pick up or click & collect, with eight in 10 expecting to continue with this service post-outbreak. The increase is likely to vary significantly from location to location. As a result, retailers need to think creatively about how to best leverage their existing assets as well as third-party vendors or other retail partnerships for convenient pickup or drop-off of packages.

**Capacity: repurpose assets and scale**
Spreading the volume over a longer period can help with capacity constraints within their network, as well as reduce the stress on carriers.

Repurposing their existing nodes or adding more nodes at a granular level—e.g. shipping more orders from stores or even going vendor direct—can also have a significant impact. Pragmatic approaches to automating fulfillment processes in stores (such as documentation preparation, packing, and SOP development for cross-training employees) are key to efficiently handling growing volumes.

Dubai-based Majid Al Futtaim Group boosted the flexibility of its existing assets by redeploying 1,000 employees from the company’s leisure and entertainment businesses to its grocery business across its Middle East markets. The re-deployments helped the grocery business deal with unprecedented in-store and online demand as shoppers stocked up during the coronavirus crisis. They also gave the company’s leisure and entertainment employees a chance to re-skill in other areas of the business, which positions Al Futtaim to be able to respond more quickly to future disruptions.

Retailers also should explore taking advantage of the wide range of new and emerging last-mile providers to minimize their reliance on traditional carriers (and their capacity constraints) while maintaining the service levels customers expect. This market is gaining significant momentum, particularly in Asia, with the newly formed partnerships between Google and Reliance Industries, which owns the growing ecommerce platform JioMart, and Walmart’s significant investment in FlipKart in 2018.

At the same time, retailers will need to share forecast data on a rolling basis with strategic 3PLs and carriers to ensure fulfillment capacities are available.
A new approach for success in a dramatically different season

The startling speed and scope of change rendered by the pandemic earlier this year is something no one foresaw. But the frenetic first few weeks of confusion during the initial lockdowns have given way to a bit more clarity on what a post-COVID-19 world looks like for retailers.
One thing is abundantly clear: The ability to deal effectively with the unknown will be the underlying success factor for this peak season and beyond. And that means the historical data retailers have long used to plan and execute during the season will only be a small part of the 2020 season’s scenario planning, as it’s not at all a fair reflection of what this year will look like.

Operationally, retailers need to make sure they have what it takes to collect, analyze, and make sense of today’s data in as close to real time as possible. Furthermore, fulfillment monitoring “swat teams” need to be in place and able to keep tabs on all nodes’ capacity and order queues so they can quickly make decisions, if necessary, to move volumes. Detailed contingency plans built on robust scenario modeling also must be developed, ready to be mobilized when needed. In short, knowing when to act, and how, will enable retailers to make the right moves in a highly fluid and uncertain environment.

From a consumer perspective, retailers need to make sure they’re in tune with what consumers are thinking and how their lives have been affected. Consumers today expect retailers to acknowledge what’s happening, not ignore it, and will reward companies that take a proactive approach. Aligning marketing messages with consumers’ values and their current situation (e.g. many consumers have less spending power because they’re unemployed) will be even more important this year, and will have a major impact on how and where people decide to spend their money.

The fact is, this year’s peak season is different in so many ways. To succeed, retailers need to be equally different in how they approach it.

Contact the author

STEVEN OSBURN
Managing Director, Strategy
steven.osburn@accenture.com

Contributors
Eric Shea, Sven Kromer, Martin Brickell, Christina Shiminsky, Ryan Ferer, Emily Fannon, Shawn Wolfe, Wendy Chen, Amanda Kranz, Julie Hess, and Katie Welsh

About Accenture
Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world’s largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With 513,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives.

Visit us at www.accenture.com

This document is intended for general informational purposes only and does not take into account the reader’s specific circumstances, and may not reflect the most current developments. Accenture disclaims, to the fullest extent permitted by applicable law, any and all liability for the accuracy and completeness of the information in this presentation and for any acts or omissions made based on such information. Accenture does not provide legal, regulatory, audit, or tax advice. Readers are responsible for obtaining such advice from their own legal counsel or other licensed professionals.