Daymon

COVID-19: THE REPURPOSE AND REFOCUS OF RETAIL

The COVID-19 crisis has impacted governments, industries and consumers alike, and now that the dust has started to settle after the initial volatility, now is the time to start planning for the 'new normal'. Retailers need to adapt their strategy to this post-pandemic environment and redefine the role that their Private Brand has to play within their categories.

Core Category Findings

The COVID-19 crisis has demonstrated that retail plays an essential role within society. Consumers have had to adapt their shopping behaviors, caused by concerns of stock availability, alongside hygiene and safety fears. It has shown us what customers think are the most essential products and also the newly adopted consumption habits. Clearly, **consumers are refocusing on products they need** as opposed to 'nice to have'.

A look at consumption behaviours following the initial surge in UK stockpiling indicated that sales were impacted positively, driven by **FOMO**, **daily needs** and **new priorities**.

According to IRI and BCG, cleaning products such as deodorant and personal wash were up by 40.9% and 26.3% respectively for the week ending April 12, 2020 versus the comparative spend a year ago.

Cooking products were also up by 45.5% highlighting the home cooking trend – this can be seen by the gaps on shelves for eggs and flour, not to mention the activity seen on social media. The lockdown has also created new eating patterns at home, consumers are having to cook at home, as on-the-go and eating out are no longer an option. By default, retail has had to keep up.

To succeed retailers must review and understand these developments in order to meet consumer's needs.

FEAR OF MISSING OUT (FOMO)

- ✓ Toilet Paper
- ✓ Frozen

DAILY NEEDS

- ✓ Cooking Products (Fresh and Shelf Stable)
- ✓ Confectionary

NEW PRIORITIES

- ✓ Personal Care
- ✓ Cleaning Products
- ✓ Health/Hygiene Products

Consumers refocusing their products needs

JOINT PARTNERSHIPS | Supplier . Stock . Supply Chain

The unprecedented demand and resulting availability issues have caused many challenges, including questions over the origin of certain products. It's also resulted in changes to retailer-supplier relationships with alternate sources investigated – some products that are usually produced abroad are having to be sourced locally to 'plug the gap' in supply.

Consumers have had to become more promiscuous, shopping at different stores to get what they need, with local convenience being big winners. According to Kantar, while larger stores continue to supply the majority of Britain's food and drink, smaller stores are thriving as people shop closer to their homes with proximity being the key decision factor. **Loyalty and trust are therefore assets to capitalise on.**

With customers making limited shopping trips and trying to spend less time in stores, ensuring stock of customer essentials and favourites is vital to customer satisfaction, so avoiding supply chain issues are more important than ever! **It is therefore vital to have a robust, reliable supply chain**, one that allows flexibility to react to change.

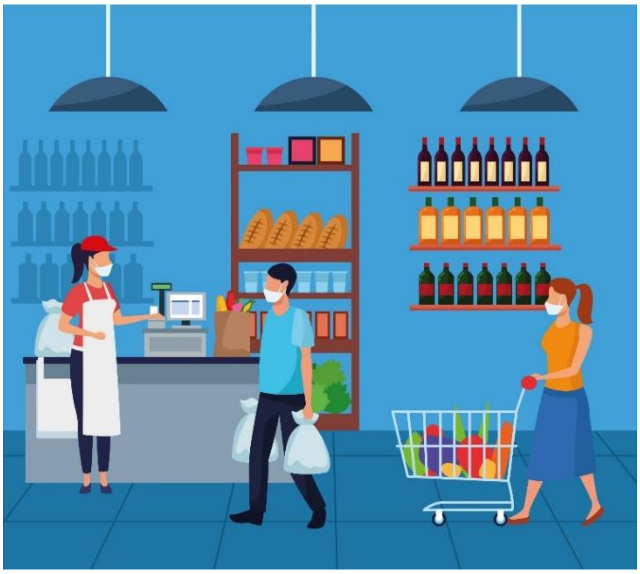
The availability of Private Brand products should be a focus area – it's a retailer's USP and brings customer loyalty.

GUIDING PRINCIPLES | Affordable . Inspiring . Healthy . Sustainable

On 29 March this year, the government warned that lockdown measures could last up to six months. With no easy fix, consumers are having to adapt to this new home-centric reality. It is critical for retailers to make sure they have the right solutions in place that are affordable, inspiring, healthy and sustainable to meet consumer needs.

AFFORDABLE Due to the lockdown financial confidence has declined significantly. According to IGD, shoppers are actively planning to **focus more on cost containment and saving money**. However, whilst price is a key consideration this should not be at the cost of quality.

INSPIRING Consumers are going to **look for experiences at home** in order to compensate for the lockdown and related financial concerns. Retailers should make sure they **provide appealing, engaging and inspiring cooking experiences**. During the period 2008 to 2009, baking grew exponentially as it was adopted as a low-cost leisure activity. A similar approach should be anticipated. Home cooking choices will be made based on "easy", "affordable" and "DIY" product solutions.



HEALTHY COVID-19 has highlighted the importance of the NHS, and there's been an increased focus on health throughout lockdown. With nearly two out of three adults being overweight or obese and one third of children leaving primary school overweight or obese, this situation cannot be ignored. With confectionary among the top growth categories since March this year, the role of Private Brands is increasingly going to be about **offering products that are healthier**.

SUSTAINABLE For some years now, the focus has been on making sure that product development considers **products that are kinder on the planet with a strong focus on packaging waste**. This trend is likely to continue over the coming months.

Re-Imagining the 'New Normal'

Why consumers bought more Private Brands?

	UK	Spain	Turkey	Brazil	China
Improved Quality	53%	49%	55%	52%	54%
Better Value for Money	68%	72%	61%	61%	49%
Increased Variety	41%	48%	52%	48%	54%

According to a Daymon study, Private Brand is already well perceived. It is seen as a "better value for money option" for 68% of UK shoppers with an emphasis on "greater quality" for a further 53%.

Retailers should therefore capitalise on this and keep on improving their Private Brand assets to increase their penetration. In so doing, retailers **must cover the right categories with the right offer in collaboration with a strong supplier base.**

The consumer shift to more strategic spending habits is here to last with a clear opportunity for retailers to utilise Private Brands as a key tool to engage with their customer base and expand their value proposition to their shoppers.

Sources

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IRI – BCG (CONSUMER SPENDING TRACKER FOR MEASURED CHANNELS – April 23)
Kantar (Grocery growth slows and habits change as UK adapts to lockdown – April 28)
Daymon Intelligence Report: Reaching the Private Brand Summit

For more insights and recommendations for driving your private brand, contact: ***idc@daymon.com***

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