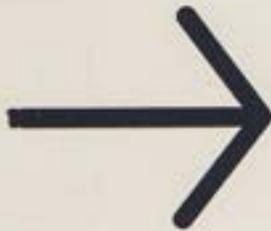


**Contactless
curbside
pickup.**



How Consumer Adoption of Digital has Impacted Retailers Post-COVID-19

WHITE PAPER

Few transitions in the modern marketplace have happened as suddenly as those that came in the wake of COVID-19.

Within just a few days in mid-March, much of the U.S. was suffering unprecedented product shortages. Many companies were forced into layoffs or furloughs to cope with the sudden drop in demand for in-person services. Stay-at-home-orders and volatile buying patterns disrupted every aspect of the retail industry's sales strategy.

Though many businesses have struggled to survive during this time, some have taken it as an opportunity to regroup, adapt, and implement much-needed changes to their systems. Perhaps the most important of these changes has been the wave of COVID-19 digital adoption, and the race to bring the retail experience to users online.

The Impact of COVID-19 on the Retail Industry

The effect of the pandemic on both consumers and retailers has been as significant as it is unprecedented, and has required rapid adaptability at every stage of the sales cycle.

Shifts in Consumer Behavior

According to the Cotton Incorporated Coronavirus Response Survey, **61% of shoppers** discovered new ways to shop as a result of the pandemic. This has led to significant shifts in consumer behavior and emerging buying patterns, including:

- Changes in product needs
- Less frequent, larger volume shopping trips
- Increased demand for curbside pickup and delivery
- Nearly eliminated need for non-essential, in-person retail shopping and services
- Increased online shopping

Increased Adoption of Digital

As new consumer patterns began to emerge, many businesses recognized the need for change. More and more customers were shifting to rely on digital, and retailers had to make the shift to keep up with demand.

The problem, however, is that many businesses simply lack the digital infrastructure to pivot to a digital-reliant retail model. From clunky web design to shipping delays, businesses have a number of obstacles to face before they can meet customer needs online.

Industries are confronting these problems head-on in the retail space, developing solutions in real-time as new needs develop. Companies have recognized some of the digital platform improvements available to them such as building new websites, developing easy online order and pickup policies, and so much more.

In the period of just a few weeks, industries have realized that they can no longer afford to rely entirely on in-person purchasing. For more and more businesses, it's become clear that large-scale adoption of digital will be a requirement—not a luxury—in order to succeed.

How Industries Have Embraced Digital

Data collected by McKinsey shows that innovation and development during the coronavirus pandemic's first two months have shifted the retail space massively. The demand for better digital customer service has only increased since the implementation of stay-at-home orders, and it's taught retailers an important lesson: **Customers don't lower their expectations, even in a pandemic.**

Customer demand for excellent, rapid, and easy-to-use, online-based retail has driven change across industries, from grocery to medical tech. IT systems have helped to connect the dots in the supply chain as features like accurate online order delivery dates became vital. The benefits of these infrastructure changes have become clear across the board.

Big Box Retail

Big box retail companies like Target, Walmart, and Best Buy have used this opportunity to improve on their earlier investments in digital.

Best Buy, for instance, is offering customers only a one-hour wait before they can pick up online-ordered items curbside. This innovation depends on a robust inventory system with lightning-fast digital alerts which allow employees to gather products quickly and easily.



Mobile Tech and Electronics

The shift to digital was especially challenging for industries like tech, which require team members to answer questions about complicated products. In response, many electronics retailers have increased digital support for their brand ambassador teams and in-store associates to help reduce the spread of coronavirus.

Voice-activated assistants can give a touchless experience that reduces the need for person-to-person contact. From conversational AI to connecting associates and customers at a distance, customer support capabilities via voice-controlled speakers have the potential to increase significantly in the wake of COVID-19.

Health Monitors/Trackers and Healthcare Tech

Like other electronics, fitness monitor sales benefit from increased customer engagement. Especially during COVID-19, customers expect answers quickly even without in-person shopping.

The greater emphasis on health created by the pandemic crisis has offered an opportunity to both improve existing digital customer support and to build out new digital features in the tech itself. Designers of wearable health tech are eyeing **sickness-detection features** that can help prevent the spread of coronavirus, and working to introduce greater customer support and shopping options in the digital space.

Consumer Financial Services

Banks, credit unions, and other financial services providers are making strides in the field of online banking. They're enabling peer-to-peer payments and improving mobile check deposit, making it more intuitive to use.

These efforts are already paying off, too, **according to The Financial Brand**. Between February and March of 2020, banks saw a surge in mobile deposit use, from 231,000 up to 255,000.

Groceries

Grocery companies have been incentivizing their Buy Online, Pickup in Store (BOPIS) systems for years, but the pandemic made streamlining BOPIS a priority.

Though many people still prefer an in-store shopping experience, use of third-party grocery delivery apps have skyrocketed. Many grocery delivery services have built out their systems to mitigate lack of communication between grocery delivery workers and customers, ensuring more accurate deliveries and closing the gap between in-person and online grocery shopping.

Adaptations to a Digital-Heavy Marketplace

COVID-19 digital adoption strategies are likely to continue throughout the pandemic and far beyond.

Even as many retailers have found ways to fill customer needs in the moment, many are continuing to shore up aspects of their digital inventory and delivery infrastructure in anticipation of future crises. Some of these improvements are directly inspired by the current pandemic, while others are a simple response to growing online competition in an increasingly digital marketplace.

Here are just a few major innovations likely to make waves in the retail space in the coming years:

Improved Touchless and Digital Payment Options

Payment innovations have been implemented piecemeal throughout the retail marketplace. However, the benefits of touchless technology have grown during COVID-19.

Retail customers increasingly value the ability to pay without touching. They also value the chance to quickly and securely pay online for delivery or pickup purchases.



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Faced with a reduction in options for in-store purchases, many who may have been reluctant to trust online ordering are coming to rely on it. As a result, **Bain is predicting** a 10% increase in transactions done digitally—about 67% now, up from 57% before COVID-19.

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Digital Infrastructure to Facilitate Curbside Pickup

Technology to integrate inventory management across physical stores and online sales existed before the pandemic, but it has largely been implemented unevenly. For instance, some companies couldn't take online order returns in-store, or can't allow customers to request delivery from a physical location.

Disconnected digital systems have long been a problem for retailers, and one that many companies had no choice but to address in response to the pandemic. Increasingly, retailers are allowing online shoppers to submit an order that will be picked from the shelves by store associates. Those orders are then brought directly to the customer's car for a curbside pickup.

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The demand for such services skyrocketed when COVID-19 hit, but these systems will likely provide continued value for retailers even as stay-at-home orders are lifted.

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Safe Shopping Store Guidance

In-store shopping has resumed in a variety of retail locations as many states have relaxed their stay-at-home orders. Stores that have reopened have been working to develop new systems to help them comply with new public health standards.

Larger stores have implemented a one-way flow of traffic through the store and started providing sanitizer along the way. Store associates are also being asked to use cloth or surgical masks.

Smaller stores have had to open at a reduced capacity due to social distancing, but are still working to develop ways to continue serving the same number of customers. That has meant investing in things like:

- A separate counter for picking up online orders
- Lockers where customers can pick up their orders using a unique code
- Streamlined pickup for third-party delivery services, especially in the restaurant industry

Online Shopping Innovations

Though it hasn't seen widespread implementation yet, many retail companies have been experimenting with ways to recreate an immersive, in-store experience using virtual reality.

Online clothing stores, beauty product manufacturers, and other consumer retail brands have been in talks to develop partnerships with virtual reality software in order to simulate the shopping process. A virtual reality make-up counter, for instance, would offer shoppers the chance to experiment with products in real time, without waiting for delivery or coming into stores.

While the experience isn't the same as reality, it boosts customers' engagement with the brand and gives options to people who still want the in-store experience while shopping.

Digital Customer Support Options

Customer support remains a common thread for digital enhancements to the retail space.

Many companies provide customer support and solutions via a digital format, which has required rapid growth. Robust phone support is helpful, as are live chat features that quickly answer questions that customers have. A pop-up chat feature mimics the timeliness of asking a store associate a question in person.

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Newer virtual customer support options are quickly coming into play as well. Real-time video chat is bringing brand ambassadors and customer support specialists "into" online and in-store retailers to ensure that consumers receive the levels of engagement that they have come to expect pre-COVID-19.

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Building out these systems so that they are intuitive to use makes online shopping more engaging and more appealing. Building trust in one's brand during the time of COVID-19 requires robust customer support, so retailers are investing heavily in this area of digital innovation.

Buy Online, Pickup In Store

An essential and valuable build-out has been the advent of the Buy Online, Pickup in Store service, or BOPIS.

This digital strategy combines online ordering with inventory management in the retail location. Often, BOPIS can be implemented so that items that are currently in stock can be made ready for pickup within hours or even minutes.

This capacity has helped to overcome past objections to ordering online. COVID-19 fears helped fuel willingness to try BOPIS systems, and customer confidence in them is growing. Curbside pickup options were considered important delivery features for **25% of the surveyed population** in the Euromonitor International's 2020 Digital Consumer Survey.

Changes to Consumer Engagement Needs Into the Future

The investments made in COVID-19 digital adoption are likely to continue. **One study suggests** that the number of consumers with high interactions with online retail channels is going to grow 3% in the coming 6 to 9 months.

These features may become part of the "next normal," as more and more major retailers are expected to have them. Even now, many consumers are surprised to discover a business without a curbside or online ordering option. Companies that have not yet fully embraced digital will find it harder to compete.



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