

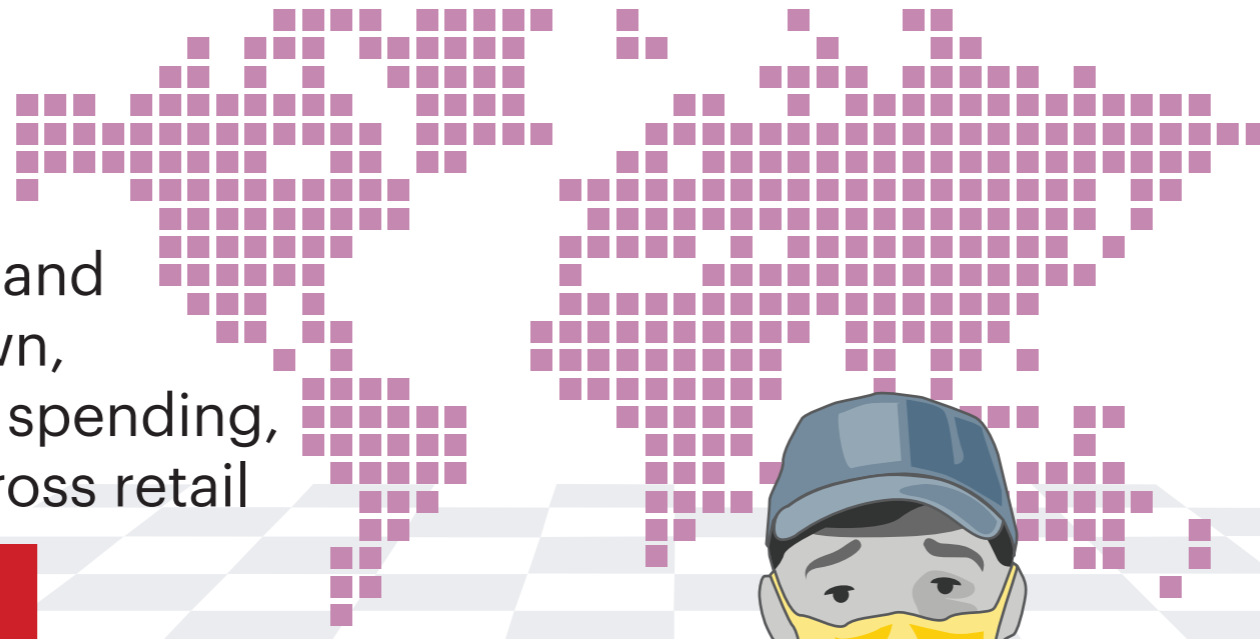
How Covid-19 Is Fundamentally Altering Retail Store Operations

As a recessionary environment takes hold across all categories, retailers need a strong response

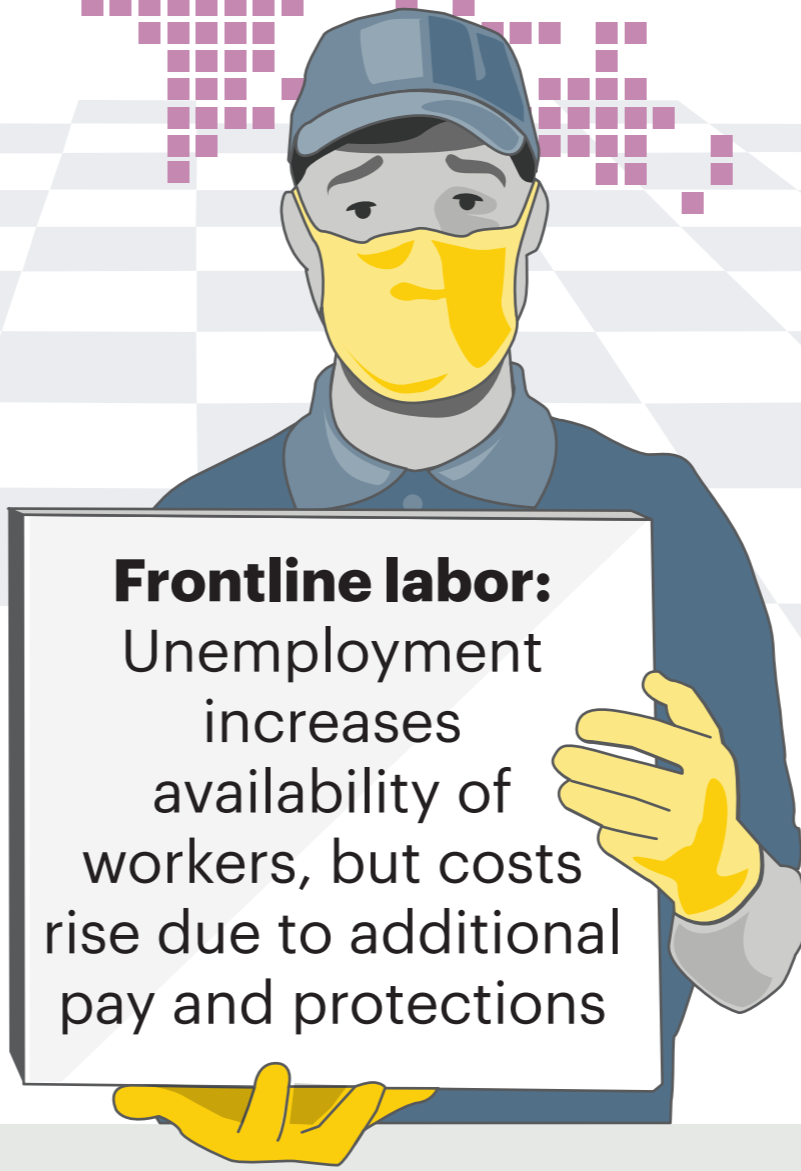
The retail landscape is shifting in a number of ways

Global economy:

Amid uncertainty about the duration and depth of a slowdown, consumers tighten spending, albeit unevenly, across retail sectors



Health and safety: Providing a clean, safe shopping environment is paramount as concern about infection risks remains high



Frontline labor: Unemployment increases availability of workers, but costs rise due to additional pay and protections



E-commerce:

Demand skyrocketed during the peak of the crisis and will continue to grow as consumers become used to buying online

Many retailers face a post-pandemic moment of truth

1
Crisis operations begin to give way to a new reality

Clear plan of action for operational recovery

2

Reactionary approach to changed landscape

More resilient operations, retooled for post-crisis realities

3

Declines in operational performance and customer experience

Stable financial performance, despite challenging macro environment

4

Unstable, declining operational performance

Four priorities for retailers in a post-Covid-19 world



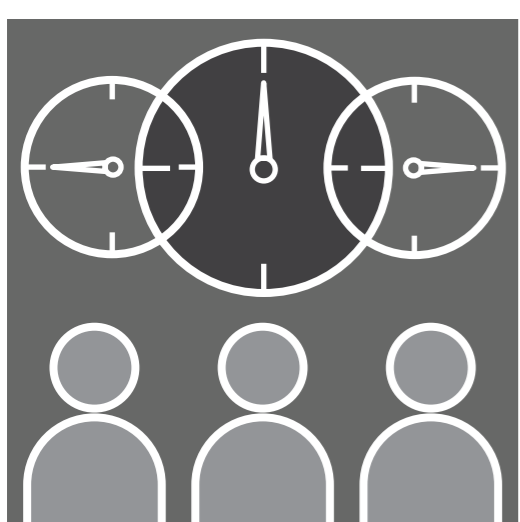
Reduce complexity and zero-base costs

Protect key customer touchpoints and establish new cost baseline



Rapidly evolve store design

Reassess square footage requirements and adapt layouts to facilitate flexible fulfillment



Infuse resiliency into day-to-day operations

Develop real-time response capability to workforce and demand changes



Fast-forward e-commerce operations at scale

Simplify and digitalize end-to-end processes, accelerating timeline by 2-3 years