



COVID-19

5 Actions Retailers need to take

5 ACTION RETAILERS NEED TO TAKE



Richard Wooding

Chief Executive with a proven track record of successful business development and leading turnarounds. Skilled at driving profit growth and market penetration in 3rd world markets, and managing significant strategic change and restructuring, in both multinationals and privately-owned businesses. Over 25 years' experience at CEO level in FMCG and other industries. Has lived and operated in 15 different countries in Africa and Asia. MBA from Cranfield (UK). Cosmopolitan, culturally astute, high energy and leads from the front.

COVID-19 has destroyed the fun of shopping – visiting the local store or the supermarket, where we used to enjoy meeting friends and taking our time to select our purchases, has been transformed from a pleasant part of life to a high-risk activity.

Authorities are imposing a range of measures – obligatory masks, caddie disinfection and individual hand sanitizing for all customers. Going to the shops is now a high-risk necessity.

Forget impulse purchase, browsing the aisles, tasting new products – we will all be wearing protective gear for months to come, and getting what we need, as safely and as quickly as possible.

What are the actions retailers, small, medium or large, need to take now to manage the current situation and to get fit for a very different new reality?

1. Manage Risk – and Be Seen to Do So

- Everyone in the outlet and stores needs to be briefed and repeatedly reminded that human interaction leaves them open to infection – serving staff, cashiers, shelf stackers, warehousemen. These staff need protective equipment and routines and time to perform the necessary hand washing – and to manage the stress!

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- Transmission from surfaces, presumably including carton and plastic packaging, is a factor that needs to be considered with people checking and verifying deliveries being particularly at risk. Bigger operators should be looking to insist on delivery by pallet and avoid products being handled by hand. Can delivery notes be moved to electronic acknowledgement?
- Consumers need to be reassured that outlets are taking precautions. Big outlets will be obliged to implement Govt instructions, but some have already been ahead of the game in this. Smaller outlets need as a bare minimum to have all staff in masks and gloves, and to put in surface sanitation routines for door handles, counter surfaces and PIN pads at the least.
- Retailers need to ask now if they are going to continue to accept cash payments – taking cash has obvious risks.
- Ban Salesmen from suppliers and merchandisers from your premises – these people represent a risk to your staff and customers. Switch to ordering by ‘phone and email’.

2. Get a Home Delivery Capability and more

- Only operators who have a Home Delivery capability are generating cash-flow, and cash is going to be king in the coming months. Currently demand is vastly exceeding supply consumer goods not just in Mauritius, but in every market in the World. Whilst it may take time to build the full suite of website, on-line transactions and planned delivery systems the key restrictive element now is delivery capacity. Even starting a delivery service with limited coverage is going to allow you to capture cashflow.
- There is a need for retailers to react fast in current circumstances. With retail outlets being seen as high transmission risk places, Govt may step in and deny access to all retail outlets and mandate key suppliers to move to a B2C home delivery system, bypassing retailers, at least for some weeks or months. Hence the need to ramp up fast Home Delivery and Pre-order / Collect systems.
- A clever tactic would be to look at partnership or alliance with organizations and companies who already have a distribution capability. Who is partnering with the big courier services, the gas distributors, even the tobacco and drinks operators? They have existing fleets and know the ropes. Those retailers or other operators (importers, manufacturers and distributors) who tap into these networks will be able to move significantly more volume, do more transactions and benefit commercially.

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- Every retail outlet is going to need to be geared to take credit and debit cards, money transfers or is going to lose a high proportion of business – what has been to date a convenience factor has become a key element in determining where to purchase
- Start building data bases with not just contact names and addresses but with customer preferences so that you can do push marketing to target clients – whilst respecting Data Protection rules. And building a database is fine, but having someone who can analyze and formulate the push marketing offers is essential

3. Rationalize your Product Ranges

- Now is the time to look at the number of items that you carry on your shelves. Carry out an ABC analysis and determine what are your fast moving, and hopefully profit generating products is for so many retailers. Be ruthless – cut out the slow- moving SKUs which choke stock turn and take up shelf space.
- Put in true category management systems where you analyze what are the driver products and get them positioned to maximize revenue
- Look to eliminating the small suppliers and move to a maximum of 2 suppliers by category – in the future consumers will be looking for value for money and be less interested in brands.

4. Rethink your Business Model

- Study the advantages of moving to consolidated supply from a limited number of overseas suppliers rather than operating with a myriad of local suppliers and look to move to direct sourcing
- Exam the advantages of an alliance with a big Global retailer, given that Mauritius will have limited bargaining power in the post COVID-19 world where disposable income is going to be down for years to come
- Analyze what square meterage you are really going to need as you face a market with markedly less purchasing power and a decided aversion to visiting Retail outlets often.
- Take this opportunity to cull less profitable outlets and pare back staff requirements to the minimum.

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5. Think Consumer

Innovation focused on the consumer will be the key in the next decade. My predictions are:

- The Retail Universe will shrink fast – many smaller operators will cease trading. The swing from Traditional Trade to Modern Trade will accelerate fast. B2C volumes will increase, especially if Supermarkets and other retailers are closed for a considerable period or periods.
- On-line shopping and home delivery will be an essential for commercial survival.

Discounters will see strong growth as consumers chase after Value for Money (VFM) rather than choosing established but more expensive brands

- Big supermarket chains will need to be strongly differentiated with value added offers such as own Credit Card / Loyalty schemes linked together and repeated special offers, home delivery / click and collect facilities
- Medium sized retailers will struggle to survive and will either consolidate to make new groupings or go to the wall, lacking cash to invest in innovation and delivery services
- Cash and Carry style operations will see significant growth as consumers buy in bulk
- The Retailers who quickly establish a range of own label VFM products and use this to leverage their total offer will win big.
- Consumers will want reassurance on the hygiene and safety of both retail outlets and home delivery services – this will be a key element in communication.
- Consumers will be looking for reassurance on products they select – ISO certification and local laboratory testing will be an increasingly important factor.

Call us for a video appointment for us to have a chat and discuss the future of your business and how to live happily after the chaos!

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Questions? Our team is here to help!

Call us on (+230) 210 3838 – ask for Bryan Doorgaya or send us an email on info@geroudis.com

GEROUDIS | Management
Services

Geroudis Management Services Limited

27-29, Dr. Lesur Street

Beau Bassin

Mauritius

Tel: (+230) 210 3838

Fax: (+230) 210 3912

Email: info@geroudis.com