

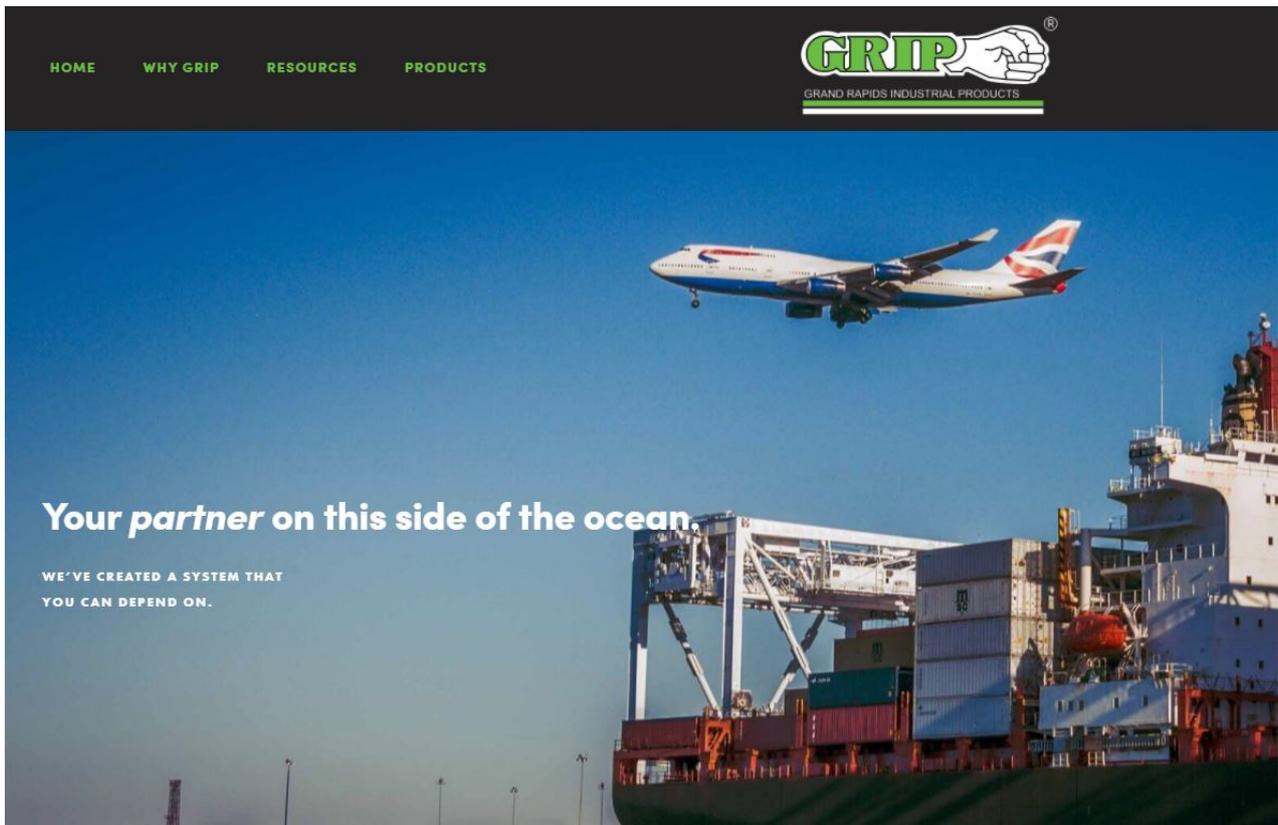


# **Retail Buyer Success Strategies to Survive the Pandemic**

**SPECIAL  
REPORT**

BEST PRACTICES FOR  
MANAGING THIS  
UNPRECEDENTED,  
GLOBAL CRISIS

REPORT BY ELIAS AMASH



## THE WORD FROM THE PRESIDENT

Retail has been one of the most affected by the pandemic. COVID-19 has accelerated many of the key trends that retailers have been embracing but now must consider as they are striving to make their companies and team more resilient. Declines in discretionary consumer spending combined with limitations on non-essential businesses have in many cases posed drastic decisions for management.

Some of these choices have included furloughing employees, cutting back salaries and temporarily or permanently closing up shop. Sales volumes for some products and categories plummeted while skyrocketing for others. Online sales grew significantly and residential deliveries have increased as well.

In this Special Report, I'll present strategies for Retailers to overcome the challenges presented by the global pandemic. Stay safe and let me know how we can help.

**ELIAS AMASH**  
PRESIDENT

# COVID-19 HAS CREATED CHALLENGES & OPPORTUNITIES

Due to fast-changing consumer trends, retailers must also change their strategies. Companies that are better at reading demand and responding quickly with new products and the inventory required to satisfy this demand will see the highest ROI. 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.



## THE NEW NORMAL

The future, while unknown, will likely be challenging due to the fact that consumers have reduced short-term and plan to reduce mid-term spending in nonessential categories although there are some bright spots like home improvement, health & wellness, eCommerce and residential delivery businesses. What consumers want today in the “New Normal” is evolving. Here are a few of the things they want as of now:

- Delivery
- Lower prices
- better value
- COVID cleaning products
- Curbside pickup
- Availability of favorite products
- Family stuff-games, hobbies, cooking
- Exercise equipment
- Home improvement
- Home office gear
- Grooming kits
- Health & Wellness supplements
- Online education
- Cooking accessories



Providing employees with proper PPE (Personal Protective Equipment) has become an important aspect of the business and enforcing CDC and local government guidelines is a new reality for management. The safety of employees and customers has risen to a top priority which affects sales and the overall brand. The retailers with the highest degree of touchless automation could in fact, have a competitive advantage.

Retailers that invest the time to understand the new consumer's purchasing behavior will survive and thrive post-pandemic. The recovery roadmap needs to address many factors including:

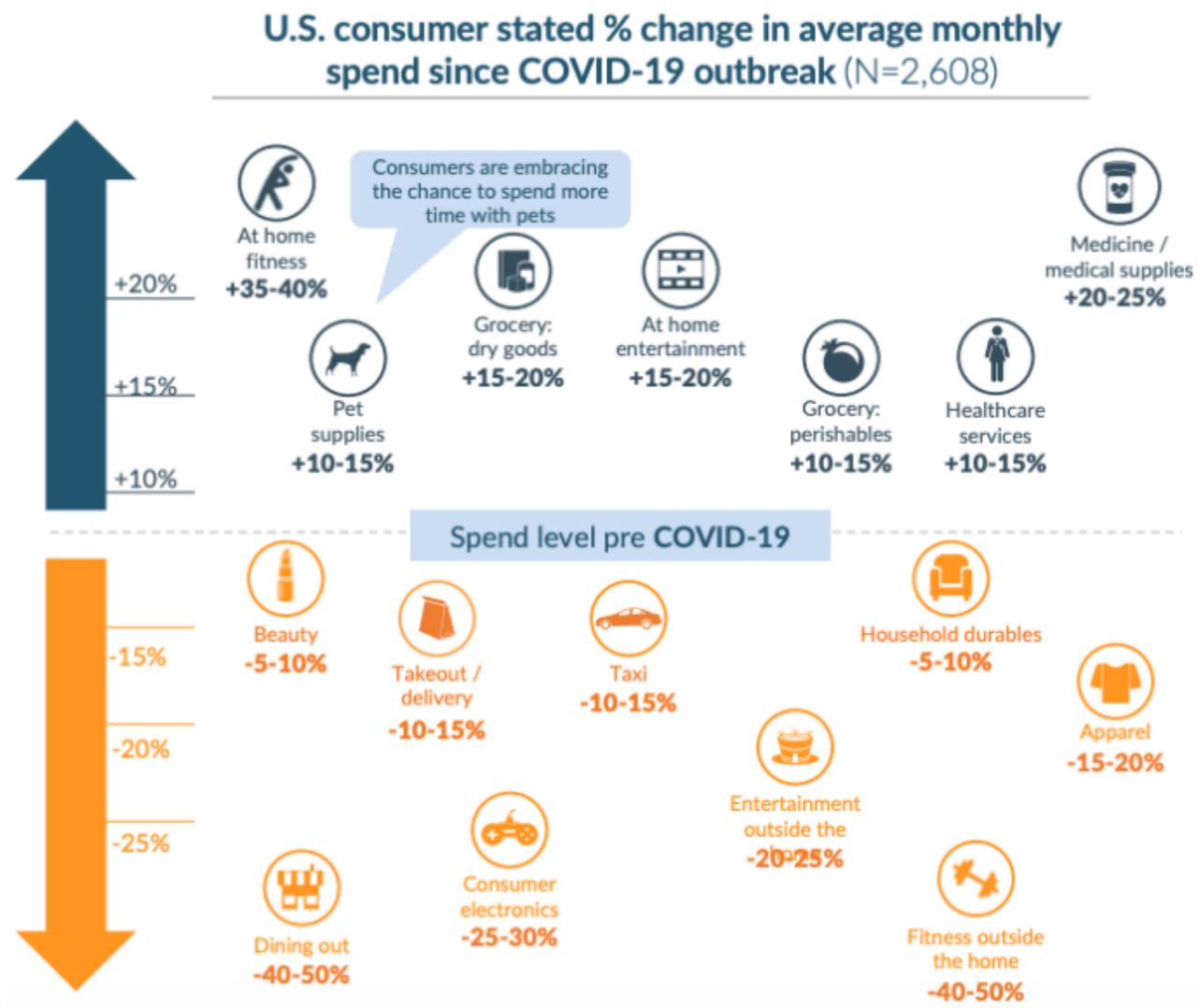
- Online shopping habits that accelerated during the pandemic will not go away
- With financially constrained consumers, value will be an important decision driver
- Delivery delays and stock availability challenges will remain in the near term
- Contingency Planning during and after the Pandemic

## Online Shopping has Exploded

We know that the isolation from our reaction to the pandemic has accelerated the growth of eCommerce sales but what we don't know about this trend is if these changes will be long-term. A survey by Engine Research found that people are spending on average 10-30% online.

The response to COVID-19 has not been universally felt across generations. Gen Z and Millennials appear to be more concerned about the pandemic leading them to stock up on items and cutting back on spending.

Gen X and Baby Boomers seem to be slightly less concerned than younger generations and therefore, the events have not led them to impact items they purchase as much. Gender plays a role as well: Men were found to be shopping more online and avoiding in-store experiences compared to women. This includes taking advantage of options that limit in-store interactions like BOPIS (Buy Online, Pick-up In Store), curbside pickup and subscription services.



Even though consumers are spending a lot more online than before the pandemic, their spending has shifted and there are clear winners and losers. The clear winners are: at home entertainment, groceries, home fitness and pet supplies while the losers are major household purchases, restaurant takeout, electronics, travel and clothes. Other types of purchases are being deferred or cancelled entirely.

It is clear that consumer behaviors will change over the long term. Amazon and other eCommerce giants along with brick and mortar chains that have a strong online presence all stand to benefit from the pandemic. Many traditional retailers will struggle and possibly fail in a post-COVID retail environment.

# Amazon third-quarter earnings soar as pandemic sales triple profits

- **Company sees a 37% increase in earnings**
- **Revenues of \$96.15bn were better than analysts expected**

While Amazon soars, others fail. Some examples of retailers that have already caved under the pressure from the pandemic in 2020 with some or all stores closing:

- Bath & Body Works - closing 50 stores
- AT&T - closing 250 stores
- Bose - closing 119 stores
- Brooks Brothers - closing 51 stores
- Carter's - closing 200 stores`
- Chico's - closing 250 stores
- Children's Place - closing 200 stores
- Furniture Factory Outlet - closing 30 stores
- Gamestop - closing 400+ stores
- Gap - closing 225 stores
- GNC - closing 800+ stores
- Many, many more

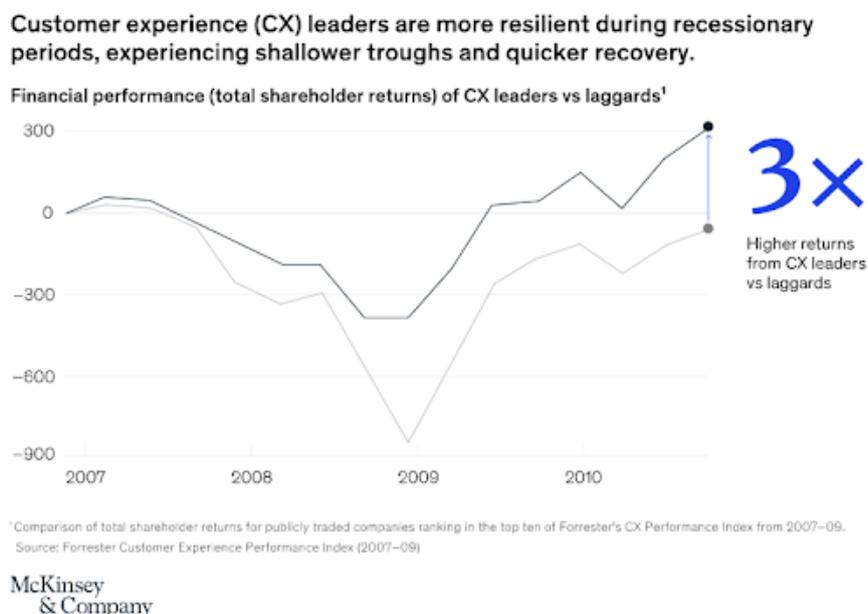


## Understanding Value vs. Price

While the pandemic is driving real change in retail, just like in an economic downturn, consumers will demand more value. This has been demonstrated in the essential categories as private-label sales at grocers and pharmacies are increasing. Brand switching due to availability or lack thereof has created opportunities for new consumer habit creation. Many retailers saw this coming and have adjusted pricing strategies and promotions to emphasize value.

- During and after the pandemic, retailers need to support customer's needs for a safe in-store experience by providing hand sanitizer, enable safe distancing and communicate proactively, clearly and empathetically.
- Research shows that while customers like good prices, they would rather buy something that is going to last, even during a recession.
- If you are only competing based on price, you are leaving money on the table but retailers need to ensure they have both lower priced merchandise as well as upgraded products.
- Historically, customers would rather pay more and get polite, educated and customer-centric help from staff.
- Providing an amazing guarantee adds to value and takes the risk out of paying more for your higher priced goods.
- Smart buyers work with vendors that are carrying a large inventory for immediate delivery and recognize the value of having access to stock

Retailers that can quickly reimagine their omnichannel approach to create a unique customer experience will recover from the pandemic more quickly. A McKinsey analysis of the financial crisis of 2008 shows that customer experience leaders saw a shallower downturn, rebounded more rapidly and achieved 3x the total shareholder returns in the long run compared with the market average (Graph).



## Managing Freight in a Pandemic

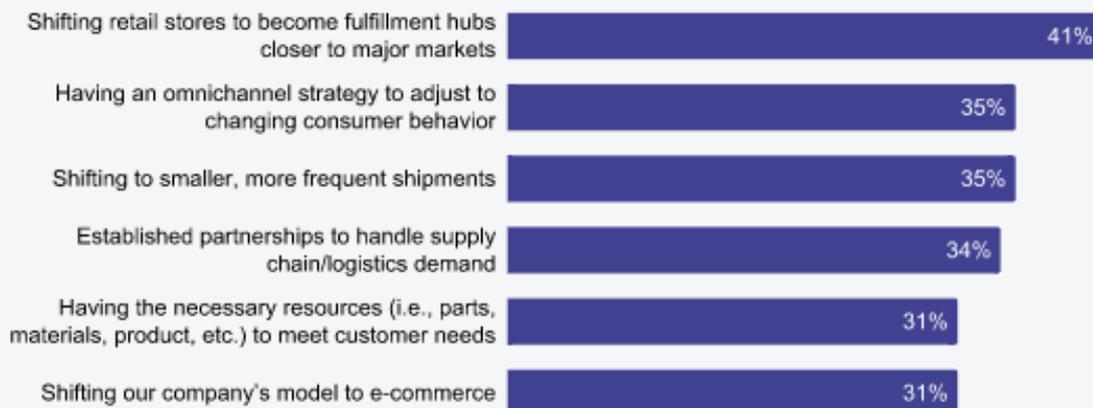
The pandemic has upended things in the retail world and managing supply chains has been one of the greatest challenges. It's been a roller coaster of changing rules, prices and surcharges from freight companies. Predicting when your freight will arrive has been almost impossible making inventory management a major problem. Many companies were caught flat-footed in the face of demands presented by the pandemic, according to a recent survey by GlobalTranz and Edelman, which found that more than 40% of respondents felt unprepared for shifting store locations into fulfillment hubs. The survey also found that 87% of respondents adopted omnichannel operations as a result of the pandemic but 35% felt unprepared when it came to their omnichannel strategy for adjusting to consumer behavior.

The skyrocketing costs of ocean-freight is another important factor that needs to be considered. In addition, because of the pandemic and the drop in shipping volume, freight companies have dramatically reduced their overall capacity, making it difficult to secure adequate container space for imported goods.

Unsurprisingly, the retailers that managed store-based fulfillment the best were the ones that had already invested in it. Target is one such brand and their COO, John Mulligan said during the company's August earnings call, "Of this year's digital growth, sales on orders shipped from stores have grown more than \$1.6 billion with drive-up accounting for well over \$1 billion of that growth.

## Companies struggled to fulfill from retail stores

% of respondents who listed preparedness as 2 or lower on a 4-point scale



*Matt Leonard / Supply Chain Dive, data from GlobalTranz*

Dealing with Slower Delivery Times: Scarcity of products has created opportunities for newer and less well known brands to take market share when they properly manage manufacturing and delivery. Here are some strategies to employ:

- Order further in advance
- Work with vendors that have inventory on hand
- Work with suppliers that will commit to carrying back-up inventory

Better management of inventory relies on being able to get some of the fastest selling products quickly. Partnering with US based manufacturing and distribution partners has proven to be one of the most important strategies of the pandemic, especially after much of the freight from China was delayed due to their factory closures driven by COVID-19 lockdowns overseas.

## Contingency Planning during the Pandemic

As companies have had to adapt during this pandemic, they have learned this is fundamentally different from traditional business continuity threats. Most typical plans address more localized threats like fires, bombs, riots, earthquakes and other severe weather events. Once those events are over, recovery begins. The pandemic is like a long, actively unfolding event that is unpredictable and the response needs to be coordinated and aggressive. One of the most important factors is to protect employees and their ability to conduct business during a sustained crisis. Without your team, you cannot survive. Here are 4 other strategies that need to be embraced during your planning process:

- Create contingency plans: Start with scenario-planning strategies for different demand environments
- Mitigate supply shock: Work closely with existing suppliers while diversifying the supply base
- Manage demand volatility: Manage panic buying situations while taking on a responsible retailer role
- Make work safe: Invest in protective gear for supply-chain workers and communicate via apps to manage time, availability and safety

Being prepared for the challenges that lie ahead in this and future pandemics, it is important to take into consideration human factors such as employee education, hygiene, staff movement, sick leave policies and absenteeism. In addition, operational issues such as supply chain management along with distribution network disruptions need to be considered. Making sure your company has adequate and secure, uninterrupted flow of essential services including electricity, water, telecom, transportation and physical security must be made a priority. Public fear becomes a threat especially during pandemic peaks. During these peaks, employee absentee rates can grow to 15-30%, due to sickness, quarantines, travel restrictions, family care responsibilities, home schooling needs and the general but real concern about getting infected while on the job.

Learning from past pandemics can shed light on the way in which retailers need to plan for what's to come. Because of the ever-expanding global trade and inexpensive international travel, COVID-19 spread around the world very quickly. As retailers build the plan for the balance of this pandemic and what the retail world looks like in the future, they will need to create a more resilient approach to risk management that can protect employees, operations and stakeholder relationships.



## Retailers are Improving Collaboration with Suppliers

Many retailers see these fast changing trends and seek to deepen relationships with trusted partners. Some suppliers are working with retailers to build broader lines or categories to support high growth consumer needs. Product displays, packaging and point of purchase impulse items can all make a significant difference in building back customer loyalty. Once the pandemic is over (nothing lasts forever), retailers need to be ready for the influx of customers and the pent-up demand for products. They will need to create compelling offers to entice customers back to shop and to rebuild customer relationships and loyalty.

The pandemic has certainly created many serious challenges but it has also created unique opportunities to protect and grow your business. Retailers that embrace change and plan for the future will survive and thrive.

# About the Author

## Elias Amash

Elias Amash, President of GRIP, is an industry veteran with more than 20 years of experience in global sourcing, manufacturing, distribution, retail merchandising, fulfillment, marketing, technology, and operations. He is a trusted partner to hundreds of retailers and has “leveled up” the industry with GRIP’s undying commitment to offering only the highest levels of service to its customers. Amash has recently published his fifth business book, *The Retail Advantage: How to Win the War with Amazon*. He is also the author of *Retail Survival: Who Lives, Who Dies and Why*, *The Future of Retail*, *Importing from China: The Good, The Bad, and The Ugly*, and *101 Bright Ideas: Winning Tactics to Increase Retail Sales*. You can download these books at [www.whygrip.com](http://www.whygrip.com).

# About GRIP

GRIP was incorporated by Charles Amash in 1980 and has grown into one of the nation’s top suppliers of innovative products to the retail industry. Located just south of Grand Rapids, Michigan, GRIP features a 200,000 sq ft state of the art warehouse facility including a 2,000 sq ft product showroom. GRIP carries a product line of over 1,000 specialty tools, tarps, automotive, cargo control, cleaning, LED lighting, magnetics, outdoors, household items, impulse and general merchandise.

GRIP has a proven track record of excellence in supplying retail clients with innovative products, timely fulfillment, and world-class customer support. At GRIP, everything is about earning your business...one customer at a time. It’s about building relationships and fostering business partnerships that will last long into the future. Our goal is to have Customers for Life.

The future at GRIP is exciting and we’re hoping that you can be a part of it as one of our many Customers for Life.

Learn more at [www.gripontools.com](http://www.gripontools.com)

For more information: 616-877-0000

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