COVID-19 Response Planning

Playbook on Retail Operations for RCC Members

EDITION #1: MAY 2020

RCC RETAIL COUNCIL OF CANADA

Context for this document

The following document has been prepared to provide members of the Retail Council of Canada a perspective on practices observed from retailers around the world on operating their business during the COVID-19 pandemic.

We have compiled these materials through a scan of practices observed from companies in countries that have started to emerge from the government imposed restrictions on the essential, non-essential and restaurant sectors.

These materials are intended to provide you with a framework for key considerations and relevant global best practices as you operate your business in today's challenging environment.

These are not intended to be legal advice or to replace local health and government guidelines. The COVID-19 crisis is rapidly evolving and there are different considerations for retailers in different regions and sub-sectors of the retail industry. Readers should consult the applicable laws & regulations, and guidelines issued by federal & provincial health and labor authorities, to make the best decisions for their respective businesses.

Where feasible, sources & links have been provided & identified but, given the rapidly changing environment, sources are not possible for all statements. Members should perform their own research before executing any measures herein.

This is a non-exhaustive document and the Retail Council of Canada is keen to solicit your feedback on additional topics that may be relevant for your business for future iterations of this playbook.

What this document is

A framework of key issues to consider as retailers prepare to operate within the ongoing COVID-19 pandemic environment

Examples of practices observed from retailers across various sub-sectors around the world

Key issues to consider in implementing examples from other regions/countries and sectors

What this document is not

An exhaustive list of all issues that retailers may face in the current environment

Legal advice on practices businesses should follow. Please consult appropriate legal channels, Health Canada or other RCC resources on appropriate guidelines

Tactical advice on how to implement each potential action. Local realities in each region will dictate what is actionable

Playbook for retail re-entry: Retail operations

Note: This is 1 of 6 Chapters produced by the RCC to support members in COVID response planning

Customer health & safety

Ensure customers are & feel safe while shopping

- Customer screening
- Social distancing
- Checkout & payment
- Store cleanliness

Employee wellbeing

Keep employees safe & healthy

- Protective equipment
- Confirmed case response
- Employee testing

Focus of this document

Retail operations

Continue to deliver product & operate stores

- Supply chain mgmt.
- Inventory mgmt.
- Store operations

Merchandising & marketing

Provide relevant offering, given new context

- Product offering / assortment
- Pricing / promo / markdown
- Advertising & comms

Store network & channel

Adjust to new demand & operating needs

- Store network
- Omnichannel capabilities & fulfillment
- Returns management

Finances

Maintain balance sheet to fund operations

- Rationalize expenses to new op. model
- Cash / liquidity management

Retail Operations:

Three key priorities for retailers

1. Supply chain management

- Stabilize supply & adapt to new demand

2. Inventory management

- Keep relevant items in stock while minimizing waste

Manage inflow of products

3. Store operations

- Flexibly manage operating processes, including labour & operating hours, while demand remains uncertain

Determine re-opening approach

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Supply chain management:
Six practices leading global retailers are pursuing in response to COVID-19

			Applicable to:		
			Essential	Non – essential	Restaurant
Assess and reduce risk	1	Conduct supply-chain risk-assessment: Degree of impact of COVID-19 to the supplier and criticality of supplier to retailer's business	🟦	🟦	🟦
	2	Develop critical materials list and ensure availability	🟦	🟦	🟦
	3	Encourage safety practices within production facilities & supply chain	🟦	🟦	🟦
Manage existing relationships	4	Where possible, partner with suppliers to source stock from less affected areas	🟦	🟦	🟦
	5	Support small suppliers with flexibility in payment arrangements	🟦	🟦	🟦
Develop new relationships	6	Develop new supplier / distribution partnerships - and leverage capacity from adjacent businesses	🟦	🟦	🟦

Conduct supplier risk assessments and coordinate response

Context

- Even as Canada's economy begins to re-open, there are several factors that will continue to cause stress to supply chains for retailers and restaurants
- Until there is a vaccine available, there is potential for a resurgence of cases for COVID-19 and ensuing closures of segments of the economy, which can impact retailers and their supply chains
- Different countries globally are at different stages of re-opening post COVID-19 and this may impact shipments from foreign suppliers (including both final goods and inputs for future assembly)
- Critical for retailers to perform a risk assessment on the supply chain as a first step and then define appropriate actions for each supplier

Three step approach to managing supply chain risk from COVID-19

A Initial risk assessment of suppliers

Understand vendor criticality and potential impact from COVID-19

Two dimensions

- Business criticality: Importance of the vendor to ongoing operations
- Impact of COVID-19 on vendor: Degree to which vendor is affected

Details on next page

B Assess necessary action by supplier

Take action by supplier to ensure supply chain continuity through the crisis

Identify vendors which pose the highest risk and assess appropriate actions including:

- Sourcing from alternative suppliers
- Renegotiating contracts
- Supporting vulnerable suppliers, etc.

Covered in subsequent parts of this playbook (Tactic 4, 5, and 7 in this section)

C Anticipate changes in risk profile

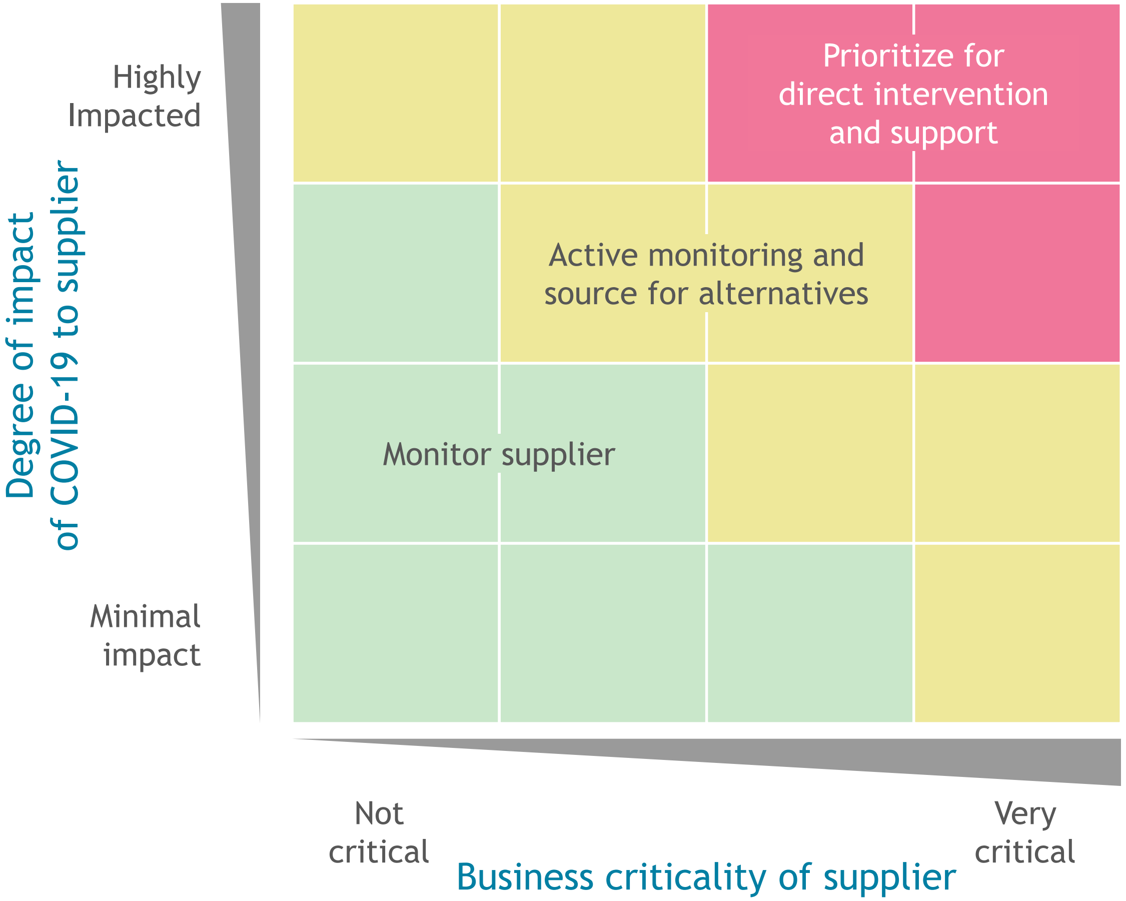
Monitor leading indicators to anticipate changes in risk profile

Identify and routinely track relevant metrics as leading indicators for supplier health:

- Geo-specific factors
- Supplier financial stability
- Suppliers business operations, etc.

Routinely reassess supplier risk and necessary actions as the crisis evolves

A Supplier Risk Assessment: Two factors to assess risk - impact of COVID-19 on the supplier and criticality of supplier to retailer's business


Highly Impacted
Minimal impact
Degree of impact of COVID-19 to supplier
Prioritize for direct intervention and support
Active monitoring and source for alternatives
Monitor supplier
Not critical
Very critical
Business criticality of supplier

Placement on the matrix determined by:

Degree of impact of COVID-19 to supplier

- Supplier financial stability
- Geo-specific factors related to suppliers location
- Operational set-up of supplier's production facilities
- Other downstream factors that impact supply of goods

Details on next page

Business criticality factors

- Concentration of volume with this supplier
- Products ordered (key products vs. non-critical)
- Impact on operations with lack of supply

A Deep-dive: Considerations for supplier-specific risk assessments

Consideration	Key question to assess	Key indicators (non exhaustive)
Financial stability	Is supplier at risk of financial distress?	• Early payment-request and shorter DSO • Access to local stimulus packages • Debt-equity-ratio, credit rating, share price, etc. (if public)
Geo-specific factors	Is supplier at risk due to COVID-19 impacts in their region?	• Number of COVID-19 cases per country/region • Political & regulatory scenarios • WHO "score" on pandemic epicenter • Governmental stimulus and support for the economy
Operational set-up	Are supplier plants and shipments at risk of disruption due to COVID-19?	• Labour intensity & factory set-up (i.e. likelihood of COVID disruption in plant) • Stock level & production capacity utilized • Length of time of local shut-down • Stability of sub-tier value stream
Downstream factors	Will other international complexities affect logistics?	• Globalization of supply chain (incl. transport and logistics) • Country border closures & levels of outbreak

Develop critical materials list & ensure availability

Context & rationale:

- In the event of a supply chain disruption, certain goods (either products sold in store/restaurant or products that support operations) have a disproportionate impact on the ability of retailers to continue to operate the business profitably and safely
- Critical for retailers to know key materials for their business that should be prioritized and to continue to track risk against these items
- Likely that suppliers of critical materials will be at-risk, due to demand from across the industry
- Note that retailers may classify critical materials differently: e.g. staple foods within a grocery store, vs. core ingredients such as flour and olive oil in a restaurant

Examples:

- **Amazon (North America):** Prioritized medical supplies, groceries, household staples, and other essential products; suspended shipments of nonessential products to its warehouses
- **McDonalds (Canada):** Importing beef from the US due to ongoing capacity shortages in Canada (Link)

Execution considerations:

- Use supply chain risk assessment and critical materials list in parallel – e.g. item supply stable at present, but continue to monitor given criticality of item
- Where practical, consider increasing inventory levels for critical materials, placing orders to suppliers farther in advance, and identifying alternate suppliers
- Ongoing decision to remain open may be in part dependent on availability of cleaning and sanitizing supplies, as well as protective equipment such as masks and gloves

McDonalds (Canada):
Importing beef in preparation for meat shortages

Encourage safety practices within production facilities & supply chain

Context & rationale:

- To minimize the risk of disruption to supply chains, critical that internal production facilities and suppliers are aware of and follow safety precautions as they relate to COVID-19
- Different regions may have different COVID-19 guidelines and production facilities / suppliers may not be aware of best practices to limit the risk to their business during the epidemic
- Sharing and setting expectations for additional safety will help to minimize supply chain risk – and keep employees safe across the board

Examples:

- **Hickey Freeman & Los Angeles Apparel (US):** Reopened apparel manufacturing facilities under social distancing guidelines to produce face masks (Link)
- **Warby Parker (US):** Redesigned production facility so that equipment is farther apart, divided workers into two separate teams that do not interact and use different entrances, temperatures taken upon entry (note Warby Parker is vertically integrated, and owns its production facilities) (Link)
- **Everlane (US):** Requires suppliers' factories all have paid sick leave, employees required to stay at home if unwell; each factory has hygiene measures incl. sanitizing stations at each workstation, temp. checks, and employee education on health and safety (Link)

Execution considerations:

- Factory layout & shift scheduling are two core issues:
  - Layouts should be conducive to social distancing with processes and roles adjusted to accommodate new setup (e.g. single worker performing a full step in the process, vs. multiple workers)
  - Labour schedules should be adjusted to ensure higher safety for workers on factory floors
- Clearly delineate between a) expectations for supplier safety and b) suggested best practices when communicating
- Extend practices to intermediaries between retailer & supplier (3PL, distributors, etc.)

LA Apparel (US): Sewing stations at manufacturing facility moved six feet apart (Link)

Partner with suppliers to source stock from less affected areas

Context & rationale:

- Different countries are experiencing different levels of spread of COVID-19 and economic shutdown
- Business continuity relies upon a predictable supply of goods – necessitating shifts away from risky suppliers / locations towards safer ones
- Two main approaches seen: 1) source stock from *local areas* to minimize transport/logistics risk and 2) source from *less affected regions / countries* to reduce risk of plant shutdowns

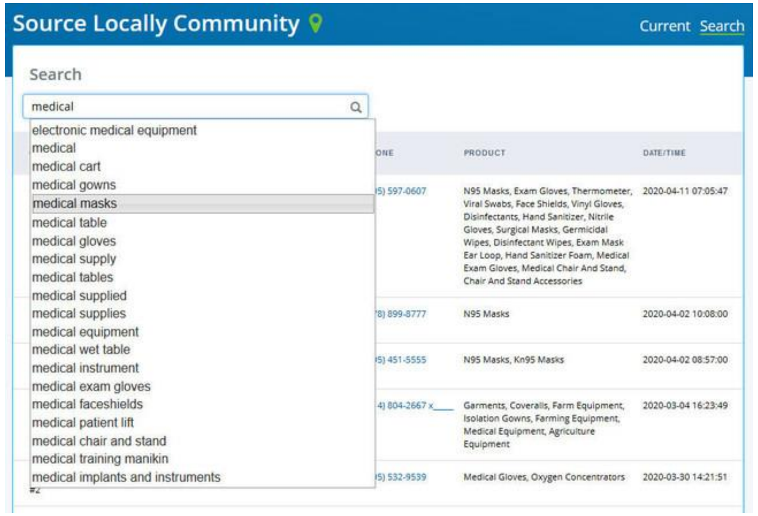
Examples:

- **Dixons Carphone (UK):** Partnered with suppliers to source stock from un-affected areas (Link)
- **Inditex (global):** Leveraged near-shore production facilities in countries not yet under lock-down (e.g., Turkey, Morocco, Tunisia, Portugal)
- **Kering (France):** Re-allocated stock to other regions to avoid overstock
- **Freightera (North America):** Developed online 'local sourcing marketplace' to help manufacturers, distributors, and retailers affected by shipping delays (Link)
- **Retailers (North America):** Many retailers are considering near-shoring key supplies to reduce reliance on long distance product shipments (Link)

Execution considerations:

- Understand which goods are particularly at risk and develop contingency plans
- Use critical materials list to first target most important items and keep roster of secondary suppliers in case primary suppliers are unable to provide supply
- Proactively engage large suppliers to understand their current assessment of supply chain risk – including transport / logistics
- Monitor global development of COVID-19 to understand which regions continue to see impacts

Freightera (North America): Local sourcing interface; currently working with BC government to provide medical equipment (Link)


Source Locally Community
Current
Search
Search
medical
electronic medical equipment
medical
medical cart
medical gowns
medical masks
medical table
medical gloves
medical supply
medical tables
medical supplied
medical supplies
medical equipment
medical wet table
medical instrument
medical exam gloves
medical faceshields
medical patient lift
medical chair and stand
medical training manikin
medical implants and instruments

ONE	PRODUCT	DATE/TIME
5) 597-0607	N95 Masks, Exam Gloves, Thermometer, Viral Swabs, Face Shields, Vinyl Gloves, Disinfectants, Hand Sanitizer, Nitrile Gloves, Surgical Masks, Germicidal Wipes, Disinfectant Wipes, Exam Mask Ear Loop, Hand Sanitizer Foam, Medical Exam Gloves, Medical Chair And Stand, Chair And Stand Accessories	2020-04-11 07:05:47
8) 899-8777	N95 Masks	2020-04-02 10:08:00
5) 451-5555	N95 Masks, Kn95 Masks	2020-04-02 08:57:00
4) 804-2667 x___	Garments, Coveralls, Farm Equipment, Isolation Gowns, Farming Equipment, Medical Equipment, Agriculture Equipment	2020-03-04 16:23:49
5) 532-9539	Medical Gloves, Oxygen Concentrators	2020-03-30 14:21:51

Support small/vulnerable suppliers

Context & rationale:

- Lower demand at retailers has equated to increased uncertainty for upstream suppliers – as they are affected by lower volume of orders and outright cancellations
- Many suppliers lack the balance sheet capabilities to sustain an extended disruption to operations
- Suppliers in countries with limited or no government stimulus for COVID-19 are particularly impacted
- Given differences in payment terms, some requiring completion of shipment of goods, small suppliers and those in developing countries are especially at risk (Link)
- Stabilizing supply chain may involve supporting these types of suppliers with accelerated payments or other mechanisms
- Note: Small/vulnerable suppliers can take a variety of forms – e.g. third-party cleaning staff (indirect procurement), freight providers, facilities management

Examples:

- **Morrisons (UK):** Introduced immediate payments to support smaller suppliers, re-classified small suppliers from £100,000 sales/year to £1,000,000 sales/year (Link)
- **Sainsbury's (UK):** Committed to paying smaller suppliers immediately; giving its 250 tenants and concession partners the option to pay rent on a monthly rather than quarterly basis (Link)
- **Walmart (US):** Improved Supply Chain financing program, which helps qualified suppliers get payments faster (Link)

Execution considerations:

- Develop clear view of own business (e.g., cash and receivables position) before deciding if accelerated payments to select suppliers are possible
- Determine clear criteria for which suppliers are most critical and at risk (e.g. priority goods, size of supplier, other supplier obligations, potential for closure, etc.) and then decide on appropriate action based supplier

Develop new supplier partnerships

Context & rationale:

- Several potential reasons to establish new supplier relationships, such as: global supply shortages, reducing risk through diversification, re-shoring to reduce lead-times, negotiating leverage with existing suppliers, etc.
- Creating supply chain redundancies can benefit essential retailers in particular

Examples:

- **Sobeys, Loblaws (Canada):** Developed supply partnerships to source plexiglass shields for cashiers (Link)
- **Kings Food Markets (US):** Added more than 50 new supplier and distribution partners since mid-March to deal with shortages (Link)
- **Mark & Spencer (UK):** Increased focus on sourcing from local UK suppliers, committing to sourcing all its beef from 5,000 UK farms (Link)
- **Other retailer tactics:** Minimized transportation needs/risk factors by choosing sources of supply close to distribution center, quickly moving on to secondary suppliers if primary seem unable to deliver

Execution considerations:

- COVID-19 crisis has resulted in excess capacity in adjacent sectors, some of which can be re-directed to other retailers (e.g. restaurant vendors now supplying grocery stores, contract office cleaners)
- Consider developing criteria for selecting new suppliers based on business needs, including learnings during COVID-19 crisis
- Establish expectations upfront - partnerships may be a short term stop-gap, or a long term commitment

Sobeys (Canada): Developed supply partnerships to quickly source plexiglass shields for checkouts

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   - Flexibly manage operating processes, including labour & operating hours, while demand remains uncertain

Manage inflow of products

Determine re-opening approach

Inventory management: Six practices leading global retailers are pursuing in response to COVID-19

			Applicable to:		
			Essential	Non – essential	Restaurant
Address immediate challenges	1	Place per-customer limits on high-demand items	🟦		
	2	Determine plan for perishable inventory / seasonal stock	🟦	🟦	🟦
	3	Renegotiate orders, including cancelations where necessary	🟦	🟦	🟦
Anticipate and prepare for new normal	4	Leverage shelf-ready packaging to reduce handling on inventory & re-allocate in-store labour	🟦	🟦	
	5	Develop demand forecasts for 'new normal' consumption patterns	🟦	🟦	🟦
	6	Adjust lead-times for replenishment planning (vs. JIT inventory)	🟦	🟦	🟦

Per-customer limits on key items

Context & rationale:

- Essential retailers such as grocery stores and pharmacies may continue to see surges in demand for certain items as COVID-19 crisis progresses
- Empty shelves in grocery stores / pharmacies can also lend to a sense of panic among consumers – increasing the benefit of inventory planning and creating a sense of fairness amongst customers with product purchase limits

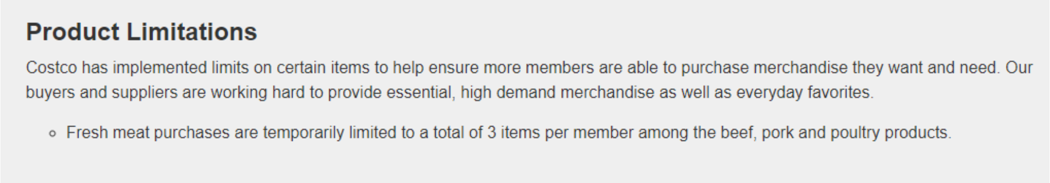
Examples:

- **Lowe's and Home Depot (UK):** Limits on number of high-demand items per customer (e.g., face masks, hand sanitiser, cleaning supplies) (Link)
- **Sainsbury's (UK):** Customers limited to 3 per item any grocery product and a maximum of 2 for most popular products including toilet paper, soap and UHT milk (Link)
- **Costco & Kroger (US):** In early May, both retailers limited meat purchases to 3 per person – responding to a meat shortages (Link)

Execution considerations:

- Maintain close communication with key suppliers to understand upcoming shortages and shipment delays
- Retailers are closely monitoring out-of-stocks to update list of fast-moving items
- Many retailers put per-customer limits on items which are in short supply such as sanitizing supplies and 'stock up' items (e.g. toilet paper, canned goods)
- Retailers should consider coordinating customer limits within point of sale systems and ensure store staff are trained on new policies; all communications should emphasize policies are being implemented in an effort to be socially responsible

Costco (US): As of early May, Costco placing limits on meat purchases (Link)



Product Limitations

Costco has implemented limits on certain items to help ensure more members are able to purchase merchandise they want and need. Our buyers and suppliers are working hard to provide essential, high demand merchandise as well as everyday favorites.

- Fresh meat purchases are temporarily limited to a total of 3 items per member among the beef, pork and poultry products.

COSTCO
WHOLESALE

Determine plan for perishable inventory - grocery / restaurants

Restaurant supplier (US): Sold $100K in perishable inventory in food boxes to local community & donated to nonprofits (Link)

Context & rationale:

- While the initial surge of COVID-19 has passed, as with the initial closures of restaurants / non essential retail, uncertain demand going forward may lead to occasional oversupply
- For grocery stores, sustained demand for non-perishables may not boost demand for fresh produce – and significant quantities of farmed products have already gone to waste (Link)
- In many cases, businesses have elected to use their excess perishable inventory to benefit the community around them – or have simply discounted them heavily

Examples:

- **Anton's (US):** Offered dollar menu for perishable items close to expiry and sold out their inventory before closing (Link)
- **Fat Rice (US):** Provided meal kits to newly out-of-work service industry workers (Link)
- **Xi'an Famous Foods (US):** Donated to food recovery non-profits (Link)
- **Jose Andres (US):** Temporarily converted restaurants in Washington D.C. and New York City into community kitchens offering affordable takeout (Link)

Execution considerations:

- Typical options seen amongst retailers: liquidate (via direct sales of inventory), shift offering (incorporate into recipes or meal kits), or donate
- Upstream suppliers such as produce / dairy farmers likely to be holding excess supply as well
- If re-opened and experiencing excess inventory of perishable ingredients, one potential option to consider is limited-time menu offerings to use up the ingredients
- If not fully re-opened, considering assessing cash position and other liabilities as factors for deciding on disposal of perishable inventory

Determine plan for seasonal inventory – Non-essential retail

Context & rationale:

- Fashion retailers and durable goods retailers holding significant inventory of Spring/Summer 2020 assortment given store closures
- Many retailers are now expecting receipt of orders for the fall/winter season and must determine a plan of action for existing inventory
- Several potential options for retailers: extend spring/summer selling season, re-allocate stock to future seasons (if goods are suitable and space available), shift inventory to off-price channels / retailers, or heavily discount merchandise to offload before next season begins (with possible cannibalization risk)
- Below examples cover the discounting approach

Examples:

- **Zara (US):** Offered collection items in its 'special prices' section, including items not usually included
- **Debenham's (UK):** Sales of up to up to 70% off
- **Pimkie (France):** 50% off everything
- **Mango (Spain):** Up to 50% off
- **Nike & Adidas (US):** Discounting ~40-42% (vs normal 15%)
- **Li Ning (China):** >35% (vs normal 20-25%)

Execution considerations:

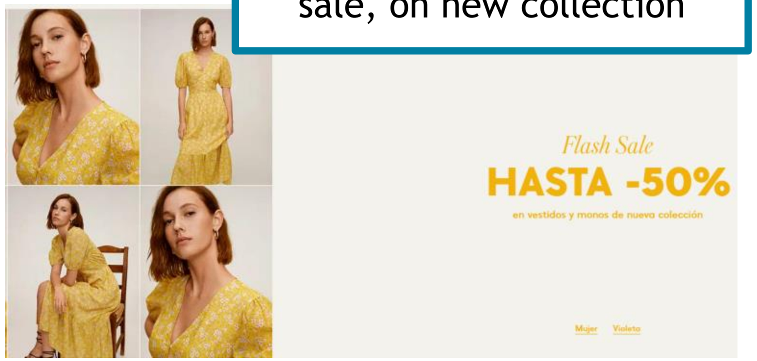
- Several factors to consider if deciding whether to liquidate via deep discounting: cash flow, warehouse space, brand equity, competitor responses, ability to sell in future seasons, etc.
- Deep discounting or liquidating stock via off-price channels also a preferred option for some retailers, particularly in cases where warehouse and in-store space are limited
- In effort to avoid brand dilution, some retailers may consider extending current season and re-allocating stock to future seasons (covered in more detail in later section of playbook)

Note: Specific tactics to handle seasonal assortment (vs. inventory) included in the Merchandising & Marketing playbook.

Debenham's (UK): New items on 30% discount

Save on new arrivals!
up to 30% off*
fashion & home
Shop now >
up to 20% off* beauty & fragrance

Mango (Spain): 50% off sale, on new collection


Flash Sale
HASTA -50%
en vestidos y monos de nueva colección
Mujer
Violeta

Consider renegotiating orders, including cancellations where necessary

Context & rationale:

- For many retailers, pre-COVID contracts no longer reflect businesses' needs in the new reality
- COVID-19 related lock-downs and economic uncertainty have decreased demand and, concurrently, impacted interactions with suppliers
- Many retailers are struggling to honour contracts without putting the rest of their operations in jeopardy, and, as a result, many are working with their suppliers to change terms of contracts
- In addition, given lower demand, many retailers are no longer able to meet minimum order quantity requirements with suppliers

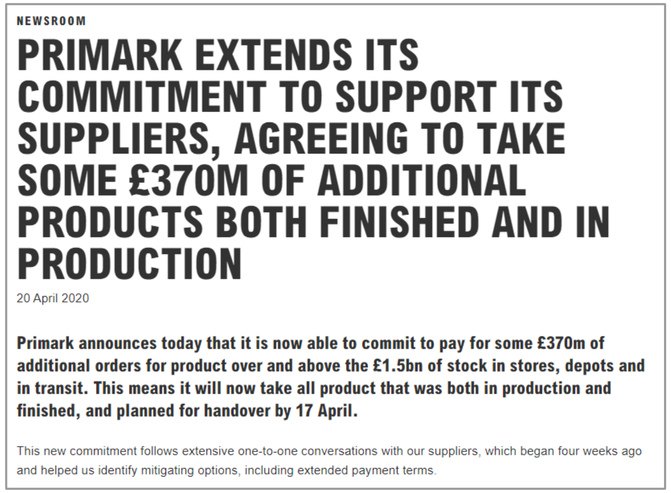
Examples:

- **Magazine Luiza (Brazil):** Renegotiating contracts with suppliers (Link)
- **Various apparel retailers (UK):** Extending payment terms to suppliers, from approx. 60 days to 120 days (Link)
- **New Look (UK):** Cancelling all orders where ownership hadn't been taking (without compensating for deposit or raw materials) (Link)
- **Primark (UK):** Stopped placing new supplier orders, though it is upholding past agreements (Link)
- **Gap (US):** Cancelled summer and fall orders from suppliers, asked suppliers to stop shipping orders (Link)
- **Restaurant chain (North America):** For franchisee orders, reduced minimum order quantities, introduced smaller packaging (e.g. 1 l gallon vs. 5 gallon) and more frequent replenishments

Execution considerations:

- Long-term planning mechanisms, such as auto-replenishment and large orders for future seasons, may result in excess inventory and should be addressed first
- Retailers should consider long term impacts of cancelled or changed agreements on their supply chain as well on the suppliers themselves. Cancelling orders may lead to financial distress for the suppliers and impact the workforce producing the goods (Link; Link)
- In all instances, consider legal advice before any decisions and consider working with suppliers directly on a mutually-beneficial arrangement given they too are often facing duress during these times

Primark (UK): Cancelled new supplier orders, but announced commitment to pay suppliers for existing orders (Link)



NEWSROOM

PRIMARK EXTENDS ITS COMMITMENT TO SUPPORT ITS SUPPLIERS, AGREEING TO TAKE SOME £370M OF ADDITIONAL PRODUCTS BOTH FINISHED AND IN PRODUCTION

20 April 2020

Primark announces today that it is now able to commit to pay for some £370m of additional orders for product over and above the £1.5bn of stock in stores, depots and in transit. This means it will now take all product that was both in production and finished, and planned for handover by 17 April.

This new commitment follows extensive one-to-one conversations with our suppliers, which began four weeks ago and helped us identify mitigating options, including extended payment terms.

Shelf-ready packaging

Context & rationale:

- Many retailers are moving to leverage shelf-ready packaging in an effort to shift some of the workload for shelf-stocking further up the supply chain and to reduce unnecessary labour
- Several benefits of leveraging shelf-ready packaging: reducing in-store labour time, increasing safety (less physical interaction with goods), increased storage space in back-of-house, etc.
- For grocery stores in particular, shelf-ready packaging provides additional benefit of demonstrating availability to customers

Examples:

- **Grocery stores (Canada & globally):** High-demand items merchandised directly in pallets and in shelf-ready packaging to demonstrate plentiful availability to customers, especially during panic-buying period
- **Department stores (US/Canada):** Pre-tagged garments on sized hangers, to simplify shelf stocking and customer shopability

Execution considerations:

- Shelf-ready packaging may be leveraged by both essential and non-essential retailers to reduce labour and simplify customer shopping experience
- Delivery to stores in non-essential retail can be further simplified by organizing by department or class, shifting labour to distribution centers

Hudson's Bay (Canada): Tops shipped from vendors on sized hangers

Coles (Australia): Shelf-ready packaging & in-aisle pallets

Forecasting demand and building a new baseline

A Prior forecasts no longer directly applicable in the new normal

Category demand shifts
Change in demand as different categories see different recovery trends

Channel shifts
More online/pick-up sales and related change in basket shape (e.g. reduced impulse buy)

Intra-category shifts
Trend towards bulk, value brands and packaging given economic uncertainty

Regional disparity within the country
Virus progression differences within country, different re-opening timelines, etc.

B Individual categories will exhibit different trends going forward

As store start to re-open, important to understand that not all categories will exhibit the same recovery trend

Broadly four recovery archetypes expected:

- V-shaped: Categories that recover back to normal
- U-shaped: Slow, but expected recovery as stores re-open
- L-shaped: Demand does not recover for a long period
- Δ-shaped: Early demand spikes fall below pre-COVID

Details on next page

C Forecasting capabilities must be rebuilt from ground up

- In the 'new normal' retailers must re-build forecasting capabilities to predict demand changes based on new variables
- Observed practices are to start manually, then iterate to build automation and finally to leverage advanced analytics to incorporate real time changes in demand drivers
- Leverage category trends & archetypes from other countries further along the recovery curve (e.g. China, S. Korea) into forecasts where possible[1]

Details on following pages

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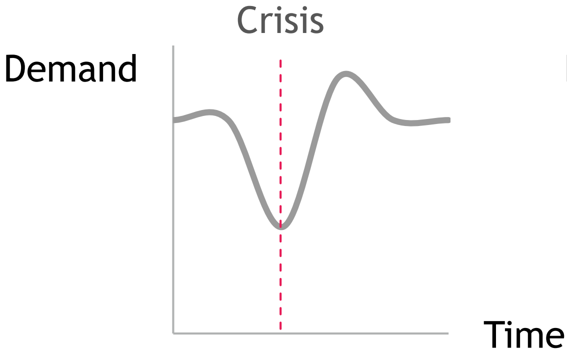
1. Tools such as BCG's Demand Lighthouse are designed to accelerate redesign of category forecasts in light of COVID-19, leveraging a set of pr-existing international examples/archetypes as well as country specific epidemiological and macroeconomic scenarios/forecasts.

B Categories will behave differently as crisis continues

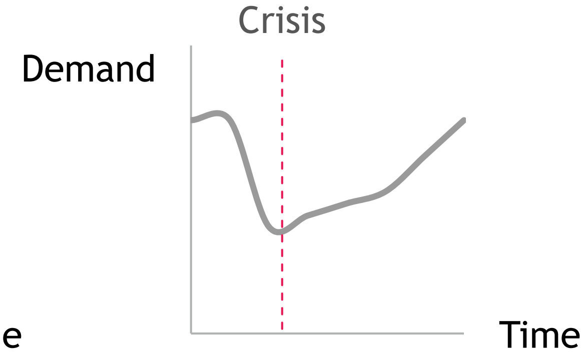
A few common archetypes expected, although degree & duration of demand swings will vary within

V-Shape


Crisis
Demand
Time

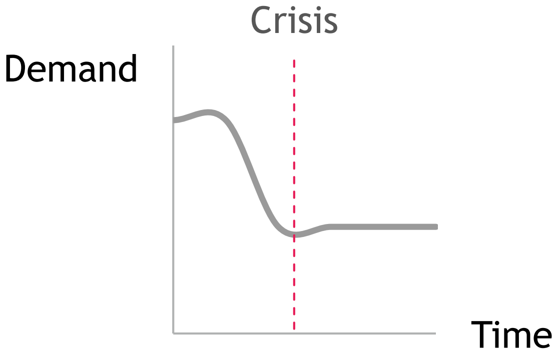
Demand stays constant, but faces channel constraints that when unlocked drive a 'spike'

U-Shape


Crisis
Demand
Time

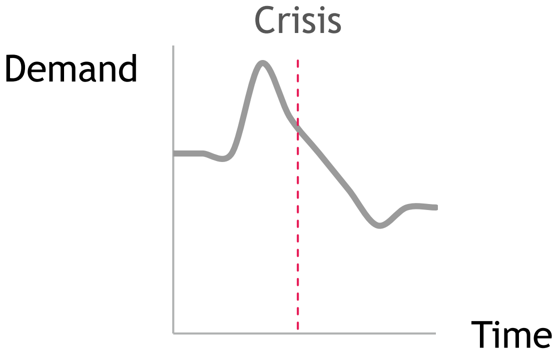
Demand is reduced, but likely to increase as interventions are gradually reduced as retail begins to open

L-Shape


Crisis
Demand
Time

Demand is reduced and facing longer-term government intervention and / or consumer behavior challenges

Δ-Shape


Crisis
Demand
Time

Demand drops well below pre-COVID-19 levels as consumers work through excess supply from panic buying

POTENTIAL EXAMPLES

E.g. Automotive parts

E.g. Apparel

E.g. Luggage

E.g. Canned goods

C Re-building forecasting capabilities will require responding to shifting customer demand

Forecasting tools will need to be rebuilt from the ground up

Start manually | 2-3 wks
Start with a manual forecast based on scenarios and rapidly changing demand, leveraging pre-COVID data as a guideline

Decide where historical data/trends are helpful, and where they are not
E.g. Pre-COVID substitutability might be relevant, Pre-COVID volumes likely not

Iteratively build automation | 2-8 wks
Automate key components of your forecast using the new post-COVID baseline, but maintaining flexibility

Aim for flexibility
Given the challenge of forecasting in a volatile environment, build for flexibility and responsiveness

Implement next gen AI | 2-6 mths[1]
Leverage period of transformation to incrementally implement AI based forecasting solutions that respond to rapidly changing demand

Build a future proofed system
Take into account degree of consumer shifts and experience from countries further along in recovery (e.g. China)

Key lessons from other retailers globally

- Scrutinize forecasts from current tools or based on historical data
- Quickly build a new baseline you can rely on to start automating
- Focus on flexibility; responsiveness is most important

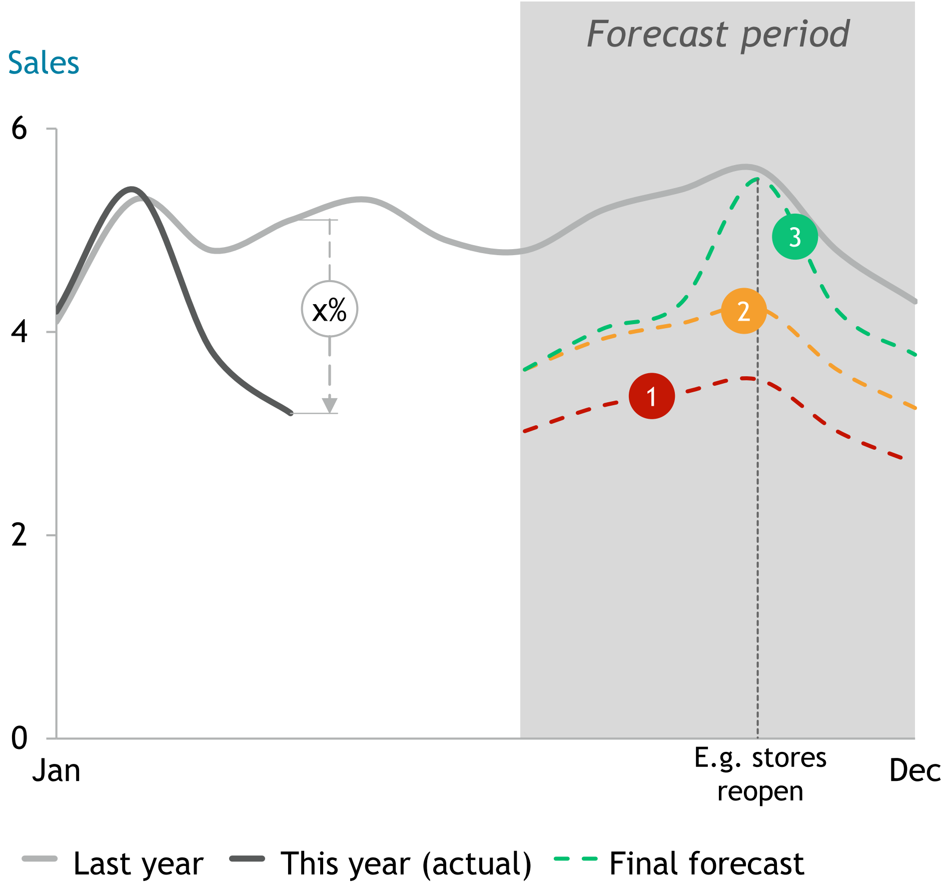
---

[1] Tools such as BCG's Demand Lighthouse are designed to accelerate redesign of category forecasts in light of COVID-19, leveraging a set of pre-existing international examples/archetypes as well as country specific epidemiological and macroeconomic scenarios/forecasts.

C Forecasting demand during COVID-19: A simple framework

Retailers should differentiate change in supply from change in demand; estimate each independently

Illustrative



① *First:* Estimate future sales given today's depressed levels

- How are sales today relative to this time last year (x)?
- If this same change occurred at the future point what would sales be?

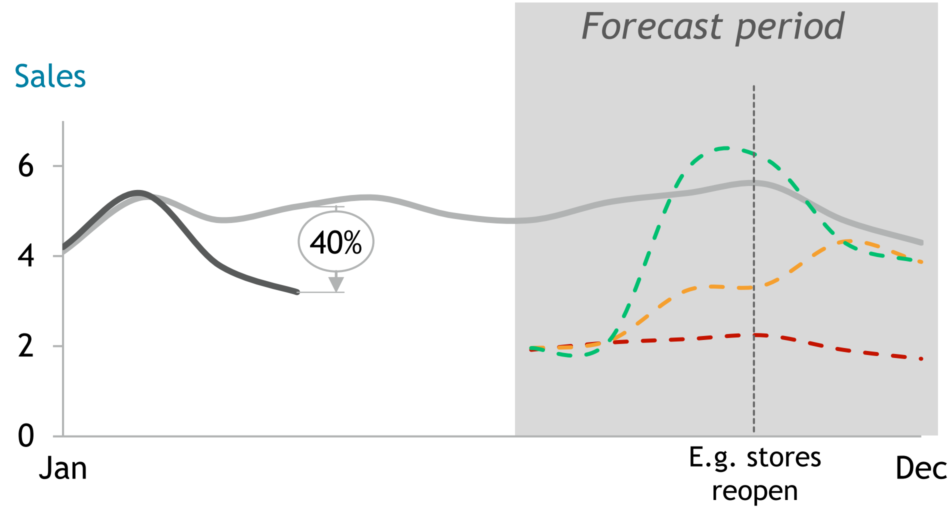
② *Supply-side:* Adjust future sales to account for return to historical supply as stores re-open

- What would future sales be if supply is restored (i.e. brick and mortar stores open)?
- Anticipate essential products will see a more material increase in demand (relative to discretionary) when supply constraints lift

③ *Demand-side:* Adjust future sales to account for anticipated change in underlying consumption

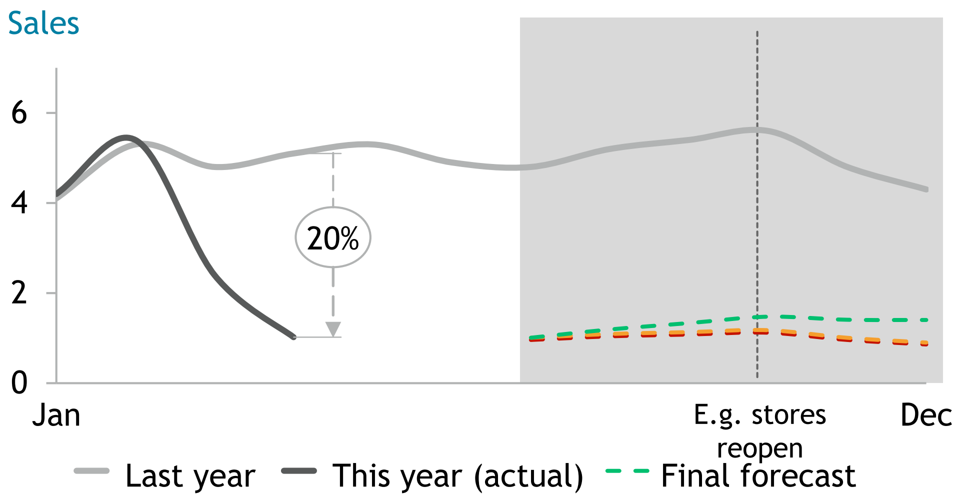
- How will the demand for the category change during & as a result of the crisis?
- Will the category see a V, U, L or Δ recovery?
- How long will it take the demand to return to the old baseline? If ever?

C Examples: Forecasting demand during COVID-19



Illustrative example #1: Demand for automotive parts

1. Sales are currently 40% of last year. Estimate sales in forecast period to be 40% of same time last year (e.g. forecast Sep'20-Feb'21 to be 40% of Sep'19-Feb'20).
2. Adjust sales for store re-open. Sales expected to increase as consumer use of cars increases & comfort with visiting stores rises.
3. Adjust sales for demand. Extended period of reduced access results in pent-up "V-shape" recovery, resulting in a temporary increase in demand above historic levels before resettling to a new-normal slightly below historic average (accounting for long-term reduction in automobile use/increased work-from-home).



Illustrative example #2: Demand for luggage

1. Sales are currently 20% of last year. Estimate sales in forecast period to be 20% of same time last year (e.g. forecast Sep'20-Feb'21 to be 20% of Sep'19-Feb'20).
2. Adjust sales for re-open. Sales not anticipated to change significantly given discretionary nature of product and ease of access via online channel during crisis.
3. Adjust sales for demand. Dramatic reduction in travel reduces long-term demand for luggage, sales anticipated to increase slowly only as air & cruise travel are reinvigorated, resulting in "L" shape recovery.

Adjust replenishment lead times

Context & rationale:

- Given the disruptions to supply chains globally, retailers must account for unpredictable delivery delays, competition to procure goods, and other unknowns as they relate to their ability to procure goods and receive shipments in time.
- This is especially relevant for restaurants and grocery stores, which must carefully time the receipt of perishable goods relative to demand

Examples:

- **Various suppliers (India):** With country in lockdown, no work is being carried out in sampling or production (Link)
- **Various retailers (global):** Seeing increased shipping costs, given cancellation of passenger flights, which carried significant air freight, and limited quantity of cargo jets (Link)
- **Columbia Sportswear (US):** Impacted by factory closures and limited ability to source raw materials on time (Link)
- **Various suppliers (Afghanistan):** Shipments delayed due to understaffing of customs offices, due to outbreaks of COVID (Link)

Execution considerations:

- While continuing to interact with suppliers as usual, retailers should consider including additional buffer for unknowns in internal planning horizons, especially on fast moving critical items
- Consequently, in order to preserve cash & optionality, retailers may want to consider smaller more frequent "just-in-time" orders for non-essential and substitutable items given reduced consumer expectations
- Where possible, retailers are leveraging COVID-19 experience to date from other sectors to add nuanced view of which categories and critical items may experience greatest timing risk

The Hut Group (UK): THG, a major e-commerce player, has chartered their own cargo aircraft to secure capacity (Link)

Retail Operations:

Three key priorities for retailers

1. Supply chain management

- Stabilize supply & adapt to new demand

2. Inventory management

- Keep relevant items in stock while minimizing waste

Manage inflow of products

3. Store operations

- Flexibly manage operating processes, including labour & operating hours, while demand remains uncertain

Determine re-opening approach

Store operations:
Five practices leading global retailers are pursuing in response to COVID-19

			Applicable to:		
			Essential	Non - essential	Restaurant
Adjust operating procedures	1	Implement staged re-opening across store network to test business model		■	■
	2	Continue to re-evaluate operating hours vs. pre-COVID baseline	■	■	■
Adapt the workforce	3	Design flexible labour model – re-define role scope, cross train, and develop tactical demand-based guardrails for managers to flex labour	■	■	■
	4	Split workers into distinct shifts to minimize labour risk (e.g. 'A' and 'B' groups)	■	■	■

Implement staged re-opening across store network to test business model

Note: This topic considers how to reopen your store network, for questions on which stores to re-open when please refer to the "Store Network & Channel" playbook

Context & rationale:

- Significant unknowns around customer demand, especially for non-essential goods and restaurants, and around true costs associated with re-opening
- New work processes will need to be defined, within context of distancing, supply and other operational constraints

Examples:

- **McDonald's (UK):** Stores selected to develop trial re-opening approach, which remain closed to customers, and are used for "operational tests" only (Link)
- **Greggs (UK):** Re-opened 20 of 2,000 bakery locations as part of "controlled trial" – though no customers will be allowed inside until the chain can establish operational safety procedures; Phase 2 will involve opening an additional 700 locations (Link)
- **Pret A Manger (UK):** Tentatively restarted part of its business, with 10 out of more than 500 UK outlets, and reduced menu for takeaway only (Link)
- **John Lewis (UK):** Implementing at least three stages of re-opening network: first will be stores with large parking facilities, to reduce staff reliance on public transit; last will be stores in major cities (London, Birmingham, Glasgow) (Link)
- **Next (UK):** Prioritizing stores in retail parks for first re-opening (i.e., with own parking facilities and additional space) (Link)

Execution considerations:

- Consider initial re-opening without customers to test/design new operational plans and safety procedures
- Some retailers are starting with small scale trials (e.g., limited number of stores, across range of formats, varying opening hours, and limited offering), then use learnings to determine number and type of locations that can be re-opened profitably
- Retailers are planning re-openings in multiple phases, based on operational considerations and potential profitability

Pret A Manger (UK):
Re-opened store, with limited menu & safety measures (Link)

CARD PAYMENT ONLY
Thank you
CARD PAYMENT ONLY
CARD PAYMENT ONLY

Next (UK):
Plans to open large, out-of-town stores first (Link)

Re-evaluate operating hours

Context & rationale:

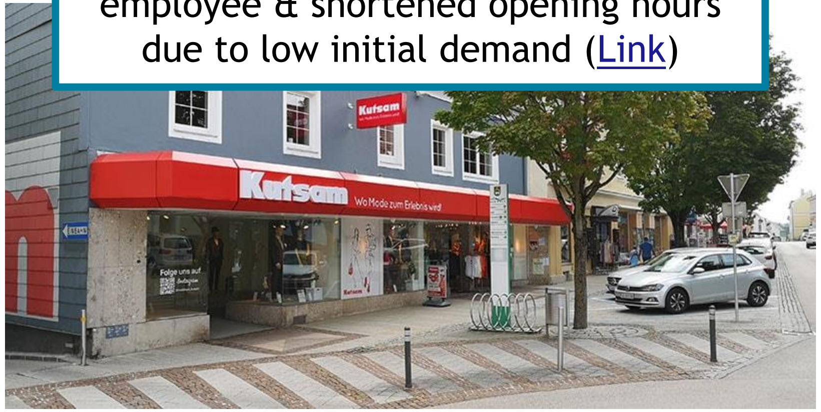
- Many essential retailers have chosen to reduce operating hours, to allow for more time for cleaning between shifts and breaks for staff
- Non-essential retailers and restaurants, too, may reduce operating hours to allow for gradual re-opening, time for enhanced cleaning, and controlling labour costs given uncertain demand

Examples:

- **Walmart (US):** Stores and Neighborhood Markets open 6am to 11pm until further notice (typically open 24 hours) to allow re-stocking of shelves (Link)
- **Malls (United Arab Emirates):** Regulations mandate malls can be open for a maximum of 10 hours per day (reduction vs. pre-COVID operations) (Link)
- **Gap Inc. (US):** Re-opening with reduced hours and actively monitoring the flow of customers in stores (Link)
- **Costco (US):** As of the beginning of May, returning to regular operating hours (Link)

Execution considerations:

- Consider evaluating hourly customer traffic data during initial re-opening – are customers concentrated in certain time periods? Are these during the workday, or early in the morning / later in the evening?
- Delayed start-time could give employees time to commute, while avoiding potential surge times for public transit
- Some small / specialized retailers are moving to appointment-only model
- Many retailers are considering continuously re-evaluating operating hours in the context of emerging customer consumption patterns and store profitability
- Note: Shift to work-from-home has dramatically increased flexibility in shopping hours for many consumers, flattening traditional traffic curves as consumers have more capacity & desire to shift their visit to avoid peak traffic periods



Kutsam (Austria): Operating with 1 employee & shortened opening hours due to low initial demand (Link)

Mango (multiple countries): Limited opening hours during re-opening in Europe to manage 'extraordinary' hygiene measures (Link)

Deep-dive: Starbucks re-opening

STARBUCKS (US)

Trusting the data

Starbucks ended March with only ~45% of its stores in the US operating, while practicing social distancing (drive-thru service).

Executives said Starbucks will decide when stores are ready to reopen based on an analysis of:

- Customer frequency
- Local government guidance
- Counties' rates of infection
- Sentiment among customers and workers

Testing and learning

The company is taking a phased approach to reopening, initially with modified operations and shorter operating hours.

Roughly 98% of Chinese locations are operating under modified hours with enhanced safety protocols

- Company predicts it will fully recover by Q4
- These measures have been successful in China and have left the firm confident that it will be able to open the vast majority of its U.S. locations in at least some capacity by early June

Innovating their physical space

Network and Operations

- New layouts and touchless payment methods (App)
- Majority of stores will use drive-thru only service

Commercial

- Efforts focused on mobile ordering and pickup
- Complementary incentives through Uber Eats and proprietary App

People

- New trainings on updated cleaning and safety policies
- PPEs and elevated cleaning and sanitation procedures

Starbucks plans to have 90% of its US company-owned locations operating by June

Source: "Starbucks will bring back US marketing next week it reopens more stores", AdAge (April 2020); "Starbucks to rev up marketing as US stores gradually reopen", Marketing Dive (May 2020); "How Starbucks plans to reopen 90% of stores by June and what the new normal for its coffee shops will look like", Business Insider (April 2020); "Starbucks plans to reopen 90% of its company-operated stores by early June", CNN (April 2020).

Design flexible labour model – incl. broadening scope of roles, cross-training

Context & rationale:

- Evolving consumption patterns as well as new safety requirements will necessitate new working model for retail employees – involving new responsibilities and skills
- In-store staffing needs may be lower than pre-COVID for certain roles (e.g. fewer cashiers as some registers remain closed) or higher for others (e.g. in-store employees to direct customers, re-stocking, extra cleaning, etc.)
- Certain categories will be in higher demand – requiring shifts in staffing levels for specific departments in larger retailers (e.g. cosmetics, fashion)
- Employee absenteeism is also a greater risk vs. pre-COVID levels, and employee agility can support business continuity

Examples:

- **Cosmetics retailer (China):** Trained 1,600 employees (formerly in-store associates) to host livestreams during shutdown – increasing sales by 45% vs. prior year (Link)
- **John Lewis & Waitrose (UK):** Transferring 2,100 staff from non-grocery to grocery section of store (Link)
- **Sainsbury's & ASDA (UK):** Closed in-store cafes and delis to transfer resources to re-stocking shelves and delivery network (Link)
- **Retailer (China):** Re-organized supply and purchasing teams to expedite product time to market and onboard new suppliers; each supplier has a dedicated buyer for essential products and have a leadership role involved in bringing new products onboard (down to 0.5 days)
- **Bank of America (US):** Re-allocated 3,000 employees into positions where they would be handling calls from consumer and small businesses (Link)
- **Vuori (US):** Re-deployed in-store associates to marketing, customer service, and product, and provided training modules (Link)

Execution considerations:

- Many retailers are re-thinking store operations and re-designing staff schedules & roles
- As the situation is not static, retailers should invest in building transparency into staffing & store traffic by the hour, and build schedules & roles to provide flexibility to adjust accordingly as the recovery unfolds over time and differently by province
- Many retailers designing tactical guardrails and thresholds to guide store managers on how to think about staffing (e.g. based on foot traffic to stores per hour, sales per period, scope of tasks taken on by staff)
- As roles are changing, retailers should consider developing detailed training programs and standard operating procedures for employees and managers, especially covering safety, cleaning, PPE, etc.

Split workers into 'A' and 'B' groups

Context & rationale:

- Workforce continuity is key to resuming 'business as usual' operations – both for customer-facing workers and those in production facilities
- Given the high transmission risk of COVID-19, some retailers have chosen to reduce risk by splitting workers into distinct shifts – with no overlap with one another – so that if there is an outbreak in one group, the other group will be able to continue to work

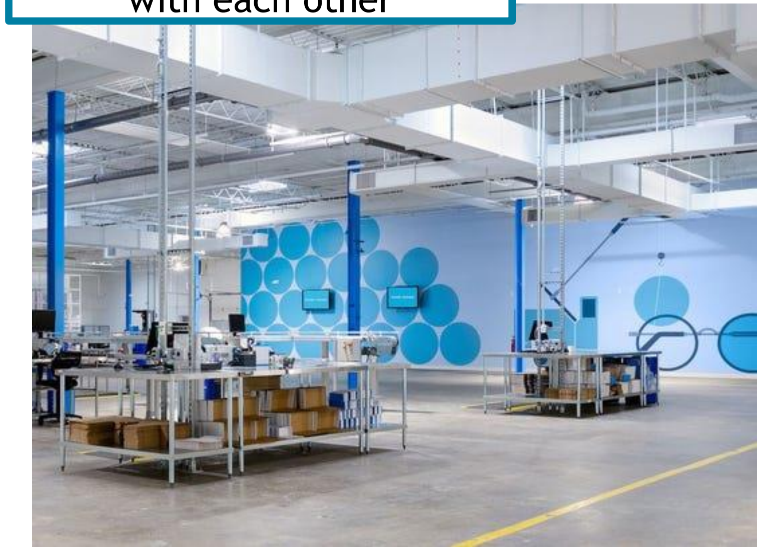
Examples:

- **Restaurant (Hong Kong):** Testing strict A and B shifts to minimize risk of transmission (Link)
- **Warby Parker (US):** Workers are split into two distinct groups at the production facility – the groups have no interaction with each other, and access the facility via separate entrances (Link)
- **Amazon (US):** Staggered beginnings of shifts and breaks to minimize proximity (Link)
- **Schools (Denmark):** Primary school classes have been split into multiple groups, with each small group staying with a teacher for the full day rather than rotating (Link)
- **Ford, GM, FCA (US):** Implemented rotating shifts in production plants before shutdown (Link)
- **Deutsche Bank (Germany):** Operating globally in split teams as of mid-March in response to rise in confirmed infections (Link)

Execution considerations:

- Retailers should consider that this model may increase costs as more employees may be needed and model will reduce flexibility for employees
- Many observed models for implementing A/B system: working in distinct shifts, alternating days of work, simultaneous work but implementing physical barriers in the business, etc.
- Retailers should consider full cleaning of communal areas after each shift to reduce the risk of infection
- Consider developing back-up plans to hire additional workers in case one 'team'

Warby Parker (US):
Workers split into A & B teams with no interaction with each other



COVID-19 Disclaimer

The situation surrounding COVID-19 is dynamic and rapidly evolving, on a daily basis. Although we have taken great care prior to producing this presentation, it represents a view at a particular point in time. This presentation is not intended to: (i) constitute medical or safety advice, nor be a substitute for the same; nor (ii) be seen as a formal endorsement or recommendation of a particular response. As such you are advised to make your own assessment as to the appropriate course of action to take, using this presentation as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.

RCC RETAIL
COUNCIL
OF CANADA

COVID-19
Response Planning

Playbook on Customer Health & Safety for RCC members

MAY 2020

RCC RETAIL COUNCIL OF CANADA

Context for this document

The following document has been prepared to provide members of the Retail Council of Canada a perspective on global best practices from retailers around the world on operating their business during the COVID-19 pandemic.

We have compiled these materials through a scan of practices observed from companies in countries that have started to emerge from the government imposed restrictions on the essential, non-essential and restaurant sectors.

These materials are intended to provide you with a framework for key considerations and relevant global best practices as you operate your business in today's challenging environment.

They are not intended to be legal advice or to replace local health and government guidelines. The COVID-19 crisis is rapidly evolving and there are different considerations for retailers in different regions and sub-sectors of the retail industry. Readers should consult the applicable laws & regulations, and guidelines issued by federal & provincial health and labor authorities, to make the best decisions for their respective businesses.

Where feasible, sources & links have been provided & identified but, given the rapidly changing environment, sources are not possible for all statements. Members should perform their own research before executing any measures herein.

This is a non-exhaustive document and the Retail Council of Canada is keen to solicit your feedback on additional topics that may be relevant for your business for future iterations of this playbook.

What the playbook is

Framework of key issues to consider as retailers prepare to operate within the ongoing COVID-19 pandemic environment

Examples of practices observed from retailers across various sub-sectors around the world

Key issues to consider in implementing tactics from other regions and sectors

What the playbook is not

Exhaustive list of all issues that retailers may face in the current environment

Legal advice on practices businesses should follow. Please consult appropriate legal channels, Health Canada or other RCC resources on appropriate guidelines

Tactical advice on how to implement each potential action. Local and company-specific context will dictate what is possible for each retailer

Playbook for retail re-entry: Customer health & safety

Note: This is 1 of 6 Chapters produced by the RCC to support members in COVID response planning

Focus of this document

Customer health & safety

Ensure customers are & feel safe while shopping

- Customer screening
- Social distancing
- Checkout & payment
- Store cleanliness

Employee wellbeing

Keep employees safe & healthy

- Protective equipment
- Confirmed case response
- Employee testing

Retail operations

Continue to deliver product & operate stores

- Supply chain mgmt.
- Inventory mgmt.
- Labour planning & store hours

Customer experience

Provide relevant offering, given new context

- Product offering / assortment
- Pricing / promo / markdown
- Advertising & comms

Store network & channel

Adjust to new demand & operating needs

- Demand forecasting
- Online fulfillment
- Delivery policies & options
- Returns management

Finances

Maintain balance sheet to fund operations

- Cash & liquidity mgmt.
- Rent renegotiations

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Retail operations

Continue to deliver product & operate stores

- Supply chain mgmt.
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- Labour planning & store hours

Merchandising & marketing

Provide relevant offering, given new context

- Product offering & asst.
- Pricing/promo/markdown
- Advertising & comms

Omnichannel

Adjust to new demand & operating needs

- Online fulfillment
- Delivery policies & options
- Trials & returns management

Finances

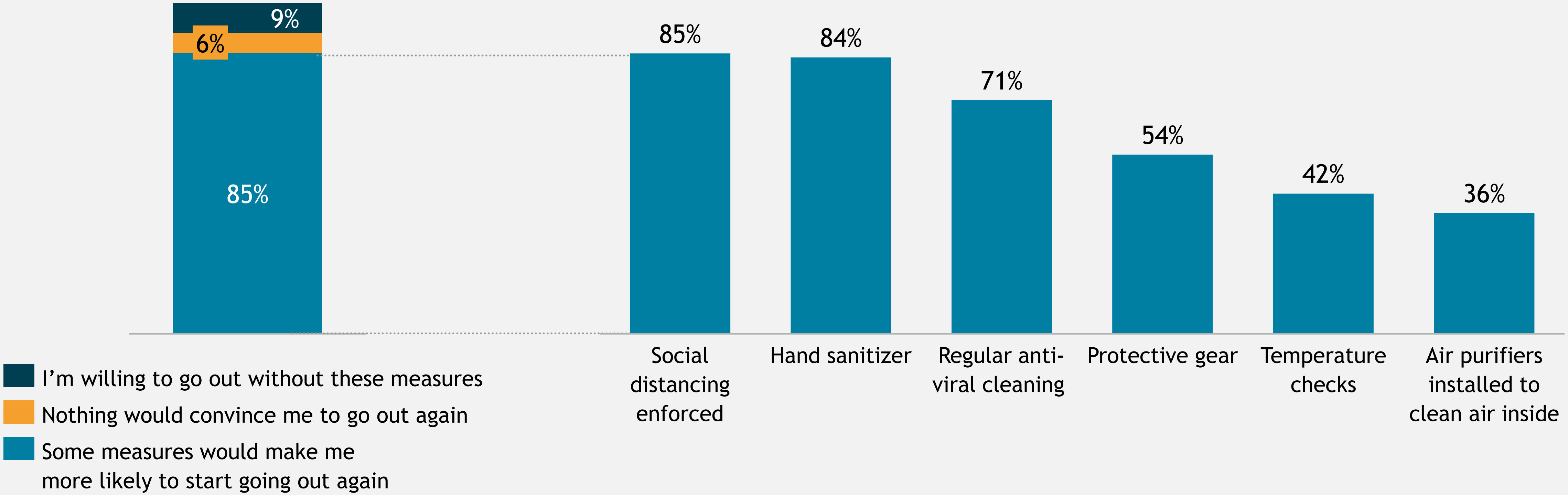
Maintain balance sheet to fund operations

- Cash & liquidity mgmt.
- Rent renegotiations

Context: Shoppers hesitant to resume retail visits—but investing in health & safety measures can change that

85% of Canadian consumers require measures prior to resuming going out again …

… with social distancing and increased hygiene seen as the primary drivers



Note: Question text: “Would any of the following measures make you more likely to start going out again once things reopen (e.g. to restaurants, stores, public spaces)?”
Source: COVID-19 Canadian Consumer Sentiment Survey, April 24-26 2020, (N = 2,933 unweighted, representative within ±3% of CAN census)

Customer Health & Safety:

Four key priorities for retailers

1. Customer screening & requirements

- Manage access to the store to people who may be exposed to COVID-19, while protecting the vulnerable

Prior to entry

2. Social distancing

- Provide adequate space to allow customers to navigate while avoiding close proximity with others

During shopping / dining

3. Checkout & payment

- Limit interaction during checkout and payment processes to minimize transmission risk

At checkout

4. Store cleanliness

- Over-invest in cleaning to ensure any potential virus exposure is quickly eradicated

Ongoing/ recurring

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   - Over-invest in cleaning to ensure any potential virus exposure is quickly eradicated

Ongoing/ recurring

Customer screening: Six practices leading global retailers are considering in response to COVID-19

			Applicable to:		
			Essential	Non – essential	Restaurant
Assess COVID-19 symptoms	1	Conduct temperature checks on customers	■	■	■
	2	Verbally triage customers on entry for risk factors before store entry	■	■	■
	3	Set up signage and store communication asking customers to stay home if feeling unwell/displaying any symptoms	■	■	■
Reduce risk of transmission	4	Provide hand sanitizer at key entrances/exits	■	■	■
	5	Require customers to wear PPE (masks/gloves), as needed	■	■	■
	6	Ensure vulnerable/elderly are supported via access to priority online delivery slots, dedicated store hours, or other measures	■	■	

Temperature checks on customers

Context & rationale

- Fever is a common symptom of COVID-19 (present in 83% of symptomatic cases of COVID-19 according to the CDC)
- Scanning for fever of customers on entry can give retailers the ability to reduce risk of COVID-19 spread to both customers & employees - and may provide assurance to consumers

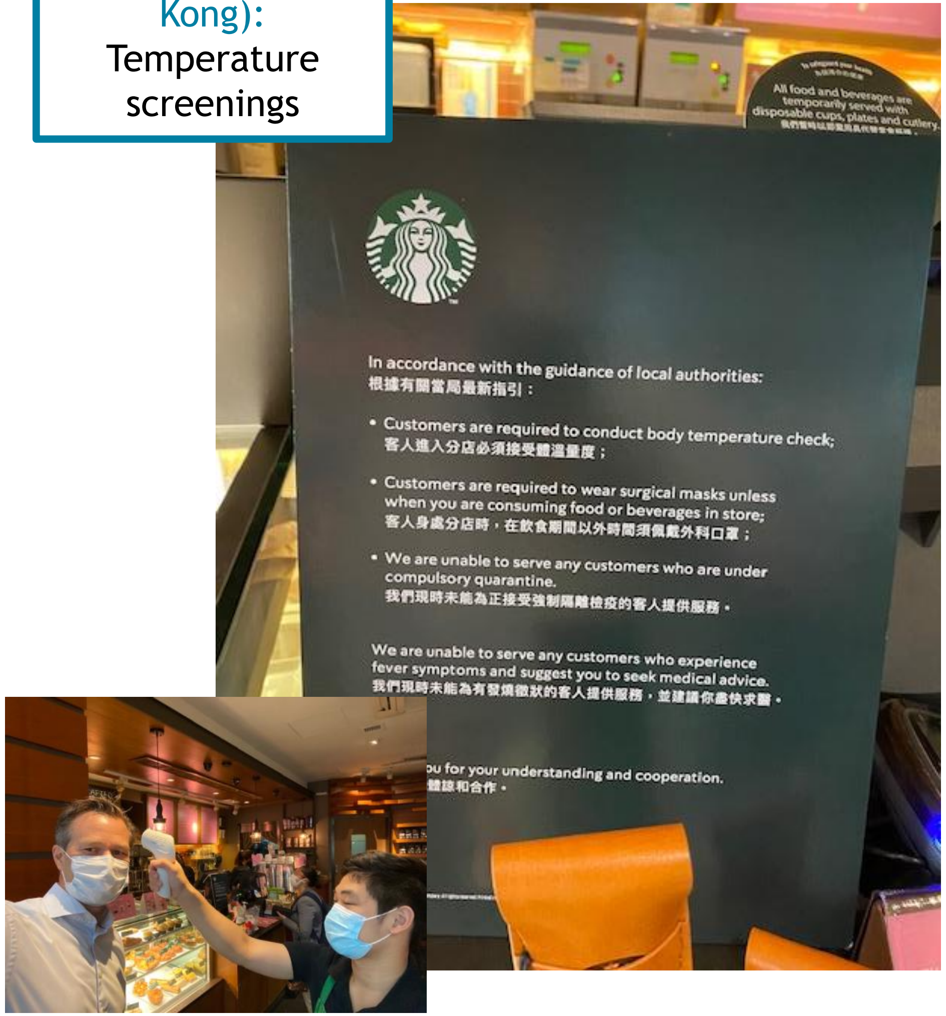
Examples

- **Starbucks (Hong Kong):** Customer temperature screened before entering stores
- **Eurospin (Italy):** Launched a pilot of taking temperature checks for customers. (Link- in Italian)
- **Regional players (US & Canada):** Carried out temperature testing on customers before entering store (Link), (Link), (Link)
- **Italy:** The two hardest-hit regions, Lombardy and Piedmont, recommended that markets take shoppers' temperatures. Only some have done so, with others saying they cannot get hold of the scanners they need (Link)

Execution considerations

- All stores require a thermometer, signage & staff trained to administer, triage and appropriately communicate temp check results
- Tests thus far in Canada are voluntary for customers – required their consent before they can be administered, and customers are allowed to shop even if they decline
- Sourcing thermometers is currently challenging and will likely be increasingly difficult in the short term
  - As of February, seeing a surge in demand (Link)
- Note: The low global supply has led to increased production of lower quality units. In response, some countries - like China - have released new regulations to try to limit poor quality goods from being exported; this can further delay the at-scale availability of thermometers

Starbucks (Hong Kong): Temperature screenings



All food and beverages are temporarily served with disposable cups, plates and cutlery.

In accordance with the guidance of local authorities:
根據有關當局最新指引：

- Customers are required to conduct body temperature check;
  客人進入分店必須接受體溫量度；
- Customers are required to wear surgical masks unless when you are consuming food or beverages in store;
  客人身處分店時，在飲食期間以外時間須佩戴外科口罩；
- We are unable to serve any customers who are under compulsory quarantine.
  我們現時未能為正接受強制隔離檢疫的客人提供服務。

We are unable to serve any customers who experience fever symptoms and suggest you to seek medical advice.
我們現時未能為有發燒徵狀的客人提供服務，並建議你盡快求醫。

ou for your understanding and cooperation.
諒和合作。

Verbally triaging customers at entrance

Context & rationale

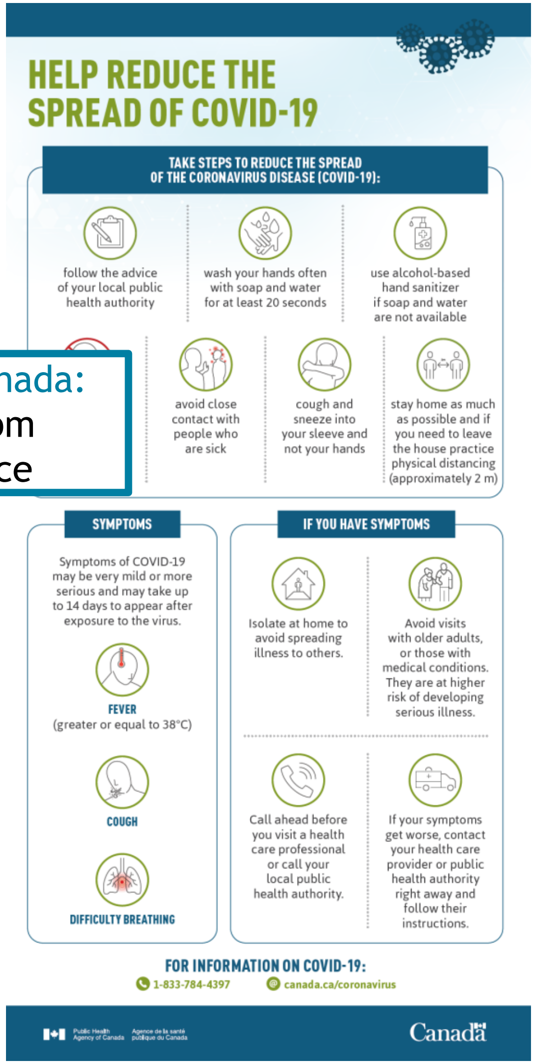
- Similar to temperature checking, verbal triage by an employee can give retailers the ability to reduce risk of COVID-19 spread to both customers & employees
- Key symptoms of COVID-19 from Health Canada can be found here (Link)

Examples

- **Grocers (North America):** Some players are carrying out verbal screening at entrances:
  - Have you travelled in past 14 days?
  - Have you been in contact with someone who has travelled in past 14 days?
  - Are you showing symptoms of COVID-19?
  - Have you been in contact with someone who is showing symptoms of COVID-19?
  - Are you waiting for test results?
- Customers that are seen to be high risk are asked to return home and use a delivery service or a friend/relative to procure groceries

Execution considerations

- Train employees on standardized triage questions and appropriate response to customers, including suggesting isolation and/or medical consultation
- Be conscious of privacy—and where possible avoid triage in groups
- Similar to other screening measures, verbal triage is best executed prior to entry into the store/restaurant to reduce transmission risk



HELP REDUCE THE SPREAD OF COVID-19

TAKE STEPS TO REDUCE THE SPREAD OF THE CORONAVIRUS DISEASE (COVID-19):

follow the advice of your local public health authority

wash your hands often with soap and water for at least 20 seconds

use alcohol-based hand sanitizer if soap and water are not available

avoid close contact with people who are sick

cough and sneeze into your sleeve and not your hands

stay home as much as possible and if you need to leave the house practice physical distancing (approximately 2 m)

SYMPTOMS

Symptoms of COVID-19 may be very mild or more serious and may take up to 14 days to appear after exposure to the virus.

FEVER
(greater or equal to 38°C)

COUGH

DIFFICULTY BREATHING

IF YOU HAVE SYMPTOMS

Isolate at home to avoid spreading illness to others.

Avoid visits with older adults, or those with medical conditions. They are at higher risk of developing serious illness.

Call ahead before you visit a health care professional or call your local public health authority.

If your symptoms get worse, contact your health care provider or public health authority right away and follow their instructions.

FOR INFORMATION ON COVID-19:
1-833-784-4397 canada.ca/coronavirus

Public Health Agency of Canada Agence de la santé publique du Canada
Canada

Health Canada: Symptom guidance

Signage & communication on COVID-19 symptoms

Context & rationale

- Signage on COVID-19 symptoms is a recommended guideline in several countries and required by law in others (e.g., Austria)
- Signage and communication on COVID-19 symptoms provides another avenue for customers to reflect on travel history or their symptoms and avoid entering stores if they are exhibiting symptoms – ultimately making them feel more safe

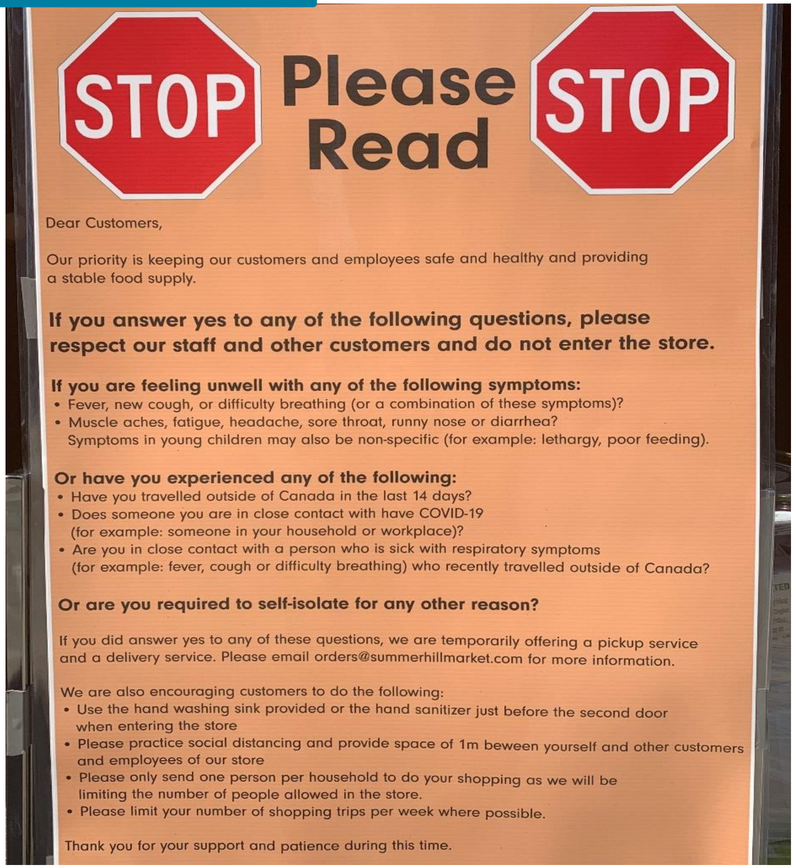
Examples

- **Co-op (Italy):** Issued detailed communications to customers covering best practices around three key stages (before shopping, in-store and once back at home) (Link)
- **Kroger (US):** Posted signs at entrances notifying customers to stop if they are sick and ask them not to enter their stores (Link)
- **Other retailer tactics:**
  - Increased communications to reassure customer base and promote new safety measures, e.g., via video

Execution considerations

- Ensure signage and PA announcements meet the requirements as laid out by local regulations and provide the latest guidance from Health Canada
- Ensure signage is placed at the entrance, is visible, draws attention and is readable
- If using in-store PAs, make announcements frequently so customers are informed as soon as they enter the store

Grocer (Canada):
Customer triage via signage



STOP **Please Read** STOP

Dear Customers,

Our priority is keeping our customers and employees safe and healthy and providing a stable food supply.

If you answer yes to any of the following questions, please respect our staff and other customers and do not enter the store.

If you are feeling unwell with any of the following symptoms:
- Fever, new cough, or difficulty breathing (or a combination of these symptoms)?
- Muscle aches, fatigue, headache, sore throat, runny nose or diarrhea?
Symptoms in young children may also be non-specific (for example: lethargy, poor feeding).

Or have you experienced any of the following:
- Have you travelled outside of Canada in the last 14 days?
- Does someone you are in close contact with have COVID-19 (for example: someone in your household or workplace)?
- Are you in close contact with a person who is sick with respiratory symptoms (for example: fever, cough or difficulty breathing) who recently travelled outside of Canada?

Or are you required to self-isolate for any other reason?

If you did answer yes to any of these questions, we are temporarily offering a pickup service and a delivery service. Please email orders@summerhillmarket.com for more information.

We are also encouraging customers to do the following:
- Use the hand washing sink provided or the hand sanitizer just before the second door when entering the store
- Please practice social distancing and provide space of 1m beween yourself and other customers and employees of our store
- Please only send one person per household to do your shopping as we will be limiting the number of people allowed in the store.
- Please limit your number of shopping trips per week where possible.

Thank you for your support and patience during this time.

Hand sanitizer at entrance and exits

Context & rationale

- Providing avenues for customers to quickly disinfect their hands reduces the risk of transmission to both other customers and employees
- Beyond health benefits, highly appreciated by customers, with 84% of Canadian consumers indicating this makes them more likely to visit a particular store
- Highest impact for customers if they are able to apply sanitizers immediately after touching store surfaces and products

Examples

- **Various retailers (Vietnam):** Many stores have hand sanitizer outside the door with a polite note asking all shoppers to apply sanitizer before entering and after exiting
- **Woolworths (Australia):** Provides hand sanitizers to all customers at store entrances (Link)
- **Grocer (Canada):** Offers hand sanitizers to all customer at store entrance and exits
- **Various bakery chains (Taipei):** Customers' hands sprayed with disinfectant upon entry

Execution considerations

- Set up new supply relationships to reliably procure sanitizers for in-store use
- Ensure sanitizers meet Health Canada requirements (must have Drug Identification number)
- Place sanitizers at entry and exit to allow customers to clean hands before and after touching store surfaces, and anywhere in store were contact with frequently touched surfaces may occur
- Where possible, use automated 'touchless' dispensers vs. bottles to increase hygiene and avoid theft

Grocer (UK):
Disinfectant at store entry

Automatic Dispenser
Place hands here

Personal protective equipment requirement for customers

Context & rationale

- Wearing PPE reduces the risk of transmission by limiting direct contact with surfaces
- Masks help prevent the spread of fluids/droplets from the wearer to others, limiting healthy individuals from contracting any fluids from the wearer (Link)
- Masks for general public generally not certified to protect the wearer from COVID-19 transmission (beyond medical-grade masks such as the N95 respirator)
- Government has encouraged the public to save medical-grade masks for healthcare workers

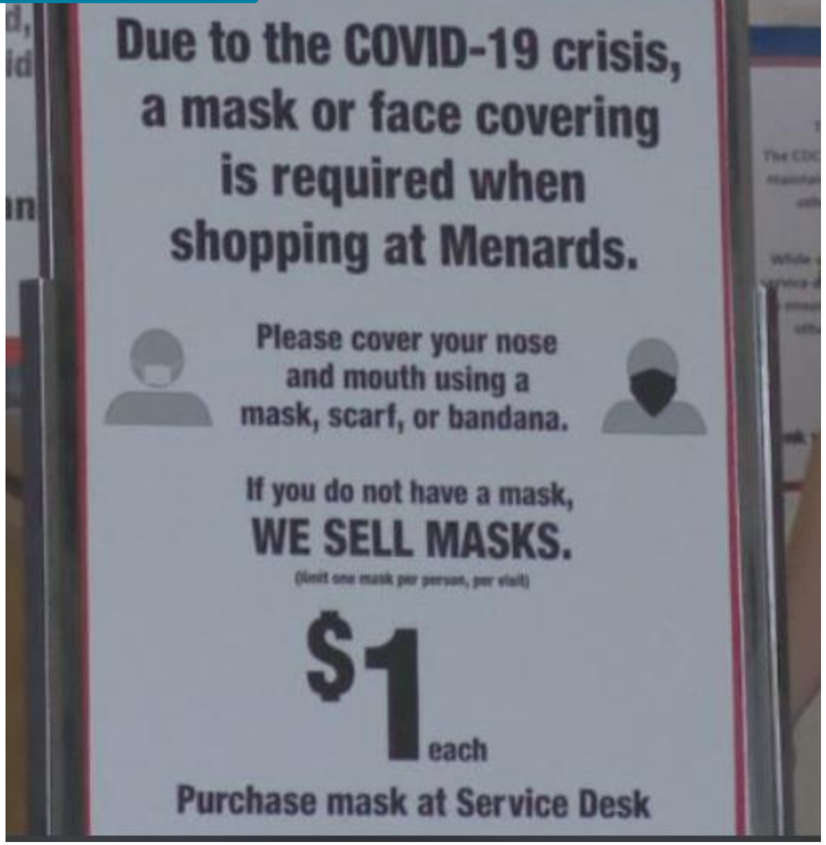
Examples

- **FairPrice (Singapore):** Limited number of people in its stores and urges shoppers to wear masks (Link)
- In many countries, masks are either recommended (e.g., **USA, Germany**) or required for customers in all enclosed public spaces (e.g., **Vietnam, Austria**)
- **Stop & Shop & other small retailers (US):** Asked customers to wear masks (Link)

Execution considerations

- Consider making mask usage voluntary and promote the use of masks, especially in types of retail locations where social distancing is difficult (e.g., small store locations)
- Be clear, as in example signage, that masks for the general public may be home-made – e.g. scarves, bandanas, fabric masks
- Ensure sufficient signage at entrance to inform customers of change in policies
- Follow Health Canada and local guidelines to determine if masks are mandatory or voluntary. In most jurisdictions in Canada, masks are not required at this time

Mass Retailer (US):
Requiring use of masks



Due to the COVID-19 crisis, a mask or face covering is required when shopping at Menards.

Please cover your nose and mouth using a mask, scarf, or bandana.

If you do not have a mask,
WE SELL MASKS.
(limit one mask per person, per visit)

$1 each

Purchase mask at Service Desk

Vulnerable/Elderly

Context & rationale

- Elderly and vulnerable populations are at most risk of serious complications from COVID-19
- Creating specific policies for their access to stores and online delivery will ensure that they are supported at a time of need and are able to purchase essential or non-essential items

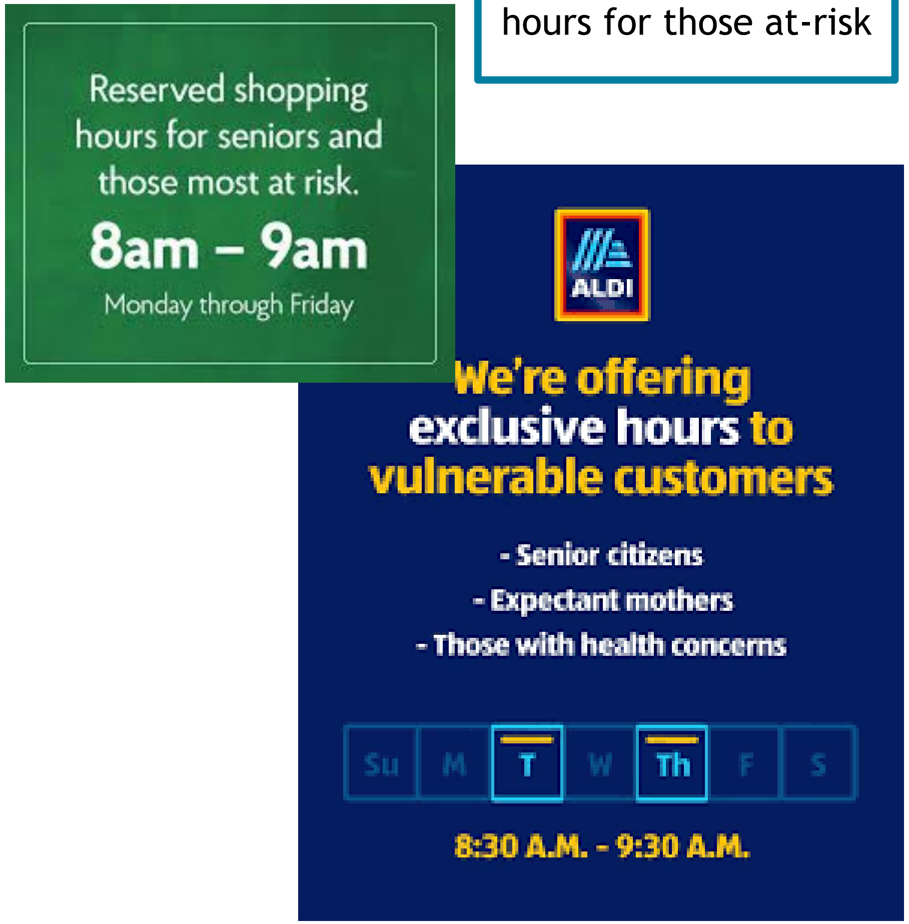
Examples

- **Woolworth's, Sainsbury's, Waitrose, Kroger (Australia, UK):** Retailers setting aside first hour for seniors and the more vulnerable (Link)
- **Sainsbury's (UK):** Providing online customers age 70+, or who have a disability, priority access to online delivery slots (Link)
- **Ikea (London):** Reopening store in order to allow its Swedish food market to be accessed by vulnerable people and key workers (Link)
- **Ahold Delhaize Stop & Shop (US):** Under a partnership with Uber, retailer will provide half-price rides for customers aged 60+ to and from all stores during shopping hours reserved for seniors. The program kicked off Apr 8 (Link)
- **Woolworths (Australia):** Dedicated two shopping windows for vulnerable customers and for those on the frontline (Link)
- **Big Lots (US):** Set aside first hour of business for elderly and vulnerable (Link)

Execution considerations

- Ensure special hours are listed on entry-ways and available on your websites
- Broaden language around special store hours to include 'most vulnerable', to be inclusive of immunocompromised individuals—and educate employees
- Consider placing special store hours during periods of generally low traffic, to reduce impact on remaining customer base

Retailers (US): Promoting special hours for those at-risk



Reserved shopping hours for seniors and those most at risk.

8am – 9am

Monday through Friday

ALDI

We're offering exclusive hours to vulnerable customers

- Senior citizens
- Expectant mothers
- Those with health concerns

Su	M	T	W	Th	F	S

8:30 A.M. - 9:30 A.M.

Customer Health & Safety:

Four key priorities for retailers

1. Customer screening & requirements
   - Manage access to the store to people who may be exposed to COVID-19, while protecting the vulnerable

Prior to entry

2. Social distancing
   - Provide adequate space to allow customers to navigate while avoiding close proximity with others

During shopping / dining

3. Checkout & payment
   - Limit interaction during checkout and payment processes to minimize transmission risk

At checkout

4. Store cleanliness
   - Over-invest in cleaning to ensure any potential virus exposure is quickly eradicated

Ongoing/ recurring

Social distancing: Six practices leading global retailers are considering in response to COVID-19

			Applicable to:		
			Essential	Non – essential	Restaurant
Limit number of customers	1	Limit the number of customers / diners	🟦	🟦	🟦
	2	Use drive-through or click & collect mechanisms to serve customers outside the store	🟦	🟦	🟦
Change shopping behaviour in store	3	Implement de-centralized ordering systems (vs. central hub / touch screen)			🟦
	4	Change layout to limit customer & employee interactions (incl. one-way flow)	🟦	🟦	🟦
	5	Place signage in key areas to ensure customers are socially distancing	🟦	🟦	🟦
	6	Use technology to enforce social distancing policies	🟦	🟦	

Limit the number of customers

Context & rationale

- Emerging global best practice to limit the total number of individuals within the store at any one time
- Close contact with a symptomatic or asymptomatic patient is a known cause for the spread of COVID-19, limiting people in stores allows customers to more easily exercise social distancing
- Some countries and provinces have already put guidelines on number of people that are allowed within the store (e.g. Saskatchewan has guidelines of max 1 person per 4 m^2 of retail space)

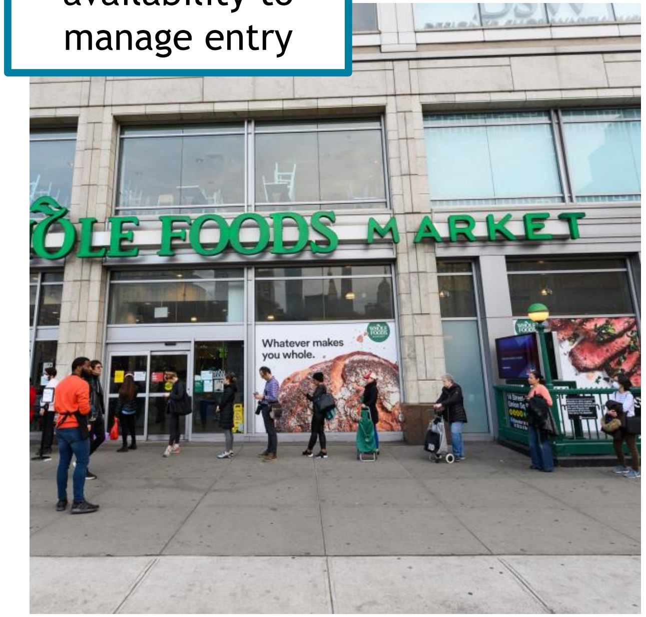
Examples

- **Grocers (Denmark & the Netherlands):** Shopping cart mandatory with limits on number of available carts/baskets per store, if a shopping cart or basket is not available then customers may not enter store (Link)
- **Whole Foods (US):** Limiting number of customers to number of available carts/baskets
- **E. Leclerc (France):** Access to stores limited to those who are alone (Link)
- **Malls (United Arab Emirates):** Regulations limit parking (25%-50% of usual capacity available) and max. 30% occupancy in mall's common & gross leasable areas to limit customers (Link)
- **Aldi (Europe)**: Piloting a Stop/Go traffic light system to manage flow of customer traffic (Link)

Execution considerations

- Follow local guidelines on the max. number of people in store; where local guidelines are not available, consider international best practices (Germany & Switzerland suggest 1 customer per 10 m^2/108 sqft)
- Consider carts, baskets and/or dedicated employees to manage count and flow of customers, where appropriate sanitize cart/basket at hand-off to waiting customers
- Maintain social distance in store access queues, consider ground markers for line & providing visibility to estimated wait time
- Smaller retailers: Consider locking entries, train employees to grant access only after they have served and ushered a customer out of the store

Grocer (US):
Using cart availability to manage entry



Limit the number of diners in restaurants

Context & rationale

- Emerging global best practice to limit the total number of individuals within the store at any one time
- Close contact with a symptomatic or asymptomatic patient is a known cause for the spread of COVID-19, limiting people in stores allows customers to more easily exercise social distancing
- Some countries and provinces have already put guidelines on number of people that are allowed within the restaurant (e.g. Saskatchewan limiting restaurant capacity to 50% of historic)

Examples

- **Yardbird Restaurant (Hong Kong):** Operating at 50% capacity as per rules limiting number of customers in restaurants (Link)
- **Restaurants (Texas):** Regulations take a different approach: As of the end of April, dine-in restaurants can serve up to 50% of regular capacity in rural counties with 5 or fewer confirmed cases, while restaurants in other areas can only serve at 25% capacity (Link)
- **Restaurants (Singapore):** Before “circuit breaker” implementation (harsher restrictions) – maximum of 4 diners per table, 50% of capacity used at maximum

Execution considerations

- Closure of bar seating area best practice – allowing more social distancing for staff and widening pathways through the restaurant
- Requires reduction in number of available tables and chairs – may require additional storage space and/or creating clear signage to cordon off closed tables
- Must determine if worthwhile to re-open given margin considerations

Restaurant (Hong Kong): All bar seating closed, barriers between tables

Restaurant (Beijing): Removed tables and chairs to increase space

Drive-through and click & collect mechanisms

Context & rationale

- Given customer risk of transmission of COVID-19 in confined spaces, critical to provide alternative arrangements for customers to shop at retail stores – incl. drive though / collection methods
- Public health authorities have issued clear guidance that remaining outdoors can lower risk of transmission given air circulation

Examples

- **Walgreens (US):** Introduced drive-thru shopping in select stores, which allows shoppers to get limited products without leaving their cars; the service is different than click-and-collect as shoppers do not need to pre-order (Link)
- **Canadian Tire and Home Depot (Ontario):** Closed stores and offered curbside pick-up (Link) (Link)
- **Esselunga (Italy):** Used text messages for click and collect in some areas
- **Small retailers (Austria):** Tobacco shops serving customers on the street, while opticians making part of store accessible, asking customers to ring a bell to enter (Link)
- **Tesco (UK):** Increased click-and-collect capacity to support higher demand (Link)
- **Small retailers (US):** Some plan to implement curbside pick-ups (Link)

Execution considerations

- Consider optimizing store front, curbside & parking areas for increased click & collect capacity & speed: dedicated lanes, parking spots & support staff
- Factor in additional costs from hiring staff to support click & collect policies; additional technology costs may also be necessary for website/app development
- Careful consideration is required for maximum number of orders per hour to avoid back-log of employees fulfilling orders

Electronics retailer (France):
Click and Collect counter outside (Link)

boulanger
La big collecte
Apportez-nous vos vieux appareils, on les recycle !
Bienvenue !

© AFP via Getty Images

De-centralized ordering systems

Context & rationale

- Social distancing can be challenged at hub points such as ordering touch screens and cashier desks
- Where possible, customers should use their own devices for ordering to both reduce in-store congestion and prevent contaminated surfaces (e.g. central touch-screens)

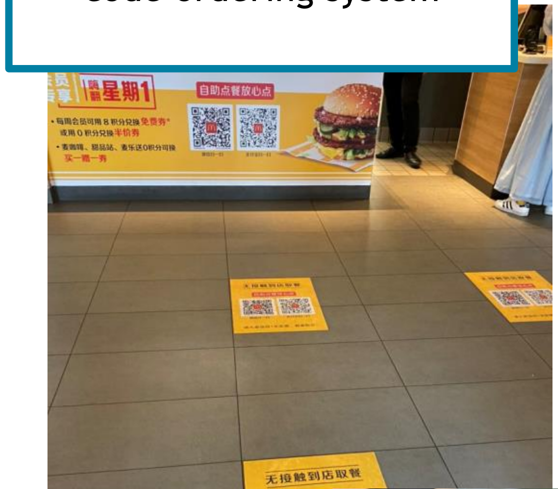
Examples

- **McDonald's (China):** Installed QR codes on the floor, distanced between each other, for customers to place mobile orders in-store rather than going to a central cashier desk
- **Restaurant chain (Texas):** No indoor seating, customers order before sitting and pre-pay via card, patio seating only (Link)
- **Fast food chain (Taipei):** Diners encouraged to sit first, then order via mobile instead of lining up

Execution considerations

- Post signage outside to inform customers of pre-ordering / new ordering practices
- For full-service restaurants, post menus outside to encourage timely decisions and determine whether a pre-order system could be feasible (e.g. calling / texting in order) to limit close interaction

McDonald's (China): QR code ordering system



SAFETY FIRST
Employees Only

Restaurant (Texas): Patio seating only, outdoor pre-payments, no customers allowed inside

Layout changes

Context & rationale

- Changing the layout of the store will help limit the number of interactions between customers and employees and may provide increased sense of safety to customers
- Close contact with individuals with COVID-19 is one of the primary causes of spread of the virus so efforts to promote social distancing will be key in reducing transmission risk

Examples

- **H-E-B (US):** One dedicated entrance to help monitor customer flow; floor decals at checkout lines inform customers on appropriate distance requirements (Link)
- **Walmart (North America):** Added single-direction aisles to stores in the U.S. and Canada (Link)
- **Grocer (Canada):** Installed floor markers to space out customers and re-thinking store design amid social distancing
- **Grocers (Canada & US):** Cleared aisles to widen access and ensure customers can maintain distance

Execution considerations

- Critical for stores to think about flow of traffic through the store and change store layouts to avoid congestion – incl. considering spacing out products in high-demand categories
- One-way aisles are best practice in ensuring customers keep distance from each other
- Consider removing any chairs from store-fronts to avoid customers from congregating
- Use pallets/moveable displays strategically to separate directional flow of customers
- Where feasible & not pre-existing, create dedicated entrance & exits to facilitate flow

Grocer (US): One-way aisle system

ONE WAY
Remember to stay 2 carts apart

Layout changes — For restaurants

Context & rationale

- Close contact with individuals with COVID-19 is one of the primary causes of spread of the virus so efforts to promote social distancing will be key in reducing transmission risk
- This requires rethinking the set-up of restaurants and fast food services – from ordering to group size to seat placement

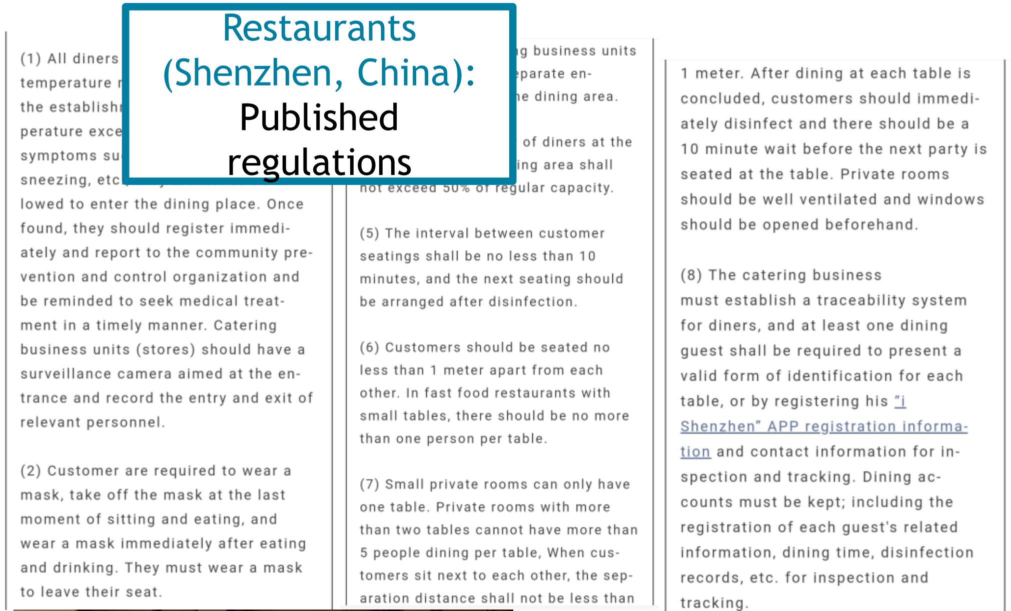
Examples

- **Restaurants (Taipei):** Maximum of 4 diners per table, seating >1.5m apart and/or separated by partition
- **Yardbird (Hong Kong):** Inserted panels to separate backs of booths from adjacent diners

Execution considerations

- Best practice includes floor markings for social distance, clear signage outside restaurant about new practices, plexiglass separations in more open-concept spaces

Restaurants (Shenzhen, China): Published regulations



(1) All diners
temperature
the establish
perature exce
symptoms su
sneezing, etc
lowed to enter the dining place. Once found, they should register immediately and report to the community prevention and control organization and be reminded to seek medical treatment in a timely manner. Catering business units (stores) should have a surveillance camera aimed at the entrance and record the entry and exit of relevant personnel.

(2) Customer are required to wear a mask, take off the mask at the last moment of sitting and eating, and wear a mask immediately after eating and drinking. They must wear a mask to leave their seat.

g business units
eparate en-
e dining area.

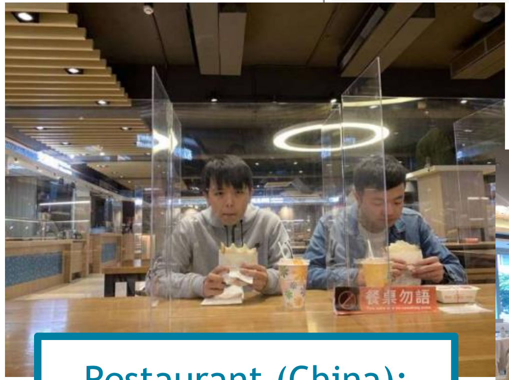
of diners at the
ing area shall
not exceed 50% of regular capacity.

(5) The interval between customer seatings shall be no less than 10 minutes, and the next seating should be arranged after disinfection.

(6) Customers should be seated no less than 1 meter apart from each other. In fast food restaurants with small tables, there should be no more than one person per table.

(7) Small private rooms can only have one table. Private rooms with more than two tables cannot have more than 5 people dining per table, When customers sit next to each other, the separation distance shall not be less than 1 meter. After dining at each table is concluded, customers should immediately disinfect and there should be a 10 minute wait before the next party is seated at the table. Private rooms should be well ventilated and windows should be opened beforehand.

(8) The catering business must establish a traceability system for diners, and at least one dining guest shall be required to present a valid form of identification for each table, or by registering his "i Shenzhen" APP registration information and contact information for inspection and tracking. Dining accounts must be kept; including the registration of each guest's related information, dining time, disinfection records, etc. for inspection and tracking.



Restaurant (China): Plexiglass separation between diners

Restaurant (China): Diners seated in groups of max. 4

Signage around stores

Context & rationale

- Critical to inform customers about the need to socially distance at stores so they are aware of store policies without ambiguity
- Clear floor markings on required minimum distance helps to ensure rules are easy to follow

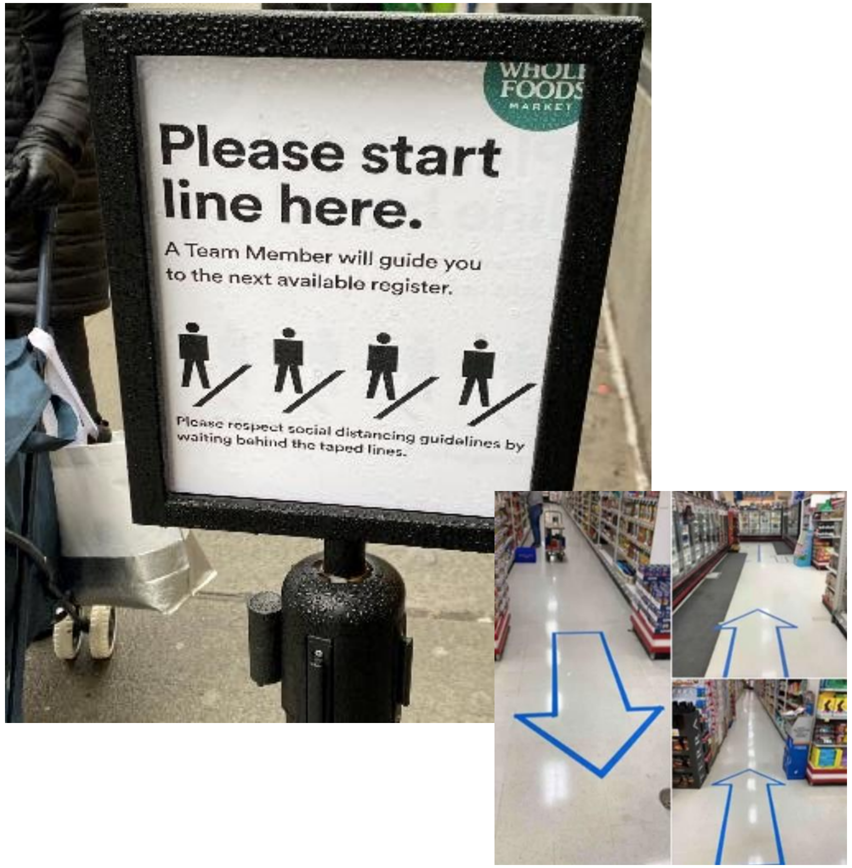
Examples

- **Tesco (UK):** Introduced system of floor markings to help customers follow social distancing (Link)
- **Mercadona (Spain):** System of pavement markings for customers waiting to enter store, no entry unless minimum distance observed (Link)
- **Walmart (North America):** Added single-direction aisles with floor markings to stores in the U.S. and Canada (Link)

Execution considerations

- Ensure that signage follows local guidelines and restrictions on required distance between individuals
- International guidelines for distance between individual varies from 1 meter (Italy, China, Austria) to 2 meters (Canada, Switzerland and Czech)
- Ensure signs are legible (i.e. appropriate font size) and visible (placed in open areas)
- Ensure floor markings follow a logical path through the store to prevent customers from assembling in any one area

Grocer (US): Floor markings & social distancing guidelines


WHOLE FOODS MARKET
Please start line here.
A Team Member will guide you to the next available register.
Please respect social distancing guidelines by waiting behind the taped lines.

Use of technology to help enforce policies

Context & rationale

- While it is necessary to have social distancing policies, it is increasingly difficult to enforce policies without putting employees at risk
- Enforcement of policies provides a greater sense of security to customers and helps to maintain safety and security of employees and customers
- Use of best practices can reduce risks and ensure adherence

Examples

- **Edeka (Germany):** Introduced Pepper, a robot to teach customers how to appropriately social distance during the coronavirus outbreak (Link)
- **Kroger (US):** Monitors the number of customers per square foot in its stores using its QueVision technology (Link)
- **Lowe's (US):** Developed an app, available on employees' handheld devices, to implement a new customer limit protocol. Each store manager can now monitor foot traffic and limit entrance based on CDC and local guidelines (Link)
- **Other online tools:** Informing customers about line-ups to limit crowding (Link)
- **Mobile app (Singapore):** Released an app that informs the public of crowds at all major malls and grocery stores to guide trip decisions (Link)

Execution considerations

- Technology helps with social distancing but does not eliminate the need for employees - critical that employees that are responsible for enforcement are provided required PPE to protect themselves and are provided training on social distancing
- Technology solutions are helpful but may be expensive options for small to mid-sized retailers, where physical barriers/outdoor distancing markers may be more apt
- Stores must consider additional costs from technology, hiring staff or security in their cash flow projects and store opening decisions

Kroger (US):
Using QueVision technology

Action Now
30 Minutes
Lanes Open
5
4
4
26m 15s

QueVision automatically provides a count of customer entering and existing stores, allowing Kroger to limit number of customers that can enter the store

Customer Health & Safety:

Four key priorities for retailers

1. Customer screening & requirements

- Manage access to the store to people who may be exposed to COVID-19, while protecting the vulnerable

Prior to entry

2. Social distancing

- Provide adequate space to allow customers to navigate while avoiding close proximity with others

During shopping / dining

3. Checkout & payment

- Limit interaction during checkout and payment processes to minimize transmission risk

At checkout

4. Store cleanliness

- Over-invest in cleaning to ensure any potential virus exposure is quickly eradicated

Ongoing/ recurring

Checkout & payments: Three practices leading global retailers are considering in response to COVID-19

	Applicable to:		
	Essential	Non - essential	Restaurant
1 Encourage methods to reduce risk of transmission during payment (e.g., cashless)			
2 Temporarily discourage re-usable bags and ask customers to pack their own products (incl. for restaurant leftovers)			
3 Close every second check-out /cash counter			

Contact-less payments

Context & rationale

- Payment often requires contact with cash from customer to employee and vice-versa, increasing the risk of transmission
- While there is some disagreement between experts on whether cash payments pose a risk from COVID-19 (Link) or not (Link), in the absence of concrete evidence, best practice is to promote the use of cashless & touchless payment, where possible, while continuing to accept cash

Examples

- **Aldi, Tesco, Sainsbury's (UK):** Cash-handling being reduced, customers requested to pay by card or smartphone (Link)
- **Restaurants (US & Canada):** Some went cash-less before shut-down (Link)

Execution considerations

- In Canada, businesses and consumers must agree on the form of payment, giving retailers the option to disallow cash payment (Link)
- Bank of Canada recommends not completely disallowing acceptance of cash as it impacts the vulnerable population that do not have access to credit or debit cards
- Instead, retailers should promote the use of cards, where possible, and offer mobile payment/contact-less payment options, but continue to accept cash as fail-safe
- If cash-less transactions are not possible, some best practices to consider:
  - Consider employee PPE
  - Ask customers to place cash on the counter rather than handing to employees
  - Place money directly on the counter when providing change back to customers
  - Wipe counter between each customer at checkout
  - If possible, consider isolating cash received from cash dispensed for 24-48 hours

Grocer (North America): Employees encouraged to avoid touching cards or cash at check-out

Discourage re-usable bags or ask customers to pack their own bags

Context & rationale

- Re-usable bags typically increase touchpoints of employees with customers or number of surfaces customers touch during the process of bagging
- Customer and employee concern stems from study that shows that virus can live on surfaces (cardboard and plastic studied) for 1-3 days (Link)

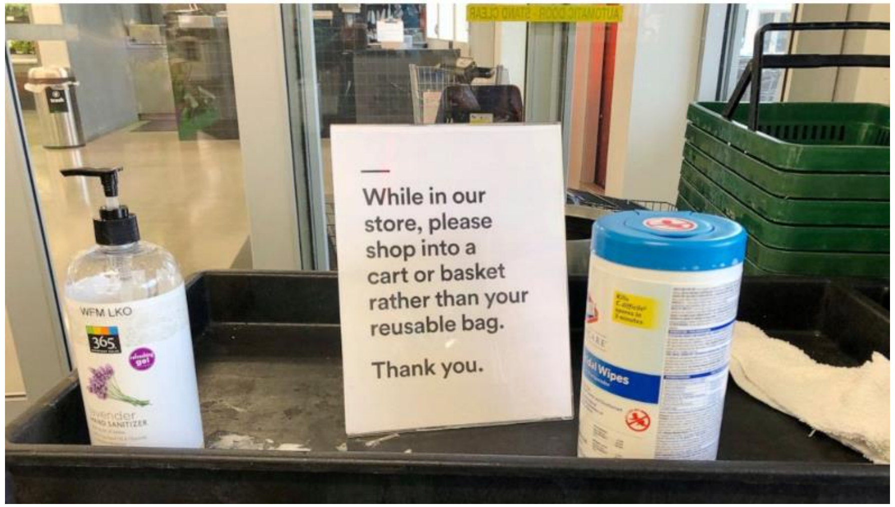
Examples

- **Waitrose and Hy-Vee (US):** Asking that customers stop using reusable bags, 5c charge on bags waived (Link, Link)
- **Atlantic Superstore (Canada):** Temporarily not accepting reusable bags for groceries (Link)
- Many Canadian grocers are removing fee for plastic bags at stores and limiting use of re-usage bags
- **Target (US):** Retailer will not sell reusable bags and will provide plastic bags for free
- **Woolworths (Australia):** Customers asked to pack their own groceries to minimize contact and if a customer's shopping bag is not clean, the supermarket will replace it for free (Link)
- **Grocers (Canada):** Some asking that customers pack their own groceries if using re-usable bags

Execution considerations

- Ensure clear signage at entrance as well as at check-out so that customers are aware of new policies before they begin their shop
- Consider changing policies to provide plastic bags for free (if allowed by local regulations)
- Ensure employees are trained to avoid direct contact with customers – bags should be placed on a surface for customers to collect
- Discourage placing re-usable bags on communal surfaces (i.e. checkout counters)
- Note: Many Canadian municipalities ban disposable plastic bags (Link), however many have temporarily halted these bans (please check with your local municipality)

Grocer (US):
Example signage



Close every second check-out / cash counter

Context & rationale

- Check-outs (for retailers) and cash counters (for restaurants) have customers and employees congregating in close proximity
- As such, it is important to create policies to ensure customers are safe from risk of transmission of virus in these areas

Examples

- **Tesco (UK):** Introduced system of floor markings to help customers follow social distancing (Link), disabled every second check-out lane
- **Woolworths (Australia):** Every second checkout station is closed and staff wipes payment sections of every self-checkout counter after each transaction (+ ‘daily deep cleaning’)
- **Loblaws (Canada):** Introduced more frequent cleaning, particularly in 'high-frequency' areas e.g. cashier stations, self-checkouts, credit card terminals, extra hand sanitiser provided at check-out (Link)
- **Various retailers (US, Europe):** Promoting self-checkout

Execution considerations

- Reducing check-out lanes or cash counters will mean longer lines especially during peak hours; in these situations, ensure that store layout is well designed to ensure customers are able to maintain social distance while waiting (e.g. floor markers)
- Incorporate other measures such as Plexiglass to ensure employee safety during check-out
- If shifting to self-checkout / self-ordering model: implement clear procedures for sanitizing interfaces after each use

Grocer (US): Every second checkout closed

Customer Health & Safety:

Four key priorities for retailers

1. Customer screening & requirements
   - Manage access to the store to people who may be exposed to COVID-19, while protecting the vulnerable

Prior to entry

2. Social distancing
   - Provide adequate space to allow customers to navigate while avoiding close proximity with others

During shopping / dining

3. Checkout & payment
   - Limit interaction during checkout and payment processes to minimize transmission risk

At checkout

4. **Store cleanliness**
   - Over-invest in cleaning to ensure any potential virus exposure is quickly eradicated

Ongoing/ recurring

Store cleanliness: Three practices leading global retailers are considering in response to COVID-19

Applicable to:

	Essential	Non – essential	Restaurant
1 Frequent, scheduled cleaning & sanitization of high-touch areas & communal items (pinpads, doors, carts, menus, etc.)			
2 Restrict opening hours to allow for additional cleaning as necessary			
3 Communicate changes to customers			

Frequent, scheduled cleaning & sanitization

Context & rationale

- Store-front spaces are frequently touched by customers and employees, increasing the risk that individuals with COVID-19 can spread the virus from the store
- To reduce this risk, critical to sanitize frequently and with appropriate disinfecting products (including government Drug Identification Number) – noting that while *cleaning* is a necessary first step, *sanitizing* ultimately eliminates the virus

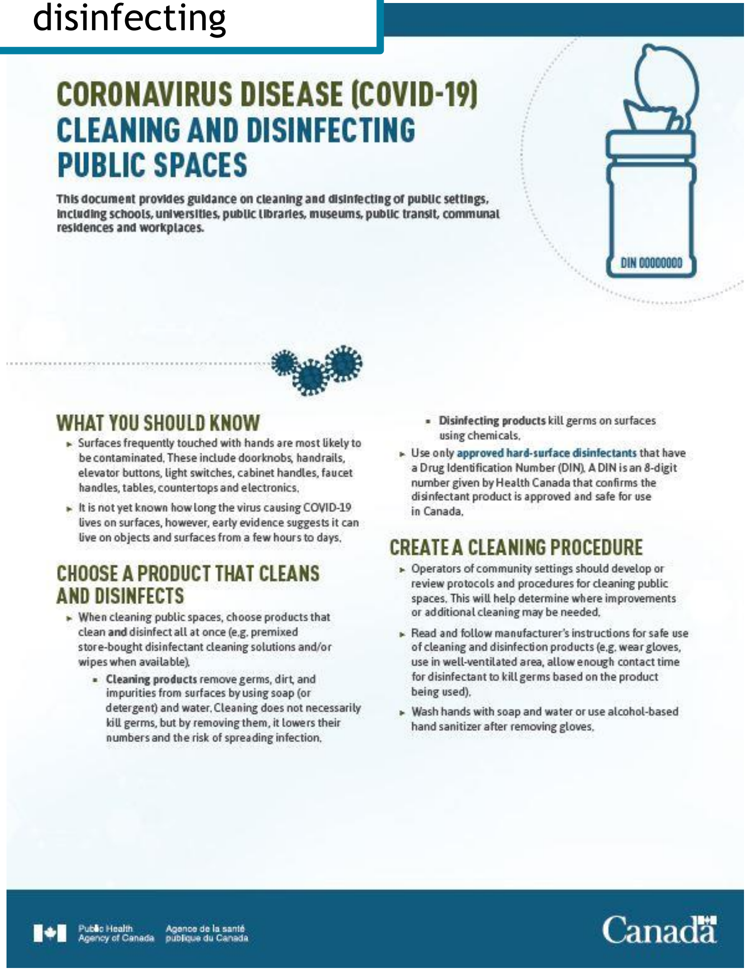
Examples

- **H-E-B (US):** Adding an extra manager in charge of Covid-19 response who ensures store cleanliness and social distancing (Link)
- **Walmart (US):** Has begun using two gallon sprayer kits to sanitize entire shopping carts quickly and effectively; planning to ship out these kits to stores that don't have them (Link)
- **Grocer (Canada):** Introduced more frequent cleaning, particularly in 'high-frequency' areas e.g. cashier stations, self-checkouts, credit card terminals, extra hand sanitiser provided at check-out
- **Big Lots (US):** Hand sanitiser at every register and sanitising wipes near shopping carts & baskets; all registers, credit card pin pads, phones, and door handles wiped down frequently throughout the day (Link)

Execution considerations

- Best practice is to first clean and then disinfect surfaces
- Create checklist of all items to be sanitized: e.g. for a restaurant – menus, condiments, counters, tables, chairs, door handles, payment interfaces, pens, receipt holders, etc.
- Assign clear responsibilities among staff – cleaning & disinfecting duties allocated by area of work vs. specific staff in charge of all cleaning
- Disinfection will require supply of gloves to be used by employees as well

Government of Canada:
Guidelines on cleaning & disinfecting



CORONAVIRUS DISEASE (COVID-19)
CLEANING AND DISINFECTING
PUBLIC SPACES

This document provides guidance on cleaning and disinfecting of public settings, including schools, universities, public libraries, museums, public transit, communal residences and workplaces.

DIN 00000000

WHAT YOU SHOULD KNOW

- Surfaces frequently touched with hands are most likely to be contaminated. These include doorknobs, handrails, elevator buttons, light switches, cabinet handles, faucet handles, tables, countertops and electronics.
- It is not yet known how long the virus causing COVID-19 lives on surfaces, however, early evidence suggests it can live on objects and surfaces from a few hours to days.

CHOOSE A PRODUCT THAT CLEANS AND DISINFECTS

- When cleaning public spaces, choose products that clean and disinfect all at once (e.g. premixed store-bought disinfectant cleaning solutions and/or wipes when available).
  - **Cleaning products** remove germs, dirt, and impurities from surfaces by using soap (or detergent) and water. Cleaning does not necessarily kill germs, but by removing them, it lowers their numbers and the risk of spreading infection.
  - **Disinfecting products** kill germs on surfaces using chemicals.
- Use only **approved hard-surface disinfectants** that have a Drug Identification Number (DIN). A DIN is an 8-digit number given by Health Canada that confirms the disinfectant product is approved and safe for use in Canada.

CREATE A CLEANING PROCEDURE

- Operators of community settings should develop or review protocols and procedures for cleaning public spaces. This will help determine where improvements or additional cleaning may be needed.
- Read and follow manufacturer's instructions for safe use of cleaning and disinfection products (e.g. wear gloves, use in well-ventilated area, allow enough contact time for disinfectant to kill germs based on the product being used).
- Wash hands with soap and water or use alcohol-based hand sanitizer after removing gloves.

Public Health Agency of Canada Agence de la santé publique du Canada

Canada

Restrict opening hours for additional cleaning

Context & rationale

- Given attention to social distancing and hygiene in public areas, key to have established processes for deep-cleaning stores
- Hours reduction balances need for staff relief – given strain of working in front-line retail environments

Examples

- **Walmart & Albertson's (US):** Restricting opening hours to allow for more thorough cleaning(Link)
- **Malls (United Arab Emirates):** Re-opening regulations allow malls to operate for up to 10 hours (Link)
- **Essential retailers (Canada):** Reduced operating hours to allow for additional cleaning

Execution considerations

- Restricted store hours may lead to crowding and line-ups when stores are open; stores should consider enforcing social distancing outside their premises to keep customers safe
- Limited hours may also impact the ability of certain customers to shop at your stores; consider offering curbside pick-up/drive-through for such customers
- Monitor other local businesses to determine established norms for business opening times – grocery stores likely an initial indicator
- For mall locations, opening hours may be controlled by mall operator
- Franchised store operators may be restricted to guidelines set by the franchisor
- Communicate reduced business times with customers via signage, including mention of deep-clean practices

Grocer (US):
Limited hours

ATTENTION CUSTOMERS
TEMPORARY STORE HOURS
8 AM – 8 PM
WE WILL TEMPORARILY BE ADJUSTING OUR HOURS TO FULLY EQUIP OUR STORES FOR SERVICE. OUR GOAL IS

Communicate changes to customers

Context & rationale

- New measures will only re-assure customers if highly visible & actively communicated
- Public highly attuned to differences in safety measures – recent example of US-based app to rank grocery store safety (Link)

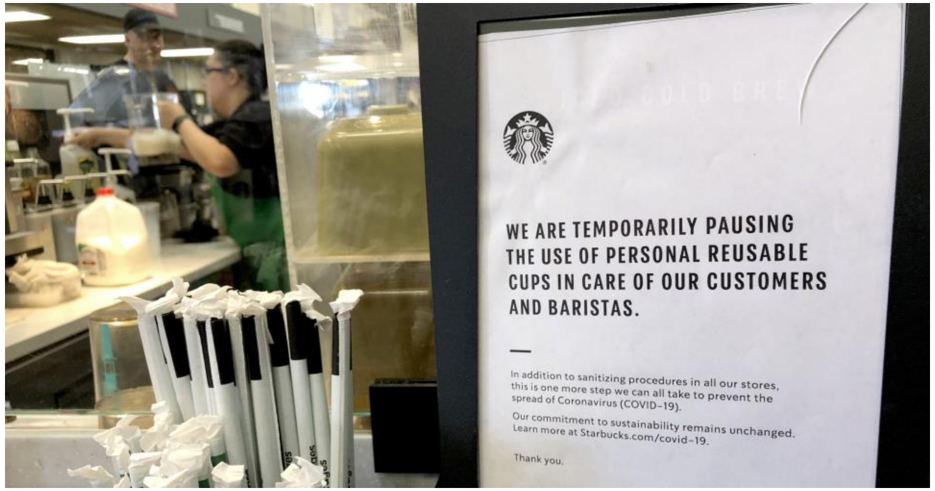
Examples

- **Co-op (Italy):** Issued detailed communications to customers covering best practices around three key stages (before shopping, in-store and once back at home)
- **Tesco (UK):** New campaign showcasing the supermarket's efforts in promoting social distancing in its stores, which features real staff members as they explain the supermarket's public-health measures; website outlines safety measures in stores (Link)

Execution considerations

- Leverage existing communication mediums, where possible (social media, email, store signage, flyers, etc.)
- Be wary of potential information overload for customers – bundle changes into fewer, more relevant announcements and differentiate from other retailer communications (e.g., with educational content)

Starbucks (North America):
Emphasizing safety and ongoing cleaning


WE ARE TEMPORARILY PAUSING THE USE OF PERSONAL REUSABLE CUPS IN CARE OF OUR CUSTOMERS AND BARISTAS.
In addition to sanitizing procedures in all our stores, this is one more step we can all take to prevent the spread of Coronavirus (COVID-19).
Our commitment to sustainability remains unchanged. Learn more at Starbucks.com/covid-19.
Thank you.

COVID-19 Disclaimer

The situation surrounding COVID-19 is dynamic and rapidly evolving, on a daily basis. Although we have taken great care prior to producing this presentation, it represents a view at a particular point in time. This presentation is not intended to: (i) constitute medical or safety advice, nor be a substitute for the same; nor (ii) be seen as a formal endorsement or recommendation of a particular response. As such you are advised to make your own assessment as to the appropriate course of action to take, using this presentation as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.

RCC RETAIL
COUNCIL
OF CANADA

COVID-19 Response Planning

Playbook on Employee Wellbeing for RCC Members

MAY 2020

RCC RETAIL COUNCIL OF CANADA

Context for this document

The following document has been prepared to provide members of the Retail Council of Canada a perspective on global best practices from retailers around the world on operating their business during the COVID-19 pandemic.

We have compiled these materials through a scan of practices observed from companies in countries that have started to emerge from the government imposed restrictions on the essential, non-essential and restaurant sectors.

These materials are intended to provide you with a framework for key considerations and relevant global best practices as you operate your business in today's challenging environment.

These are not intended to be legal advice or to replace local health and government guidelines. The COVID-19 crisis is rapidly evolving and there are different considerations for retailers in different regions and sub-sectors of the retail industry. Readers should consult the applicable laws & regulations, and guidelines issued by federal & provincial health and labor authorities, to make the best decisions for their respective businesses.

Where feasible, sources & links have been provided & identified but, given the rapidly changing environment, sources are not possible for all statements. Members should perform their own research before executing any measures herein.

This is a non-exhaustive document and the Retail Council of Canada is keen to solicit your feedback on additional topics that may be relevant for your business for future iterations of this playbook.

What this document is

Framework of key issues to consider as retailers prepare to operate within the ongoing COVID-19 pandemic environment

Examples of practices observed from retailers across various sub-sectors around the world

Key issues to consider in implementing examples from other regions/countries and sectors

What this document is not

Exhaustive list of all issues that retailers may face in the current environment

Legal advice on practices businesses should follow. Please consult appropriate legal channels, Health Canada or other RCC resources on appropriate guidelines

Tactical advice on how to implement each potential action. Local realities in each region will dictate what is actionable

Playbook for retail re-entry: Employee wellbeing

Note: This is 1 of 6 Chapters produced by the RCC to support members in COVID response planning

Customer health & safety

Ensure customers are & feel safe while shopping

- Customer screening
- Social distancing
- Checkout & payment
- Store cleanliness

Focus of this document

Employee wellbeing

Keep employees safe & healthy

- Protective equipment
- Confirmed case response
- Employee testing

Retail operations

Continue to deliver product & operate stores

- Supply chain mgmt.
- Inventory mgmt.
- Labour planning & store hours

Customer experience

Provide relevant offering, given new context

- Product offering / assortment
- Pricing / promo / markdown
- Advertising & comms

Store network & channel

Adjust to new demand & operating needs

- Demand forecasting
- Online fulfillment
- Delivery policies & options
- Returns management

Finances

Maintain balance sheet to fund operations

- Cash & liquidity mgmt.
- Rent renegotiations

Employee Wellbeing:

Three key priorities for retailers

1. Safety procedures & protective equipment
   - Provide preventative and protective equipment to create a safe workplace

2. Supporting employees through the pandemic
   - Assist employees through flexibility and support programs (financial and otherwise)

3. Confirmed case response
   - Re-assure staff & customers with clear, credible communications

Create a safe physical environment

Establish trust & support employees

Employee Wellbeing:

Three key priorities for retailers

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Create a safe physical environment

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   - Assist employees through flexibility and support programs (financial and otherwise)

3. Confirmed case response
   - Re-assure staff & customers with clear, credible communications

Establish trust & support employees

Safety procedures & protective equipment: Eight practices leading global retailers are considering in response to COVID-19

			Applicable to:		
			Essential	Non - essential	Restaurant
Reduce risk	1	Implement proactive temperature/wellness checks prior to shifts	✓	✓	✓
Provide infrastructure & equipment	2	Install physical barriers to protect employees (plexiglass shields, serving tables)	✓	✓	✓
	3	Provide store employees with protective equipment (masks, gloves, hand sanitizer)	✓	✓	✓
	4	Provide front-line staff with additional cleaning materials for workstations	✓	✓	✓
Institute new training & policies	5	Change back-of-house layout to create social distance	✓		✓
	6	Update safety policies (e.g. handwashing, staggered breaks)	✓	✓	✓
	7	Train employees on new safety measures	✓	✓	✓
	8	Hire/re-deploy capacity to ensure safety procedures completed	✓	✓	✓

Proactive temperature/wellness checks of staff

Context & rationale:

- One of the primary causes of the spread of COVID-19 is through close contact with infected individuals; many infected individuals are asymptomatic, i.e., show no symptoms and yet are able to transmit the virus to others (Link)
- Proactive checks on employees can help to detect the virus early and may lead to employees staying home when feeling unwell

Examples:

- **Walmart and Amazon (US):** Taking temperatures of Associates as they report to work; Walmart is also asking basic health screening questions - Associates with high temperatures cannot work until no fever is detected for 3 days (Link; Link)
- **McDonald's (US):** Rolling out wellness checks to >800,000 workers and is planning to start taking temperatures amid the coronavirus outbreak (Link)
- **Chipotle (US):** Conducting wellness checks to confirm health of each employee, before entering kitchens (Link)
- **Starbucks (Canada):** Taking employees' temperatures and requesting use of the "COVID-19 Virtual Coach" to determine if fit to come to work (likely leverages screening questions, such as those available on public health websites) (Link)
- **Singapore, Hong Kong, Taiwan**: Majority of establishments are taking temperature of both customers and employees prior to entry

Execution considerations:

- Encourage employees to use existing health check sites/apps before coming to work (most provincial health authorities have triage websites)
- Establish culture of self-reporting & abundance of caution; interrelated with other staff-support measures such as sick pay
- We are hearing that given the high demand for thermometers globally, it is increasingly difficult to source bulk quantities at this time

McDonald's (Beijing): Sign-in and temperature screening station

McDonald's (Hong Kong): Thermal monitor

Physical barriers – plexiglass shields (retail)

Context & rationale:

- Retail front-line workers such as cashiers are often required to work in close proximity to customers and see many customers during a short period of time
- It is often difficult to maintain social distancing (i.e. 1-2m distance) for these front-line workers, putting them at higher risk of contracting the virus from an infected customer
- Plexiglass barriers help shield employees & customers from fluids/droplets from the other party

Examples:

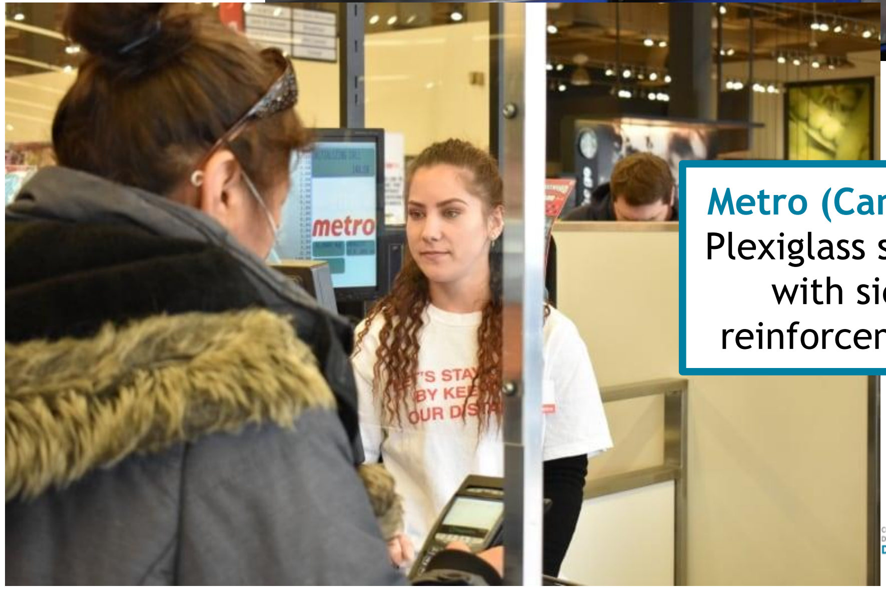
- **Kroger (US):** Installed 1m^2 Plexiglas protective barriers for cashiers (Link)
- **Walmart, Sobeys, Loblaws (Canada):** Installed plexiglass shields (Link; Link)

Execution considerations:

- Consider putting plexiglass shields at check-outs and cash registers at the store
- Where it is not feasible to put shields, consider providing PPE to employees
- Irrespective of shields, best practice is for employees to wear gloves when handing product
- Installation and material costs should be considered – observed options range from more temporary solutions to professionally installed fixtures
- Different configurations needed based on layout of checkout deck and point-of-sale system, etc.
- Ensure regular cleaning of shields should in standard protocols for high frequency cleaning/sanitization

SPAR (Europe):
Plastic barrier

Walmart (Canada):
Plexiglass shield



Metro (Canada):
Plexiglass shield, with side reinforcements

Physical barriers – serving side-tables & barriers (restaurants)

Context & rationale:

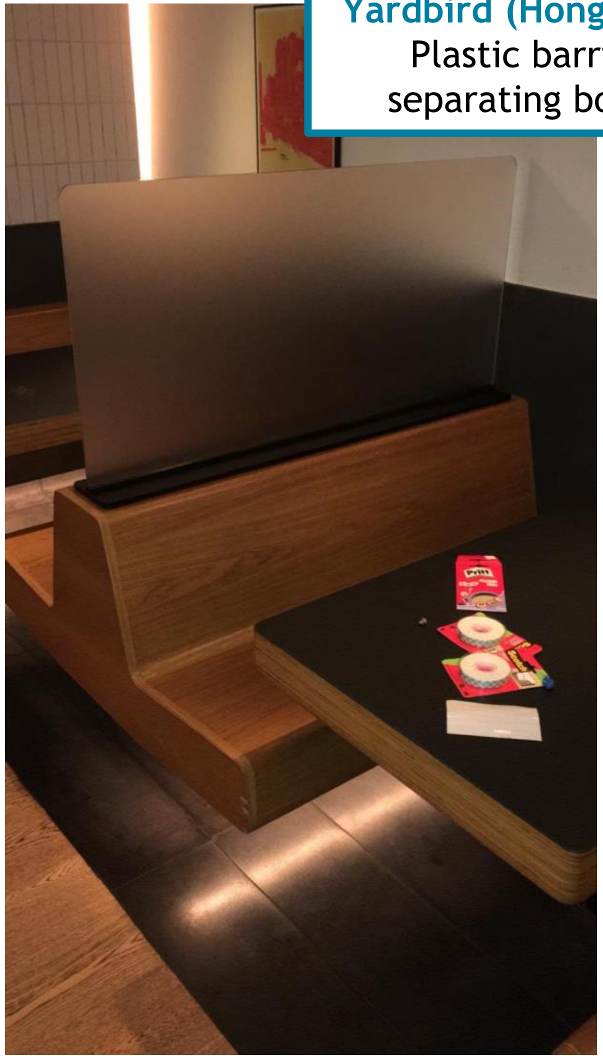
- Restaurants face unique difficulties with social distancing and protecting staff – due to popularity of open-concept designs with few barriers between customers, and inherent characteristic of food-service in needing to closely approach tables to deliver food
- Two emerging best practices: install barriers between tables, and where possible use temporary side tables to serve food vs. putting food directly on customers' table

Examples:

- **Yardbird (Hong Kong):** Installed barriers between open-concept booths

Execution considerations:

- If used, serving side-tables should be mobile – allowing waiters to place food on the cart, and then customers would transfer the food to their own table
- Evaluate restaurant space to determine whether barriers are needed; in restaurants with mobile seating, better option may be to move tables apart



Yardbird (Hong Kong):
Plastic barriers
separating booths

Personal protective equipment for employees

Context & rationale:

- Wearing PPE reduces the risk of transmission by limiting direct contact with surfaces within a store
- Masks help prevent the spread of fluids/droplets from the wearer to others; thereby limiting healthy people from contracting any fluids from the wearer (Link)

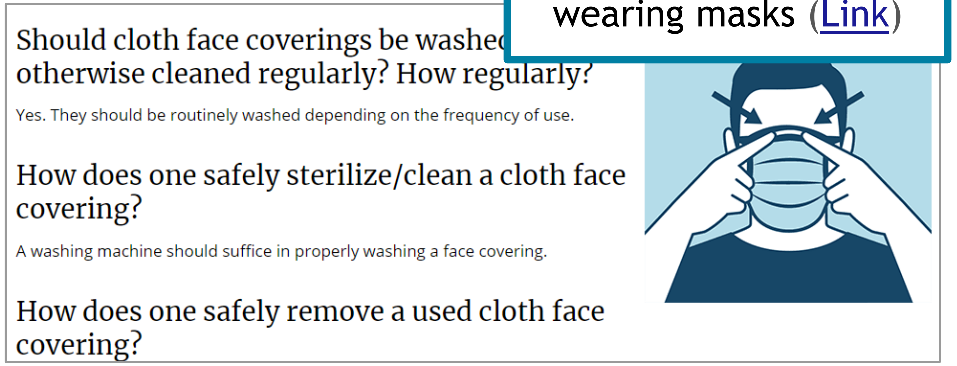
Examples:

- **Dia (Spain):** Providing store and warehouse employees with hand sanitizer and gloves (Link)
- **Wegmans (US):** Announced that it has secured enough masks for all of its employees to wear while at work (Link)
- **Kroger (US):** Providing masks to store associates - and is requiring all employees wear them (Link)
- **Walmart (US):** Requiring that associates wear "masks or other face coverings" at work, including in stores, distribution centers, and corporate offices; employees can bring their own mask, or they are provided with one (Link)
- Waiters in **Singapore, Hong Kong, Taiwan** are wearing masks

Execution considerations:

- Best practice is to provide masks to employees at the workplace – N95 and surgical masks are recommended by the FDA in the US (Link)
- However, procuring medical-grade masks is proving difficult – with strains on supply chains and given additional demand from the government (Link)
- As a fall-back, encourage employees to wear their own masks, if possible, and provide guidance on cleaning masks (generally in a washing machine for cloth masks)

CDC (US): Guidance for wearing masks (Link)



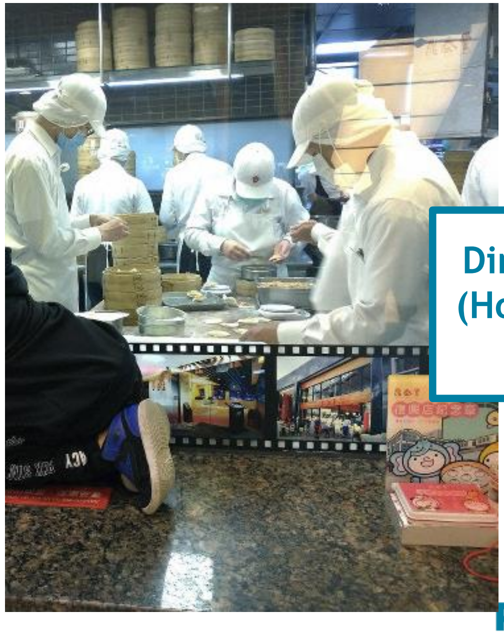
Should cloth face coverings be washe otherwise cleaned regularly? How regularly?

Yes. They should be routinely washed depending on the frequency of use.

How does one safely sterilize/clean a cloth face covering?

A washing machine should suffice in properly washing a face covering.

How does one safely remove a used cloth face covering?



Din Tai Fung (Hong Kong): (Link)

Provide additional workstation cleaning materials

Context & rationale:

- Employee work areas are amongst the highest-touch areas within retail/restaurant environments (e.g. checkout lanes, host desks)
- Given rotating nature of shift work, frequent cleaning provides employees reassurance and a sense of control over their workspace

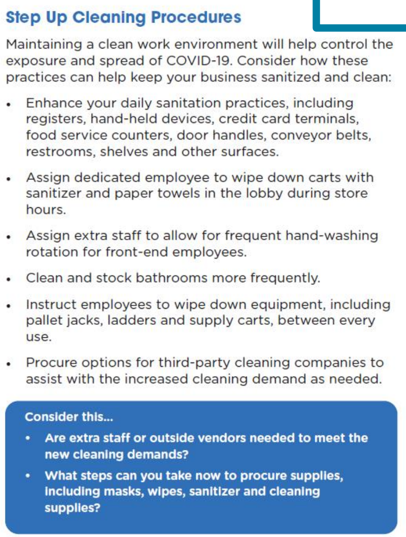
Examples:

- **M&S (UK):** Store and supply-chain colleagues provided with additional hygiene products (Link)
- **Lowe's (US):** Cashiers and front-end teams provided with cleaning supplies to clean work areas and registers after each customer interaction (Link)
- **Airport (Hong Kong):** Novel approaches are being tested, including full-body disinfection booths and antimicrobial coating for high-touch passenger areas such as handles, seats, check in kiosks to supplement ongoing cleaning (Link)

Execution considerations:

- Where possible, default to smaller sizes (and more units) of cleaning supplies to enable each employee to keep a set at their workstation (particularly for non-essential and essential retail checkout areas)
- Set clear expectations, ideally via scheduling, for cleaning cadence and accountability (e.g., checkout lanes close every 30 minutes for cleaning by cashiers in two rotating shifts, restaurant tables cleaned after each customer by hostess, etc.)
- For restaurants, create checklist of back-of-house cleaning responsibilities as well, including communal tools in kitchens, countertops, burner controls, etc.

Kroger (US): New cleaning procedures



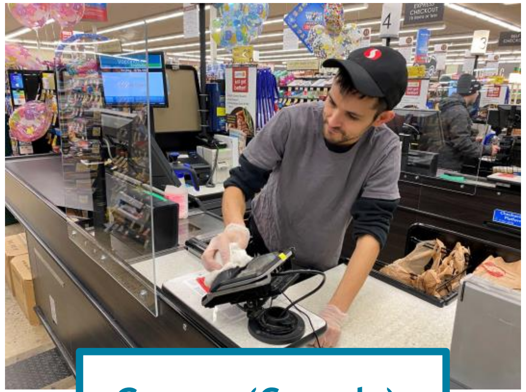
Step Up Cleaning Procedures

Maintaining a clean work environment will help control the exposure and spread of COVID-19. Consider how these practices can help keep your business sanitized and clean:

- Enhance your daily sanitation practices, including registers, hand-held devices, credit card terminals, food service counters, door handles, conveyor belts, restrooms, shelves and other surfaces.
- Assign dedicated employee to wipe down carts with sanitizer and paper towels in the lobby during store hours.
- Assign extra staff to allow for frequent hand-washing rotation for front-end employees.
- Clean and stock bathrooms more frequently.
- Instruct employees to wipe down equipment, including pallet jacks, ladders and supply carts, between every use.
- Procure options for third-party cleaning companies to assist with the increased cleaning demand as needed.

Consider this...

- **Are extra staff or outside vendors needed to meet the new cleaning demands?**
- **What steps can you take now to procure supplies, including masks, wipes, sanitizer and cleaning supplies?**



Grocer (Canada): Checkout cleaning

Starbucks (US): Cleaning procedures announced

STARBUCKS STORIES & NEWS

Letter to partners: Update on COVID-19 preparedness

March 06, 2020 · 2 min read

Open letter to Starbucks partners from Rossann Williams, evp and president, U.S. company-operated business and Canada

Partners,

As we continue to navigate COVID-19 together, I want to be sure we

Change back-of-house layout & operations

Context & rationale:

- Some environments, such as fast food and restaurant kitchens, have traditionally operated with close physical proximity and interaction between employees
- A number of levers can help to create additional distance, including simplifying menu items (fewer ingredients and steps), reducing staff in kitchen, assigning clear tasks in a set space (vs. movement throughout prep process), and actively leveraging countertops, tables etc. to move food around a kitchen

Examples:

- While few restaurants have released in-depth outlines of back-of-house procedures, examples from volunteer kitchens provide interim example

Execution considerations:

- Mandate the use of PPE and constant cleaning in environments where social distancing is difficult to maintain such as kitchens and back-of-house environments
- Consider changing tasks such that employees stay in limited parts of the back-of-house vs. moving about
- Use counter space and tables to pass food between stations, vs. having an employee carry it
- Limit the number of staff in the kitchen and consider limiting the menu so as to require fewer employees at a time to allow for social distancing. Restaurants will have to consider implications to demand and margins with smaller menus
- Note: Simplifying offerings & menu items will be discussed in more detail in Merchandising & Marketing playbook.

Social Distancing
Keep at least 1 metre (3 feet)
ideally at least 2 metres (6 feet) from one another

Non-profit (Ireland):
Social distancing in kitchen

Update safety policies—e.g., scheduled handwashing, staggered breaks

Context & rationale:

- New practices, such as social distancing and enhanced hygiene, will be most effectively implemented if reinforced in work policies & procedures
- Given new guidelines from various govt. health bodies, important to change your employee procedures to ensure adherence
- CDC recommends handwashing as one of the most effective ways to remove germs and avoid the spread of illness (Link)

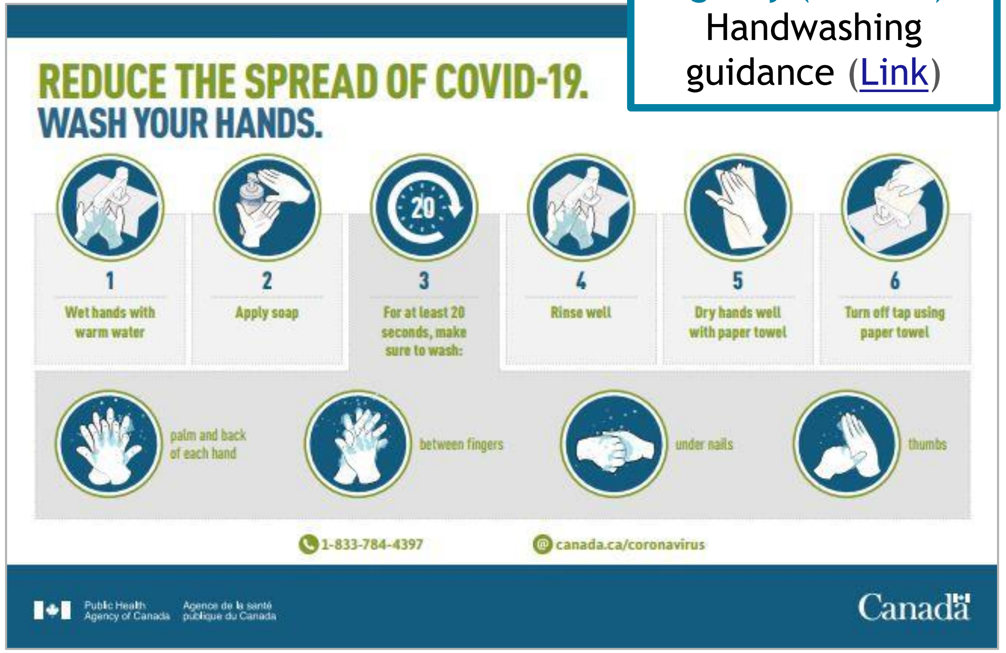
Examples:

- **Chipotle (US):** Mandating handwashing every hour and between tasks; providing visual reminders of "Top 7 Food Safety Things to Remember" (Link)
- **Seafood City (Canada):** Using codes over store intercom to remind employees to wash hands and change gloves on a regular cadence (Link)
- **Sobeys (Canada):** Scheduling hand-washing for employees every 15 minutes (Link)
- **Government of Ontario:** Recommends staggered employee breaks as one approach to enforce social distancing (Link)

Execution considerations:

- Frequency of handwashing needed will differ between retail segments (e.g., more frequent in grocery stores & restaurants; and potentially between each customer interaction in other retail sectors)
- Develop a schedule or other visual/auditory cues to remind staff of required handwashing frequency
- Post signage with proper handwashing techniques
- Restaurant should consider other procedures around cleaning menus and tables with disinfectants along with considerations for other retailers

Public Health Agency (Canada): Handwashing guidance (Link)


REDUCE THE SPREAD OF COVID-19.
WASH YOUR HANDS.
1 Wet hands with warm water
2 Apply soap
3 For at least 20 seconds, make sure to wash:
4 Rinse well
5 Dry hands well with paper towel
6 Turn off tap using paper towel
20
palm and back of each hand
between fingers
under nails
thumbs
1-833-784-4397
canada.ca/coronavirus
Public Health Agency of Canada
Agence de la santé publique du Canada
Canada

Train employees on new safety measures

Context & rationale:

- Rollout of new safety measures are only effective if all staff are following the same standards – otherwise risk of contaminated areas/items in store can increase
- Given the amount of news and misinformation in the public domain, critical for retailers to ensure employees are provided training on best corporate policies to keep themselves, customers and the brand safe
- Communication also reassures staff in the retail environment

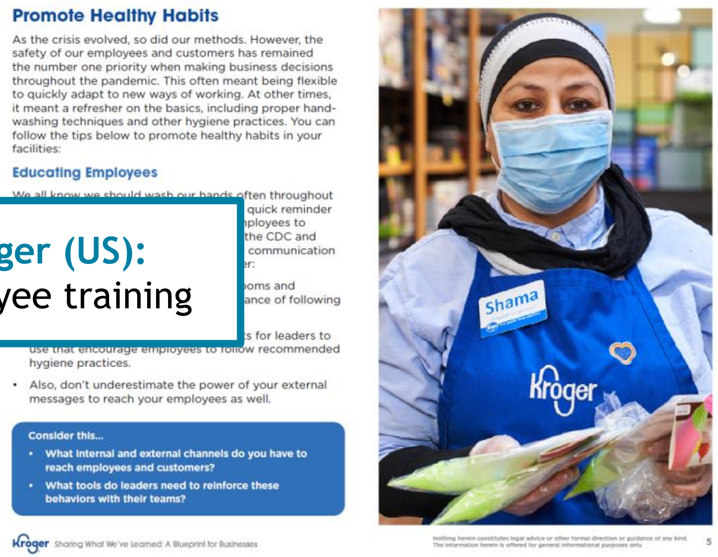
Examples:

- **H-E-B (US):** Increased communication to employees about in-store safety measures (Link)
- **H-E-B (US):** Staff provided with up-to-date information daily and access to online advice from healthcare experts (Link)

Execution considerations:

- Support ongoing implementation of standards by setting up safety trainings with new and existing team members
- Leverage existing touchpoints with staff (e.g., team calls, emails, etc.) to share new practices, provide updates, and solicit feedback regarding implementation
- Trainings should be customized to role type and should cover the following, at the minimum: Cleaning procedures, hand washing, product/food handling, use of PPE, social distancing requirements, what to do if not feeling well, among others
- Restaurants, in particular, may require more change management than other retailers given need to space out back-of-house setup – pair behavioral training with social distancing reinforcements & product simplification (e.g. simplified recipes, discussed in Merchandising & Marketing playbook)

Kroger (US):
Employee training



Promote Healthy Habits

As the crisis evolved, so did our methods. However, the safety of our employees and customers has remained the number one priority when making business decisions throughout the pandemic. This often meant being flexible to quickly adapt to new ways of working. At other times, it meant a refresher on the basics, including proper hand-washing techniques and other hygiene practices. You can follow the tips below to promote healthy habits in your facilities:

Educating Employees

We all know we should wash our hands often throughout
quick reminder
nployees to
the CDC and
communication
er:

oms and
ance of following

s for leaders to
use that encourage employees to follow recommended hygiene practices.

- Also, don't underestimate the power of your external messages to reach your employees as well.

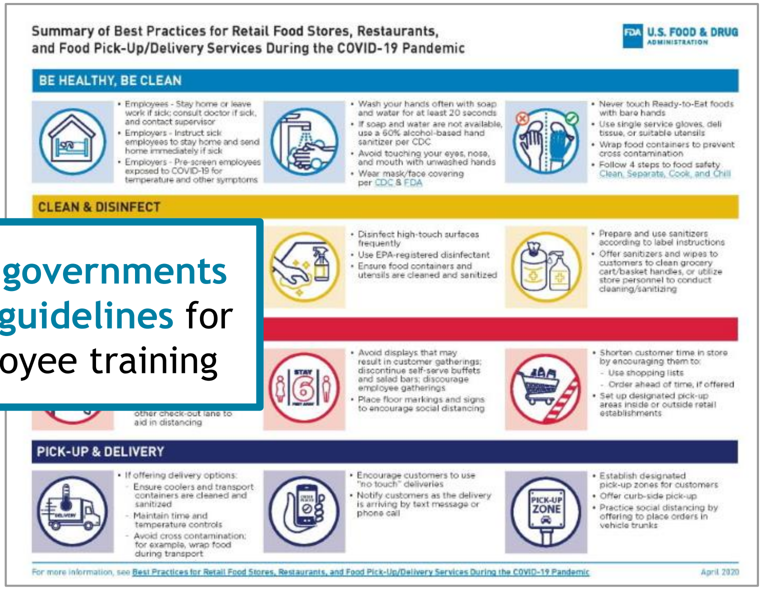
Consider this...

- **What internal and external channels do you have to reach employees and customers?**
- **What tools do leaders need to reinforce these behaviors with their teams?**

Kroger Sharing What We've Learned: A Blueprint for Businesses

Nothing herein constitutes legal advice or other formal direction or guidance of any kind. The information herein is offered for general informational purposes only. 5

Many **governments offer guidelines** for employee training



Summary of Best Practices for Retail Food Stores, Restaurants, and Food Pick-Up/Delivery Services During the COVID-19 Pandemic

FDA U.S. FOOD & DRUG ADMINISTRATION

BE HEALTHY, BE CLEAN

- Employees - Stay home or leave work if sick; consult doctor if sick, and contact supervisor
- Employers - Instruct sick employees to stay home and send home immediately if sick
- Employers - Pre-screen employees exposed to COVID-19 for temperature and other symptoms

- Wash your hands often with soap and water for at least 20 seconds
- If soap and water are not available, use a 60% alcohol-based hand sanitizer per CDC
- Avoid touching your eyes, nose, and mouth with unwashed hands
- Wear mask/face covering per CDC & FDA

- Never touch Ready-to-Eat foods with bare hands
- Use single service gloves, deli tissue, or suitable utensils
- Wrap food containers to prevent cross contamination
- Follow 4 steps to food safety Clean, Separate, Cook, and Chill

CLEAN & DISINFECT

- Disinfect high-touch surfaces frequently
- Use EPA-registered disinfectant
- Ensure food containers and utensils are cleaned and sanitized

- Prepare and use sanitizers according to label instructions
- Offer sanitizers and wipes to customers to clean grocery cart/basket handles, or utilize store personnel to conduct cleaning/sanitizing

other check-out lane to aid in distancing

- Avoid displays that may result in customer gatherings; discontinue self-serve buffets and salad bars; discourage employee gatherings
- Place floor markings and signs to encourage social distancing

- Shorten customer time in store by encouraging them to:
  - Use shopping lists
  - Order ahead of time, if offered
- Set up designated pick-up areas inside or outside retail establishments

PICK-UP & DELIVERY

- If offering delivery options:
  - Ensure coolers and transport containers are cleaned and sanitized
  - Maintain time and temperature controls
  - Avoid cross contamination; for example, wrap food during transport

- Encourage customers to use "no touch" deliveries
- Notify customers as the delivery is arriving by text message or phone call

- Establish designated pick-up zones for customers
- Offer curb-side pick-up
- Practice social distancing by offering to place orders in vehicle trunks

For more information, see Best Practices for Retail Food Stores, Restaurants, and Food Pick-Up/Delivery Services During the COVID-19 Pandemic April 2020

Hire/re-deploy capacity as needed to fulfill safety needs

Context & rationale:

- New operating procedures for COVID 19 increase the responsibilities for existing staff (e.g. higher cleaning requirements, triaging customers, managing line-ups, restocking etc.)
- Given the higher workload in the new environment, critical for retailers to consider the added burden on employees and re-allocate responsibilities
- Three options: Deprioritize other tasks, re-allocate employees or hire additional employees

Examples:

- **H-E-B (US):** Added an extra manager in charge of Covid-19 response who ensures store cleanliness (cleaning twice per day, food hygiene) and social distancing (monitors lines at food counters and checkout to ensure social distancing) (Link)
- **Grocers (Canada & US):** Several grocery stores have hired additional security to manage line-ups at the door

Execution considerations:

- Best practice is to operate with slack in expected capacity (Link)
- For essential retailers seeing a surge in customers, important to ensure they increase hiring to manage the higher demands on employees during the COVID-19 crises. Extra employees usually needed for stocking, crowd control at check-out and cleaning
- For non-essential retailers and restaurants, consider reallocating existing workers to different tasks to reduce the burden on employees
- Retailers consider the higher costs from new employees when considering which stores to open

Giant Eagle (US): Partnered with closed arena to hire displaced workers (Link)

GIANT EAGLE
OPEN 24 HOURS
PHARMACY

Grocer (Canada): Security guard managing line control

Employee Wellbeing:

Three key priorities for retailers

1. Safety procedures & protective equipment

- Provide preventative and protective equipment to create a safe workplace

Create a safe physical environment

2. Supporting employees through the pandemic

- Assist employees through flexibility and support programs (financial and otherwise)

3. Confirmed case response

- Re-assure staff & customers with clear, credible communications

Establish trust & supporting employees

Additional employee support: Five practices leading global retailers are considering in response to COVID-19

			Applicable to:		
			Essential	Non - essential	Restaurant
Flexible policies during COVID	1	Increase employee pay — wage increases/cash bonuses			
	2	Pre-emptively expand sick leave, regardless of confirmed case status			
	3	Relax absenteeism policy for vulnerable workers (e.g., elderly workers)			
Demonstrate care	4	Support most financially vulnerable workers			
	5	Institute non-monetary support programs (e.g., additional breaks, free masks, etc.)			

Increase employee pay

Context & rationale:

- Given the additional stress and higher risk of transmission for front-line employees during the COVID-19 crises, 'pandemic pay' has been instituted as best practice by many employers to support employees (Link)
- Additional pay and cash bonuses were prevalent among Canadian grocery stores in early phases of the COVID crisis to incentivize & reward
- Upon initial implementation, grocery stores indicated additional pay would be in place for approximately one month, then be re-assessed going forward

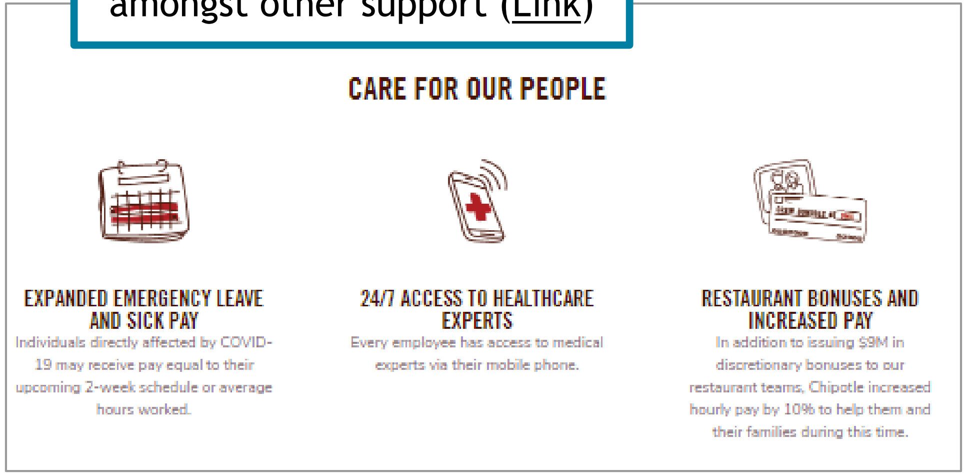
Examples:

- **Walmart (US):** Setting aside $550M in cash bonuses for hourly workers (Link)
- **Amazon (US):** Providing employees, both in-store and at fulfillment centers, double pay for every hour of over-time worked
- **Sobeys, Metro, and Loblaws (Canada):** Increasing regular pay during COVID period (Loblaws by +15%) (Link)
- **Big Lots (US):** Increasing pay temporarily by $2.00/hour all associates working in stores and distribution centres; temporarily improving the associate discount to -30% and a special discretionary pay-out for bonus-eligible leaders in stores (Link)
- **Ulta Beauty (US)**: Paying bonuses to distribution center employees (Link)

Execution considerations:

- Ongoing implementation will hinge in part on staff willingness to work given COVID-19 risks
- Consider implementing other employee safety best practices in this playbook and other recommendations by govt. agencies to ensure employee safety
- If implementing, consider establishing a set timeframe for wage increase and re-assess on regular basis

Chipotle (US): Highlighting increased pay for staff, amongst other support (Link)

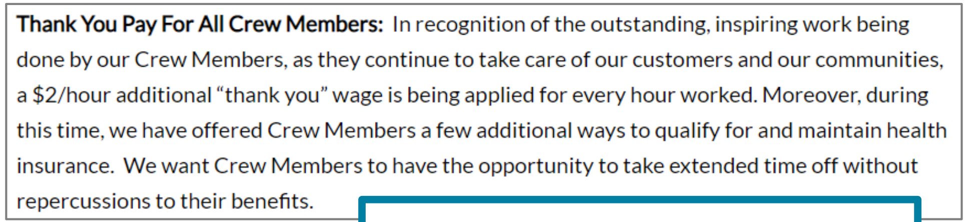


CARE FOR OUR PEOPLE

EXPANDED EMERGENCY LEAVE AND SICK PAY
Individuals directly affected by COVID-19 may receive pay equal to their upcoming 2-week schedule or average hours worked.

24/7 ACCESS TO HEALTHCARE EXPERTS
Every employee has access to medical experts via their mobile phone.

RESTAURANT BONUSES AND INCREASED PAY
In addition to issuing $9M in discretionary bonuses to our restaurant teams, Chipotle increased hourly pay by 10% to help them and their families during this time.



Thank You Pay For All Crew Members: In recognition of the outstanding, inspiring work being done by our Crew Members, as they continue to take care of our customers and our communities, a $2/hour additional "thank you" wage is being applied for every hour worked. Moreover, during this time, we have offered Crew Members a few additional ways to qualify for and maintain health insurance. We want Crew Members to have the opportunity to take extended time off without repercussions to their benefits.

Trader Joe's (US): Additional $2/hour 'thank you' pay for crew members (Link)

Pre-emptively expand sick leave allowances

Context & rationale:

- Given significant financial hardship driven by job losses and reduced hours, many employers have created policies to ensure that employees exercise an abundance of caution before deciding to come to work
- Paid sick leave, even before COVID-19 infection is confirmed, has been used by retailers globally to incentivize employees to take precautions and reduce risk of potential workplace spread

Examples:

- **Home Depot (US):** Hourly full-time associates receiving an additional 80 hours of paid sick leave or personal time until end of 2020; part-time hourly associates receiving an additional 40 hours of paid sick or personal time (Link); employees over age 65 receive extra paid time off (Link)
- **Darden (Olive Garden, Longhorn, etc.) (US):** Offering paid sick leave for all 190k workers in addition to paid family and medical leave, healthcare plans, and a 401(k). Employees now qualify for one hour of sick leave for every 30 hours worked and will also be provided with two weeks pay under a new emergency pay program (Link)
- **Apple (US):** Unlimited sick leave for all full-time and part-time hourly workers (Link)
- **Lowe's (US):** Temporary time-off measures (Link)
- **Best Buy (US):** Sick pay provided for employees who are sick and told to stay at home, anyone in quarantine, and employees who may need to stay home to care for their children (Link)

Execution considerations:

- Check recent government policies providing support for expanded sick leave

Darden restaurants (US):
Paid sick leave for all hourly employees (Link)

Trader Joe's (US):
Additional paid sick time for all employees (Link)

Relax absenteeism policy, especially for the most vulnerable

Context & rationale:

- During these unprecedented times, employers are supporting employees that face unique challenges which make it difficult to come to work even if they themselves are not infected
- Employees that are elderly and immunocompromised or those that live with or are care-takers for such individuals face higher risks from COVID-19. Other employees may have other physical or emotional challenges arising from the COVID-19 crises
- Globally, retailers are putting in place practices to ensure these employees are supported if they are not able to come to work

Examples:

- **Petco (US):** Waiving absentee policy and providing support to employees who decide to stay at home if uncomfortable working (Link)
- **Starbucks (US):** Continuing to pay all employees catastrophe pay for the next month, even when they do not come in for shifts; workers who continue to come to work at the chain’s open US locations will receive an extra $3 an hour in "service pay" through April 19 (Link)
- **Walgreen's (US):** Relaxing attendance policy for hourly team members until end of April, and confirmed cases are not required to use paid-time-off or vacation time (Link)

Execution considerations:

- Employers have set up communication channels to ask staff to reach out if they feel uncomfortable attending work
- Many retailers are keeping in close contact with at-risk employees to determine when they are ready to return to work

paris
cencosud

Cencosud (Chile): All employees >age 60 requested to remain at home for 2 weeks with pay (Link)

Target (US): Waiving absence policy to care for dependents (Link)

Support most financially vulnerable workers

Context & rationale:

- Many employees or their family members have lost their jobs temporarily or permanently as a result of COVID-19
- Many are facing dire financial distress owing to loss of income or the economic uncertainty from COVID-19

Examples:

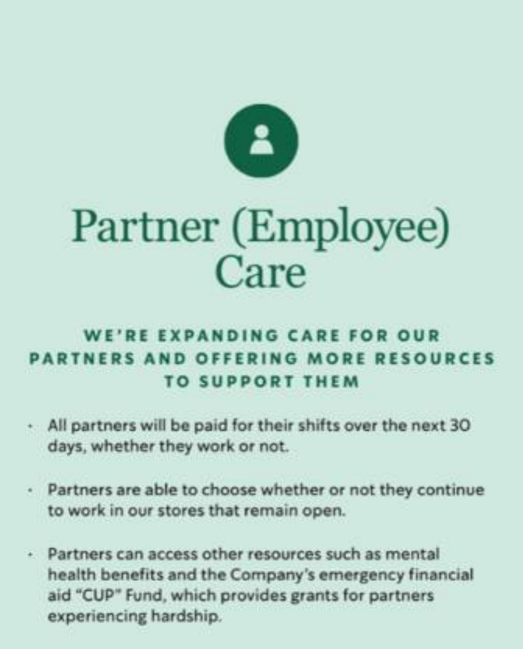
- **Lowe's (Canada, US):** established a $25 million fund to support employees, customers and communities (Link)
- **Primark (UK):** created wage fund for garment workers (Link)
- **John Lewis (UK):** established support fund to assist staff facing increased costs as a result of the pandemic (Link)
- **Petco (US):** launched Petco Partner Assistance Fund, an employee relief fund (Link)
- **Amazon (US):** established the Amazon Relief Fund, with $25M to support employees under financial distress (Link)
- **Postmates (US):** offering "fleet relief fund" to help couriers pay for the cost of medical check-ups (Link)

Execution considerations:

- Globally retailers are balancing the size of assistance with their own relative size, size of employee base, their own financial condition, etc.

Tim Hortons (Canada): Provides $40M fund for staff affected by COVID-19 (Link)

Tim Hortons



Partner (Employee) Care

WE'RE EXPANDING CARE FOR OUR PARTNERS AND OFFERING MORE RESOURCES TO SUPPORT THEM

- All partners will be paid for their shifts over the next 30 days, whether they work or not.
- Partners are able to choose whether or not they continue to work in our stores that remain open.
- Partners can access other resources such as mental health benefits and the Company's emergency financial aid "CUP" Fund, which provides grants for partners experiencing hardship.

Starbucks (US): Highlights grants for employees experiencing financial hardship

Non-monetary support programs

Context & rationale:

- Many retailers are unable to financially support employees given their own financial distress caused by COVID-19
- Given the importance of supporting employees, many retailers are considering other non-monetary means to support their workers during these difficult times
- This has been particularly relevant for employers that have temporarily or permanently laid-off employees

Examples:

- **Kroger (US):** Establishing financial assistance, online health benefits, and well-being hotline for employees (Link)
- **Albertsons Co (US):** Partnering with other major businesses to provide part time jobs to furloughed employees
- **Starbucks (US):** Providing free counseling and expanded child care program for employees in need due to school closures (Link)
- **Lowe's (US):** Extending telemedicine benefit to all associates and their families (seasonal, temporary, part-time and full-time), regardless of enrolment in Lowe’s medical plan (Link)
- **John Lewis (UK):** Providing free meals to all staff during crisis (Link)

Execution considerations:

- Employers are providing scheduling and contractual flexibility for employees that may need to seek additional employment due to personal financial situation
- Some examples of employers collaborating with other businesses to support employees (e.g. helping in job searches)

Employee Wellbeing:

Three key priorities for retailers

1. Safety procedures & protective equipment
   - Provide preventative and protective equipment to create a safe workplace

Creating a safe physical environment

2. Supporting employees through the pandemic
   - Assist employees through flexibility and support programs (financial and otherwise)

3. Confirmed case response
   - Re-assure staff & customers with clear, credible communications

Establishing trust & supporting employees

Confirmed case response: Five practices leading global retailers are considering in response to COVID-19

			Applicable to:		
			Essential	Non - essential	Restaurant
Prepare	1	Develop default response template and plan of action			
Care for the affected	2	Provide COVID-specific sick pay			
	3	Quarantine employees who came into contact with infected individual; provide support during time off as possible			
Manage transmission risk	4	Close store and deep-clean post-confirmed case			
	5	Implement contact-tracing where possible & contact affected individuals			

Develop response template & plan of action

Context & rationale:

- In the event of confirmed case, having a decisive & well-communicated response plan can demonstrate credibility & re-assure employees & customers of a safe eventual re-opening

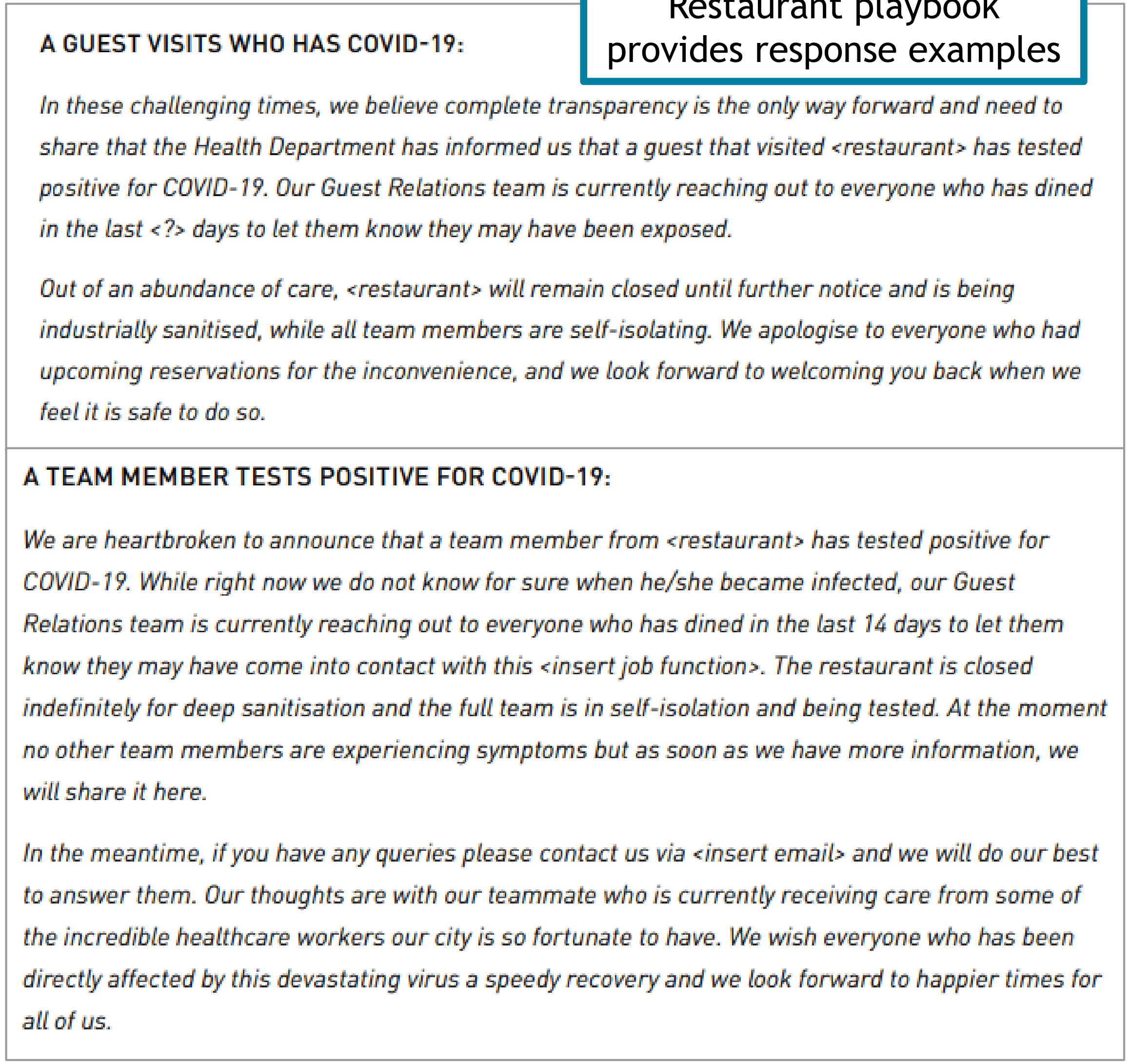
Examples:

- **Black Sheep:** Restaurant group has a detailed response plan to positive COVID cases (Link)
- **Amazon:** Used internal messaging system to inform employees of confirmed case in warehouse and released an email statement (Link)
- Detailed protocols and response plans provided by industry publications (Link)

Execution considerations:

- Draft messages in advance—including clearly defined communication plan of action to employees
- Identify location in advance for temporary isolation of identified employee or customer, in the event they are unable to immediately leave the premises
- Four key steps in response plan: i. work with public health authorities, ii. deep cleaning, iii. immediate closure, and iv. transparency
- Include clear timelines for closure (i.e., 24-48 hours) and specific cleaning procedures
- Key to collaborate with public health authorities to investigate direct contacts, in order to support others who may need to self isolate

Black Sheep (Hong Kong):
Restaurant playbook provides response examples



A GUEST VISITS WHO HAS COVID-19:

In these challenging times, we believe complete transparency is the only way forward and need to share that the Health Department has informed us that a guest that visited <restaurant> has tested positive for COVID-19. Our Guest Relations team is currently reaching out to everyone who has dined in the last <?> days to let them know they may have been exposed.

Out of an abundance of care, <restaurant> will remain closed until further notice and is being industrially sanitised, while all team members are self-isolating. We apologise to everyone who had upcoming reservations for the inconvenience, and we look forward to welcoming you back when we feel it is safe to do so.

A TEAM MEMBER TESTS POSITIVE FOR COVID-19:

We are heartbroken to announce that a team member from <restaurant> has tested positive for COVID-19. While right now we do not know for sure when he/she became infected, our Guest Relations team is currently reaching out to everyone who has dined in the last 14 days to let them know they may have come into contact with this <insert job function>. The restaurant is closed indefinitely for deep sanitisation and the full team is in self-isolation and being tested. At the moment no other team members are experiencing symptoms but as soon as we have more information, we will share it here.

In the meantime, if you have any queries please contact us via <insert email> and we will do our best to answer them. Our thoughts are with our teammate who is currently receiving care from some of the incredible healthcare workers our city is so fortunate to have. We wish everyone who has been directly affected by this devastating virus a speedy recovery and we look forward to happier times for all of us.

COVID-specific sick pay: Essential retailers enhanced leave policies and pay

Context

Given higher infection risk for employees working in public settings, some retailers have worked to provide additional sick leave

Retailer (US)	**Additional paid** time off (up to 2 weeks) under following conditions:	Bonuses/pay increases for **frontline/hourly** associates:
Kroger (Link)	• Confirmed symptoms by HC professional	• $300 FT/$150 PT bonus (all frontline)
Best Buy (Link)	• Anyone feeling unwell • Primary caregivers for children • Associates whose shifts have been cut short	• $2.50/hr raise (voluntary workers)
Walmart (Link)	• Confirmed COVID cases • Mandatory COVID quarantine	• $300 FT/$150 PT bonus (all frontline) • Reg. Q1 bonuses come early (in April vs. May) • $2/hr raise (fulfillment centers)
Walgreens (Link)	• Confirmed COVID cases	• $300 FT/$150 PT bonus (all frontline)
CVS (Link)	• Confirmed COVID cases • Mandatory COVID quarantine	• $150 to $500 bonus (all frontline)
Target (Link)	• Anyone ages 65+, pregnant and/or with underlying medial conditions • Quarantined or confirmed illnesses	• $2/hr raise (all frontline) • $250-$1,500 bonuses (dept. supervisors)
Amazon (Link)	• Confirmed COVID cases	• $2/hr raise (all hourly) • 2x overtime pay (prev. 1.5x)
Starbucks (Link)	• All associates paid for next 30 days (regardless of if they choose to work)	• $3/hr raise (all hourly)
Lowes (Link)	• Anyone feeling unwell or caring for loved ones • Anyone affected by closed schools and daycares	• $2/hr raise (all hourly) • $300 FT / $150 PT bonus
Home Depot (Link)	• Increase PTO for all associates (+80 hours paid for FT, additional 240h if over 65) • COVID-specific sick pay (<14 days)	• $100/week (FT), $50/week (PT)

Quarantine employees who may have come in contact with confirmed case – and financially support them

Context & rationale:

- Employees who have come into contact with confirmed cases are at a high-risk of contracting COVID-19 even they are not yet demonstrating symptoms; close proximity to individuals with COVID-19 is one of the leading causes of transmission of the virus
- Employees who have come in contact with someone with COVID-19, but not yet showing symptons, should not be permitted to return to work until the end of a 14 day quarantine period
- To align incentives and support the employees during this time, best practice is to continue providing pay during this period

Examples:

- **Walmart (US):** Providing 2 weeks' pay during quarantine period (including unconfirmed cases) (Link)
- **Other retailers:** In case of a positive case in one location, re-opening store with staff from adjacent locations + temporary staff

Execution considerations:

- Plan for an alternative workforce in case employees need to be quarantined; this also emphasizes the usefulness of 'A/B' team model (discussed in more detail in Chapter 3)
- Determine the scope of employee quarantine needed, given context of other cleaning practices (e.g., customer during morning shift was confirmed positive, but all surfaces sanitized before afternoon shift)
- Given emerging knowledge of COVID-19, including its spread, follow Public Health authorities' advisories and current best practices

Close store and deep clean

Context & rationale:

- Confirmed cases create health concerns amongst customers and staff
- Retailers need to demonstrate clear safety protocols to re-open after closure
- Closure of establishment is important, beyond cleaning/disinfecting practices, as virus dies out on surfaces 1-3 days after initial exposure, depending on the material (Link)

Examples:

- **Amazon (US):** Distribution center temporarily closed for deep-cleaning following a worker testing positive for COVID-19 (Link); prolonged closure of warehouse after several workers tested positive for the coronavirus (Link)

Execution considerations:

- Keep small inventory of cleaning and disinfecting supplies for deep-cleaning such as: masks, gloves, disinfectants with Drug Identification Numbers, standard cleaning agents, mops/buckets/spray tools as needed
- Best practices include: opening doors/windows and using ventilating fans for air circulation, waiting ~24 hours before beginning cleaning and disinfection, cleaning followed by disinfecting of all areas potentially in contact with the ill individual (e.g., offices, bathrooms, shared areas, items, etc.)
- CDC provides specific guidelines for cleaning different surfaces (Link)

Starbucks (US):
Deep cleaning after
confirmed COVID case

Grocer (Malaysia):
Deep cleaning after
confirmed COVID case

Implement contact-tracing

Context & rationale:

- Given asymptomatic nature of many COVID-19 cases, contact tracing is important to catch and isolate COVID-19 clusters before they can expand, particularly during re-entry scenarios

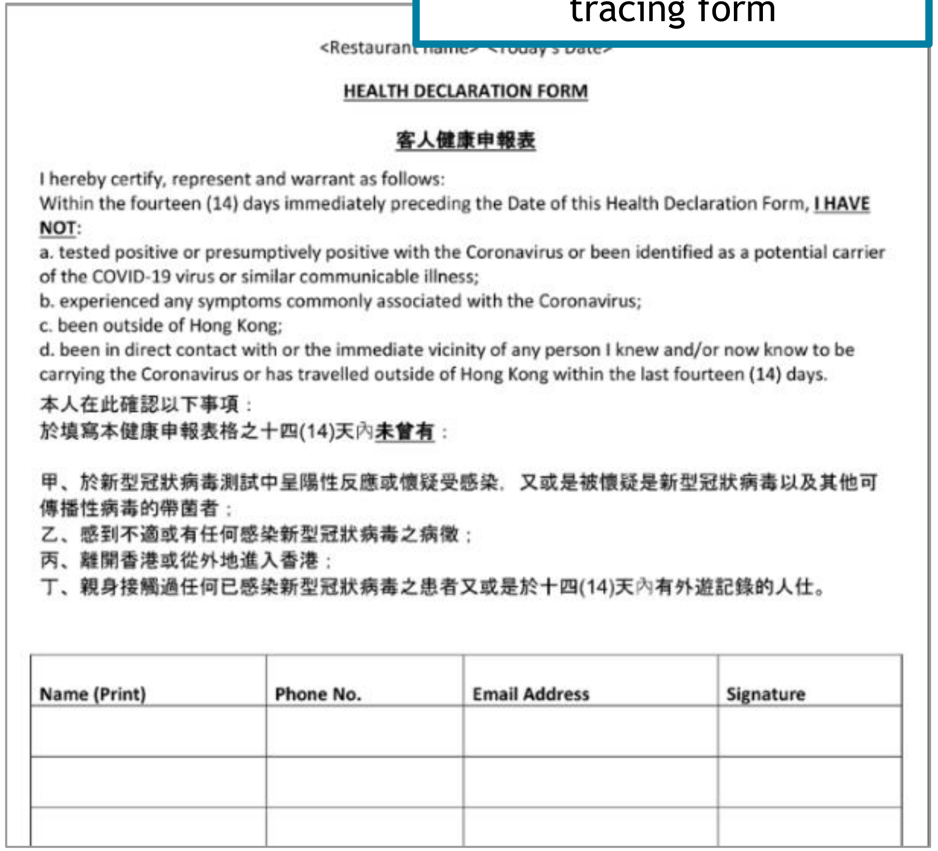
Examples:

- **Sears (US):** Two store employees tested positive for COVID-19; store was closed and contact-tracing established to identify close-contact individuals and determine if quarantine/testing required (Link)
- **Black Sheep Restaurants (Hong Kong):** Playbook recommends restaurants create a Health Declaration form asking guests for contact details in the event of a confirmed COVID-19 case (Link)
- While currently unlikely to be implemented in North America, **Singapore's** government has developed an app ('Trace Together'), which users can download and opt-in to share phone location data and inform users of past proximity to COVID-positive patients (Link); **Israel** has implemented a similar app

Execution considerations:

- North American customers may be hesitant to provide personal data – if implementing a contact tracing system, consider making it optional, depending on initial reactions
- Mitigate sensitivity by providing clear rationale for collecting personal data and include a clear privacy policy
- Ensure that writing implements, keyboard, or tablet interface is sanitized after each use
- Be sure to record the date and time of visit for more accurate outreach, in the event of confirmed positive case

Black Sheep (Hong Kong): Restaurant playbook provides example contact tracing form



<Restaurant name> <Today's Date>

HEALTH DECLARATION FORM

客人健康申報表

I hereby certify, represent and warrant as follows:
Within the fourteen (14) days immediately preceding the Date of this Health Declaration Form, **I HAVE NOT**:
a. tested positive or presumptively positive with the Coronavirus or been identified as a potential carrier of the COVID-19 virus or similar communicable illness;
b. experienced any symptoms commonly associated with the Coronavirus;
c. been outside of Hong Kong;
d. been in direct contact with or the immediate vicinity of any person I knew and/or now know to be carrying the Coronavirus or has travelled outside of Hong Kong within the last fourteen (14) days.

本人在此確認以下事項：
於填寫本健康申報表格之十四(14)天內**未曾有**：

甲、於新型冠狀病毒測試中呈陽性反應或懷疑受感染，又或是被懷疑是新型冠狀病毒以及其他可傳播性病毒的帶菌者；
乙、感到不適或有任何感染新型冠狀病毒之病徵；
丙、離開香港或從外地進入香港；
丁、親身接觸過任何已感染新型冠狀病毒之患者又或是於十四(14)天內有外遊記錄的人仕。

Name (Print)	Phone No.	Email Address	Signature

Government resources for employers

In addition to the many best practices identified in this document, there are many federal and local government resources to assist employers and employees during these difficult times.

As the COVID-19 crises is constantly evolving, new programs are being introduced and older programs updated frequently.

Please refer to Government of Canada and your local provincial government websites for details on these programs as well the Retail Council of Canada website for details on these programs.

COVID-19 Disclaimer

The situation surrounding COVID-19 is dynamic and rapidly evolving, on a daily basis. Although we have taken great care prior to producing this presentation, it represents a view at a particular point in time. This presentation is not intended to: (i) constitute medical or safety advice, nor be a substitute for the same; nor (ii) be seen as a formal endorsement or recommendation of a particular response. As such you are advised to make your own assessment as to the appropriate course of action to take, using this presentation as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.

RCC
RETAIL
COUNCIL
OF CANADA

COVID-19 Response Planning

Playbook on Merchandising & Marketing for RCC Members

EDITION #1 : MAY 2020

Context for this document

The following document has been prepared to provide members of the Retail Council of Canada a perspective on practices from retailers around the world on operating their business during the COVID-19 pandemic.

We have compiled these materials through a scan of practices observed from companies in countries that have started to emerge from the government imposed restrictions on the essential, non-essential and restaurant sectors.

These materials are intended to provide you with a framework for key considerations and relevant global best practices as you operate your business in today's challenging environment.

These are not intended to be legal advice or to replace local health and government guidelines. The COVID-19 crisis is rapidly evolving and there are different considerations for retailers in different regions and sub-sectors of the retail industry. Readers should consult the applicable laws & regulations, and guidelines issued by federal & provincial health and labor authorities, to make the best decisions for their respective businesses.

Where feasible, sources & links have been provided & identified but, given the rapidly changing environment, sources are not possible for all statements. Members should perform their own research before executing any measures herein.

This is a non-exhaustive document and the Retail Council of Canada is keen to solicit your feedback on additional topics that may be relevant for your business for future iterations of this playbook.

What this document is

Framework of key issues to consider as retailers prepare to operate within the ongoing COVID-19 pandemic environment

Examples of practices observed from retailers across various sub-sectors around the world

Key issues to consider in implementing examples from other regions/countries and sectors

What this document is not

Exhaustive list of all issues that retailers may face in the current environment

Legal advice on practices businesses should follow. Please consult appropriate legal channels, Health Canada or other RCC resources on appropriate guidelines

Tactical advice on how to implement each potential action. Local realities in each region will dictate what is actionable

Playbook for retail re-entry: Merchandising & marketing

Note: This is 1 of 6 Chapters produced by the RCC to support members in COVID response planning

Customer health & safety

Ensure customers are & feel safe while shopping

- Customer screening
- Social distancing
- Checkout & payment
- Store cleanliness

Employee wellbeing

Keep employees safe & healthy

- Protective equipment
- Confirmed case response
- Employee testing

Retail operations

Continue to deliver product & operate stores

- Supply chain mgmt.
- Inventory mgmt.
- Store operations

Focus of this document

Merchandising & marketing

Provide relevant offering, given new context

- Product offering / assortment
- Pricing / promo / markdown
- Advertising & comms

Store network & channel

Adjust to new demand & operating needs

- Store network
- Omnichannel capabilities & fulfillment
- Returns management

Finances

Maintain balance sheet to fund operations

- Cash & liquidity mgmt.
- Rent renegotiations

Context: Past crises past have markedly accelerated changes in consumer behaviour

Assortment preference

The Financial Crisis rapidly increased CPG private label penetration in Europe[1] (+22pp in Spain, +10pp in Italy, and +8pp in France)

Price & promo sensitivity

Four years after the Financial Crisis, 44% of Canadians said the recession influenced them to shop around more for the best price

Accelerated eCommerce shift

After the 2002-2003 SARS crisis, eCommerce adoption rates increased 5x in China

---

[1] 2012 vs. 2014

Source: Charged Retail; NBC; PLMA (Private Label Yearbook), Euromonitor; Kantar Worldpanel; Planet Retail (using Nielsen and Gfk data); Statista

Merchandising & Marketing:

Three key priorities for retailers

1. Product offering/assortment & presentation
   - Adapt assortment & selling approach for retail re-opening post-lockdowns

2. Pricing, promotions, and markdowns
   - Stimulate demand, while managing emerging operational complexities

3. Advertising & communications
   - Optimize marketing spend, reactivate demand to support re-opening, and drive loyalty

Define what products, & how to sell

Generate traffic & support sales

Merchandising & Marketing:

Three key priorities for retailers

1. Product offering/assortment & presentation

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- Stimulate demand, while managing emerging operational complexities

3. Advertising & communications

- Optimize marketing spend, reactivate demand to support re-opening, and drive loyalty

Generate traffic & support sales

Product offering / assortment & presentation: Five practices leading global retailers are pursuing in response to COVID-19

			Applicable to:		
			Essential	Non – essential	Restaurant
Define assortment	1	Pivot and adapt offering across categories for post-COVID world	🟦	🟦	🟦
	2	Simplify offering / assortment within a category based on profitability & supply base	🟦	🟦	🟦
Adapt in-store experience	3	Adjust visual merchandising / display practices	🟦	🟦	🟦
	4	Modify fitting room protocols		🟦	
	5	Temporarily close high-touch operations	🟦	🟦	🟦

Pivot and adapt offering

Note: This topic discusses which items to carry based on changes in demand, for guidance on estimating demand please refer to the "Retail Operations" and "Store Network & Channel" playbooks

Context & rationale

- Many companies continue to advise their employees to work-from-home, and many consumers remain uneasy in public settings, even as countries begin re-opening
- With lock downs impacting consumption patterns, different categories are expected to perform differently during the COVID-19 crisis (see next page)
- Retailers are shifting product offerings to cater to changing consumer needs

Examples

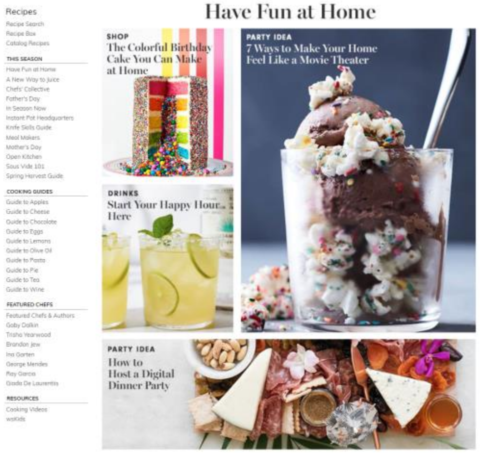
- **Lowes (Canada):** Emphasizing 'Quick DIY' home projects & assortment on website (Link)
- **H-E-B (US):** Carrying ready-made meals from five local restaurants at 29 supermarkets in San Antonio, Houston and Austin (Link)
- **Lettuce Entertain You (US):** Launched "Lettuce Take Care of You", a program that provides 3 meals each week that feed a family of four for US$150 with options from their many restaurants (e.g. RPM, Beatrix, Ramen-San, etc.) (Link)
- **Fat Rice (US):** Pivoting from full service restaurant to 'corner store' providing meal kits; intend to eventually provide ready-to-heat dishes (Link)
- **Chuck E. Cheese's (US):** Now selling family fun packs and party packs for delivery, including goody bags with toys, a doll, cake and gaming tickets for a future visit. (Link)
- **Primark (UK):** Has announced plans to re-open with inventory appropriate to the region and season (Link)

Execution considerations

- Retailers should consider segmenting categories by archetype and forecasting expected demand curve post re-open to plan to changes to offerings
- Communicate new offerings to customer base via existing channels

Fat Rice (US): Full service restaurant re-opening as a corner store carrying pantry staples

William Sonoma (US): Promoting stay-at-home activities and assortment



Recipes
Recipe Search
Recipe Box
Catalog Recipes

THIS SEASON
Have Fun at Home
A New Way to Juice
Chefs' Collective
Father's Day
In Season Now
Instant Pot Headquarters
Knife Skills Guide
Meal Makers
Mother's Day
Open Kitchen
Sous Vide 101
Spring Harvest Guide

COOKING GUIDES
Guide to Apples
Guide to Cheese
Guide to Chocolate
Guide to Eggs
Guide to Lemons
Guide to Olive Oil
Guide to Pasta
Guide to Pie
Guide to Tea
Guide to Wine

FEATURED CHEFS
Featured Chefs & Authors
Gaby Dalkin
Trisha Yearwood
Brandon Jew
Ina Garten
George Mendes
Ray Garcia
Giada De Laurentiis

RESOURCES
Cooking Videos
wsKids

Have Fun at Home

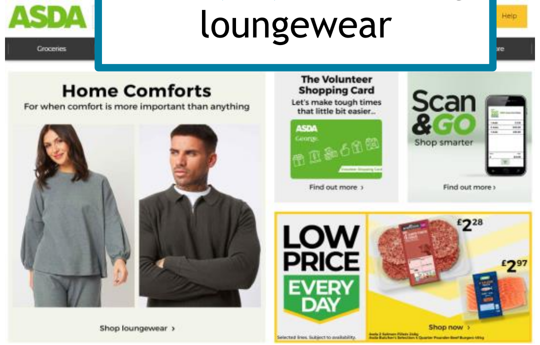
SHOP
The Colorful Birthday Cake You Can Make at Home

PARTY IDEA
7 Ways to Make Your Home Feel Like a Movie Theater

DRINKS
Start Your Happy Hour... Here

PARTY IDEA
How to Host a Digital Dinner Party

Asda (UK): Featuring loungewear



Home Comforts
For when comfort is more important than anything
Shop loungewear ›

The Volunteer Shopping Card
Let's make tough times that little bit easier...
Find out more ›

Scan & GO
Shop smarter
Find out more ›

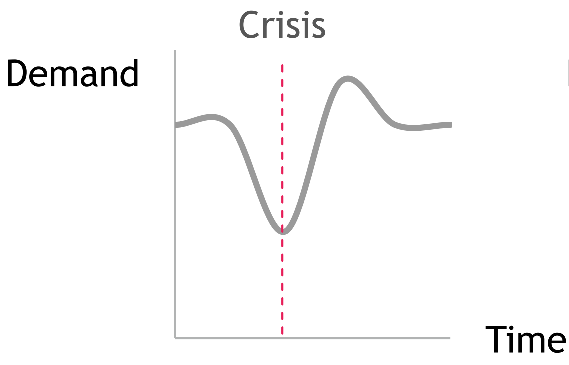
LOW PRICE EVERY DAY
£2.28
£2.97
Shop now ›
Selected lines. Subject to availability.

Categories will behave differently as crisis continues

Given different expected demand curves, new offerings will be necessary to remain relevant to customers

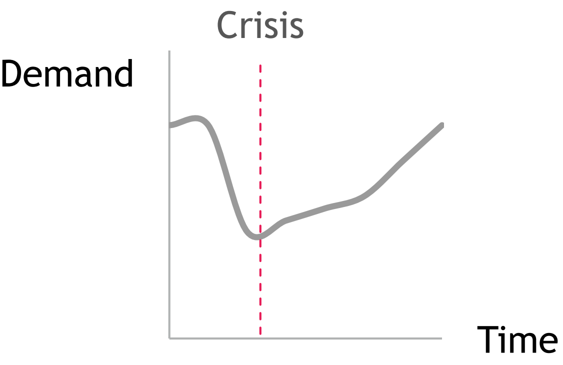
Few common category archetypes expected, although degree & duration of demand swings will vary within each

V-Shape



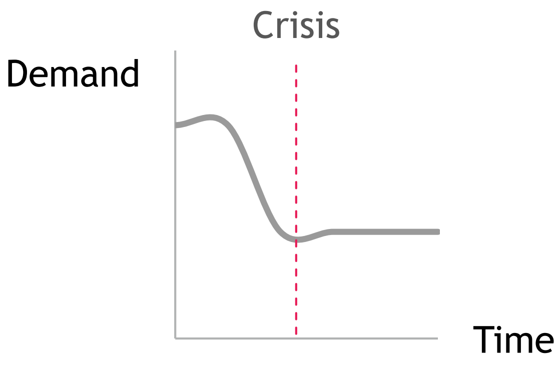
Demand stays constant, but faces channel constraints that when unlocked drive a 'spike'

U-Shape



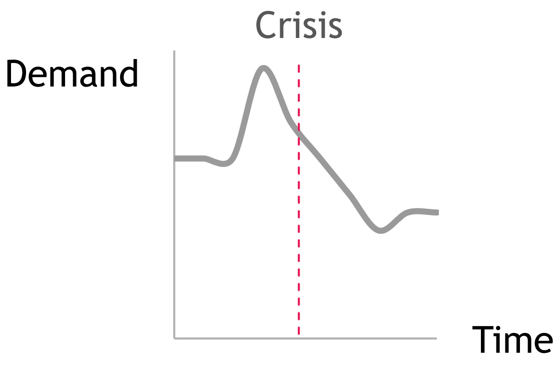
Demand is reduced, but likely to increase as interventions are gradually reduced as retail begins to open

L-Shape



Demand is reduced and facing longer-term government intervention and / or consumer behavior challenges

Δ-Shape



Demand drops well below pre-COVID-19 levels as consumers work through excess supply from panic buying

POTENTIAL EXAMPLES

E.g. Automotive parts

E.g. Apparel

E.g. Luggage

E.g. Canned goods

Simplify offering / assortment

Context & rationale

- Suppliers are facing multiple challenges, resulting in interrupted availability of product: i) Gaps in production inputs; ii) High demand in core assortment, requiring trade-offs producing secondary SKUs; and iii) Transport and logistics availability
- In both the Essential and Non-essential retail sectors, removing slow-turning inventory & assortment can free-up cash & space for more productive uses
- For restaurants, missing a single ingredient can result in loss of multiple menu items
- Simplifying recipes can also allow for increased social distancing in the kitchen, given fewer steps in preparation process

Examples

- **Shop-Rite (US):** Dramatically simplified flyer assortment to focus on keeping items in-stock and maintaining health & safety standards (Link)
- **Grocers (global):** Working with suppliers to rationalize SKUs to increase production efficiency
- **Panda Express (US):** Removed five main dishes and sides of brown rice from its menu to ease kitchen stress (Link)
- **McDonald's (global):** Stopped offering all-day breakfast (Link)

Execution considerations

- In a resource-constrained environment due to disruption, there is a tendency to focus on top selling items - suppliers are likely to prioritize the biggest SKUs, and opportunity cost for maintaining a 'long tail' of less productive items increases
- Performance of top/bottom items also tends to be accentuated in a crisis, since consumers also prioritize their spending
- Consider starting with a reset of assumptions on fast/slow moving SKUs, including online performers (which may differ from in-store); for Essential retailers, review SKUs unpurchased during the COVID-19 crisis
- Review assortment profitability by-SKU & critically assess the long-tail of unprofitable items; but be wary of demand transference (confirm a substitutable item remains in assortment)
- Incorporate impact of pent-up demand on non-essential items
- Evaluate alternative uses for shelf space, including expansion of categories/SKUs with low on-shelf availability due to constrained display space; if space or inventory constrained on top selling items, re-consider value of slow moving SKUs

Shop Rite (US): Flyer explaining assortment simplification

We're keeping it simple.

These are extraordinary times. Like you, we're focused on keeping our families safe and healthy. So that all of us at ShopRite can focus on what matters most, we're keeping it simple. We've simplified our sales program and our circular. In store, you'll find the essential products you'll need and the great values you've come to expect from us.

We're committed to keeping our store shelves stocked with fresh produce, meat, seafood and fresh baked goods so you can make your favorite dish at home. To help you shop with confidence, we're taking extra steps to clean and sanitize food contact surfaces and high-touch areas throughout the store.

Thanks for the trust you've placed in us. We're committed to giving you our best every day.

The ShopRite Family

Thank you to our dedicated Associates for your extraordinary efforts at this extraordinary time.

Simplifying assortment during COVID-19: A simple framework

How productive is this product/category?

How much sales does it generate each week in each store relative to peers?

How do these revenues compare to the costs to maintain category (margin, space, supply chain complexity)?

	Low	High
High	Selective removal (sales high but recapturable)	Maintain & grow
Low	Aggressively remove (sales low & recapturable)	Selective removal (sales lost but low)

How incremental are the sales of this product/category?

Are there substitutes the volume could go to & have consumers shown a willingness to shift to them[1]?

Is the product important in generating trips and/or starting baskets[2]? Do consumers associate this product with our store?

---

1. Historical willingness of consumers to reduce purchases of this product/category when another is promoted is a strong signal of substitutability;
2. Consider value of items frequently purchased as part of same basket as this item

Adjust visual merchandising / display practices

Context & rationale

- Visual merchandizing and displays are typically touched by many customers and employees and, thus, increase the risk of transmission from COVID-19
- Without due processes to minimize risks, customers will be reluctant to touch merchandise that others have touched

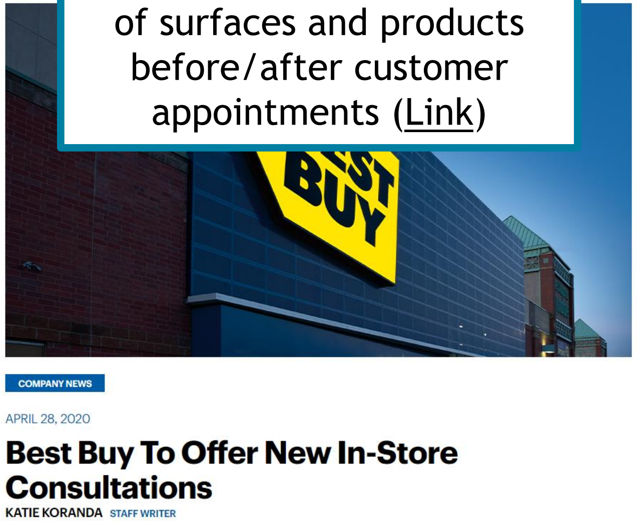
Examples

- **Best Buy (North America):** Plans to wipe down gadgets and other items before and after each in-store shopper touches them (Link)
- **Macy's (North America):** Customers will be required to use hand sanitizer before trying on fine jewelry and watches (Link)
- **Estee Lauder (US):** Partnered with AI and AR tech solution provider Perfect Corp to create virtual try-ons for their cosmetics products (Link)
- **Bulk Barn (North America):** Some locations have stopped customer self-serve of bulk goods; moved to model where only 2-3 customers allowed in store at once, each accompanied by a store associate who scoops the product

Execution considerations

- Displaying a single unit can minimize items touched (in apparel, consider displaying one size of each item, which can also minimize the number of articles requiring steaming / other sanitization)
- Where possible, customers should be offered hand sanitizer and or PPE (gloves) before touching products
- Demonstration products could also be sanitized before and after each use; most products with hard surfaces can be easily sanitized (e.g. consumer electronics, jewelry and watches)
- Locked items/cases can be moved closer to cash desk to facilitate staff assistance with purchase

Best Buy (US): Sanitization of surfaces and products before/after customer appointments (Link)



COMPANY NEWS

APRIL 28, 2020

Best Buy To Offer New In-Store Consultations

KATIE KORANDA STAFF WRITER

Independent retailer (Germany): Single unit of each item on display

Modify fitting room protocols

Context & rationale:

- The ability to try-on product is important to drive conversion, particularly in categories where finding the correct size is important (e.g., apparel, footwear)
- All retailers will need to follow local regulations, but regardless of regulation many customers will appreciate reassurance that safety measures are being taken; to further encourage them to try on product and/or using fitting rooms in stores

Examples:

- **Levi's (China):** Disinfects fitting rooms after each use, as well as clothes tried on (Link)
- **Nordstrom (US):** Closing some fitting rooms, cleaning in between uses; holding tried-on merchandise for unspecified time period before returning to shop floor (Link)
- **Macy's (US):** Opening minimum number of fitting rooms; holding tried-on items for 24 hours before returning to rack; holding returned items for 24 hours before returning to shop floor (Link)
- **H&M Group (Sweden):** Closed fitting rooms across H&M, Monki, Cos, Weekday and &OtherStories stores in Scandinavia (Link)
- **Mango (Spain):** Keeping every other fitting room open; quarantining garments tried-on for 48 hours before making available for re-sale (Link)
- **Desigual (Spain):** Limiting entrance to fitting rooms to single person, disinfecting after each use, and notifying customers of last time cleaning was carried out (Link)

Execution considerations:

- Consider closing every other fitting room, or use only one fitting room if needed, to meet distancing requirements
- Permit only 1 person per fitting room, and only person(s) trying on items to enter
- Increase cleaning of fitting rooms, similar to other high traffic areas by sanitizing surfaces after each use
- Consider installation of fitting room doors to replace curtains, if necessary to ease sanitization process (as hard surfaces easier to clean)
- Remove unnecessary/decorative objects from inside of fitting rooms
- Isolate unpurchased merchandise for at least 1 day before returning to shop floor, similar to returns – may require re-considering inventory on-hand depending on expected daily traffic to stores

Temporarily close high-touch operations

Context & rationale

- Given customer concern regarding risk of transmission of COVID-19 and public health regulations in many jurisdictions, self-serve options and high-touch services will likely be closed during re-opening phase (e.g. buffets, self-serve counters, in-store sampling, in-store makeovers)
- In addition, customers will be reluctant to use testers in many categories (e.g. beauty)

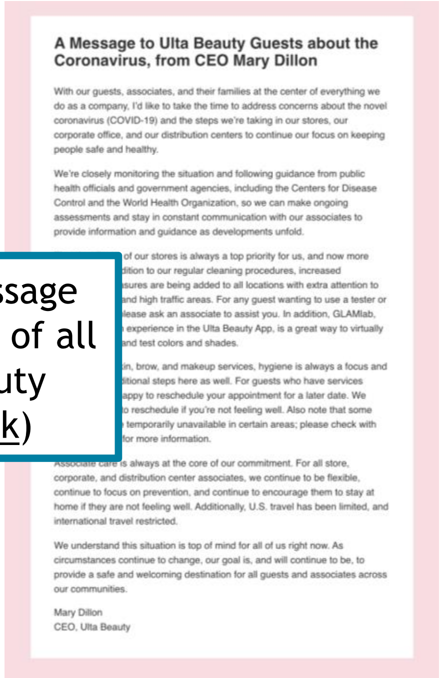
Examples

- **Meijer (US):** Shut meat and seafood and delis, shift to pre-packaged (Link)
- **7-Eleven, Kwik Trip and Kum & Go and others (US):** Eliminated mini-mart staples such as roller grills, nacho and chili cheese machines, soup bars and self-serve coffee (Link)
- **Kroger (US):** Closed self-serve bars (salad, olive, bakery, candy bars, etc.) and bulk-bin options (Link)
- **Walgreen's (US):** Stopped in-store sampling and removed testers for perfume and beauty products (Link)
- **Sephora (global):** Cancelled in-store makeup and skincare services and classes (Link)
- **Space NK (UK):** Anticipating the removal of testers (Link)
- **Marks & Spencer (UK):** Removed all testers from beauty department (Link)

Execution considerations

- For self-serve prepared food (restaurants and grocery/food retail): Determine if feasible to replace offering with pre-packaged options
- Consider repurposing space for high-demand categories with constrained shelf space (e.g. paper products) or to facilitate distancing in store
- Careful consideration should be undertaken for use of cosmetics testers, even in jurisdictions where these continue to be permitted; potential alternatives include: testers used on hands only, sanitized after each use, single-use samples, virtual demos

Whole Foods (US): All open prepared food areas closed / emptied



A Message to Ulta Beauty Guests about the Coronavirus, from CEO Mary Dillon

With our guests, associates, and their families at the center of everything we do as a company, I'd like to take the time to address concerns about the novel coronavirus (COVID-19) and the steps we're taking in our stores, our corporate office, and our distribution centers to continue our focus on keeping people safe and healthy.

We're closely monitoring the situation and following guidance from public health officials and government agencies, including the Centers for Disease Control and the World Health Organization, so we can make ongoing assessments and stay in constant communication with our associates to provide information and guidance as developments unfold.

of our stores is always a top priority for us, and now more
dition to our regular cleaning procedures, increased
sures are being added to all locations with extra attention to
and high traffic areas. For any guest wanting to use a tester or
lease ask an associate to assist you. In addition, GLAMlab,
experience in the Ulta Beauty App, is a great way to virtually
and test colors and shades.

in, brow, and makeup services, hygiene is always a focus and
itional steps here as well. For guests who have services
appy to reschedule your appointment for a later date. We
o reschedule if you're not feeling well. Also note that some
temporarily unavailable in certain areas; please check with
for more information.

is always at the core of our commitment. For all store, corporate, and distribution center associates, we continue to be flexible, continue to focus on prevention, and continue to encourage them to stay at home if they are not feeling well. Additionally, U.S. travel has been limited, and international travel restricted.

We understand this situation is top of mind for all of us right now. As circumstances continue to change, our goal is, and will continue to be, to provide a safe and welcoming destination for all guests and associates across our communities.

Mary Dillon
CEO, Ulta Beauty

Ulta (US): CEO message announcing removal of all testers from beauty department (Link)

Merchandising & Marketing:

Three key priorities for retailers

1. Product offering/assortment & presentation

- Adapt assortment & selling approach for retail re-opening post-lockdowns

Define what products, & how to sell

2. Pricing, promotions, and markdowns

- Stimulate demand, while managing emerging operational complexities

3. Advertising & communications

- Optimize marketing spend, reactivate demand to support re-opening, and drive loyalty

Generate traffic & support sales

Pricing, promotions, and markdowns: Five practices leading global retailers are pursuing in response to COVID-19

			Applicable to:		
			Essential	Non – essential	Restaurant
Drive demand	1	Review and modify promotion calendar to consider COVID-relevant 'themes'	■	■	■
	2	Use promotions to stimulate demand in non-essential categories	■	■	■
	3	Manage price perception across your portfolio	■	■	■
Institute new approaches	4	Adjust promo approach to protect operating margin	■	■	■
	5	Postpone seasonal assortment, decrease markdowns, & adjust buys		■	

Review and modify promotion calendar to consider COVID-relevant 'themes'

Context & rationale

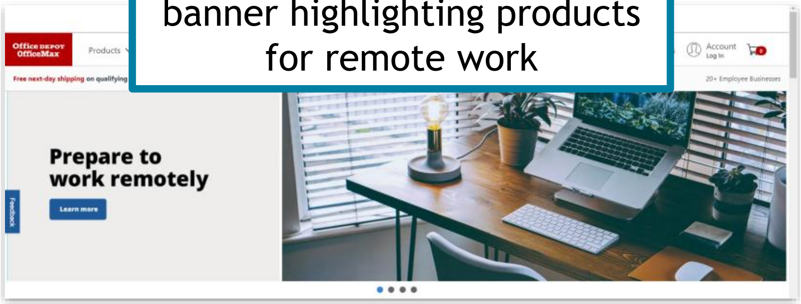
- Promotions can be used to focus on consumer-relevant activities through the lockdown / restriction phase (e.g., home baking, family cooking), and drive meaningful connections with retail brands

Examples

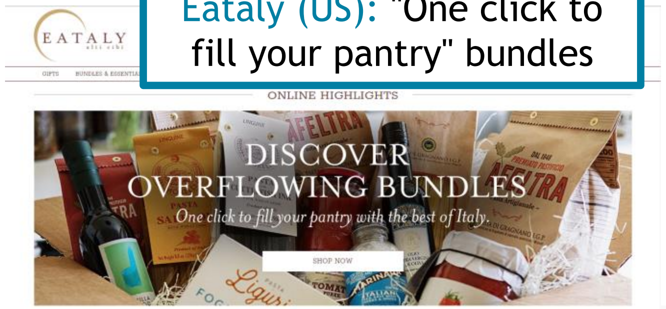
- **Ceconomy (Germany):** Launched new campaign, provides discounts for product combinations including domestic use products, “home entertainment” and home office products (Link)
- **Ulta, BIC, Coca Cola (US):** All have recently contracted brand ambassadors / influencers through Obviously to produce content (Link)
- **McDonald's (Belgium):** Offered 500-piece burger puzzles as a prize in a contest, responding to the early surge in demand for puzzles as lockdowns began (Link)
- **Reebok (US):** Launched #ReebokLove campaign, where consumers could nominate heroes in their community – incl. delivery people, postal workers, and healthcare workers – to receive a free pair of shoes (Link)

Execution considerations

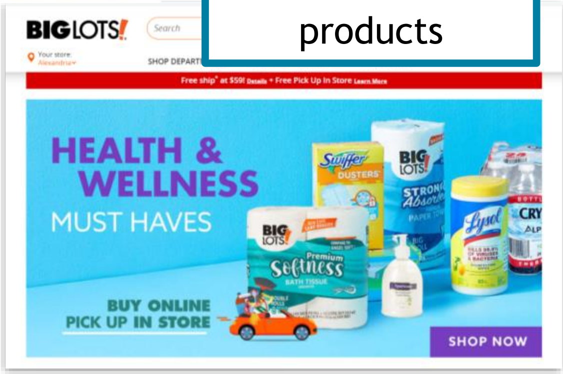
- There may be some sensitivity from the public about taking advantage of COVID-19 for marketing – ensure that any ads run are truly relevant to customers
- Retailer examples thus far have focused on tangentially related themes such as 'home living' and 'cozy dressing' – avoiding mention of the pandemic directly (Link)
- Relevant themes will vary over the course of re-opening and potential returns to lockdown, and may differ locally
- Review and update plans weekly, to incorporate new learnings and adjust for demand signals


Office DEPOT OfficeMax
Products
Free next-day shipping on qualifying
Account Log In
20+ Employee Businesses
Feedback
Prepare to work remotely
Learn more

Office Depot (US): Website banner highlighting products for remote work


EATALY
GIFTS
BUNDLES & ESSENTIALS
ONLINE HIGHLIGHTS
DISCOVER OVERFLOWING BUNDLES
One click to fill your pantry with the best of Italy.
SHOP NOW

Eataly (US): "One click to fill your pantry" bundles


BIG LOTS!
Search
Your store
SHOP DEPART
Free ship* at $59! Details • Free Pick Up In Store Learn More
HEALTH & WELLNESS
MUST HAVES
BUY ONLINE PICK UP IN STORE
SHOP NOW

Big Lots (US): Promoting health & wellness products

Use promotions to stimulate demand in non-essential categories

Context & rationale

- Given store closures and lower demand due to economic uncertainty, consumption has been subdued, particularly in many non-essential categories
- Carefully designed promotions to support store re-openings can influence customer behavior and help reactivate otherwise latent demand
- Some promotions can also bolster short-term cashflow (e.g. discounted gift cards)

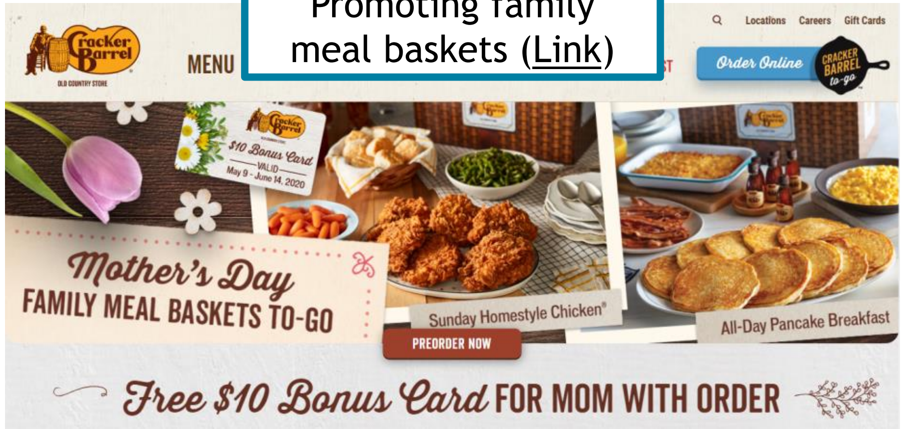
Examples

- **Rainbow Fuel Stop (US):** Offering discount of up to 10 cents per gallon if paying cash to attract customers coming into the shop, driving higher-margin ancillary purchases (Link)
- **Big Lots (US):** Providing coupons for in-store purchases to reduce strain on online ordering (Link)
- **Bonefish Grill and Black Angus restaurants (US):** Launched gift card promotions (Link)
- **Burger King, Cheesecake Factory, Firehouse Subs, and Olive Garden (US):** Offering deals to promote takeout and delivery (Link)

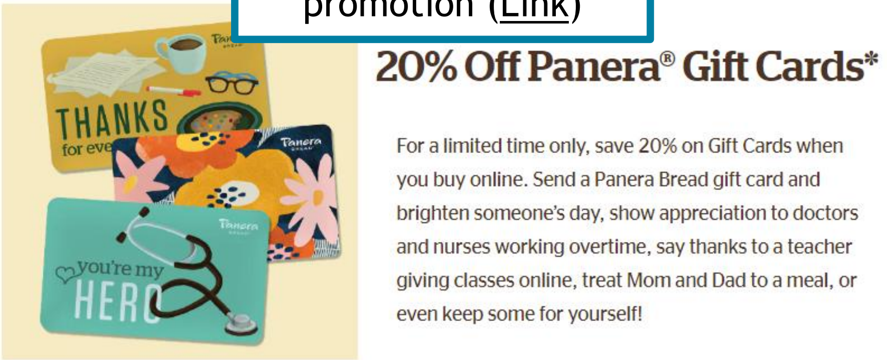
Execution considerations

- Promotions should focus on categories where underlying consumption/use is likely to have remained strong, but - given availability & recent priorities - the decision to purchase has been delayed (e.g. apparel, discretionary foods), promoting these items to raise awareness is more likely to stimulate purchase than those where use has fallen
- As always, promotions should only be done with an eye to encouraging incremental visits, drive incremental basket/transaction activity, or maintain price perception
- Avoid promoting supply-sensitive items as further exacerbating supply shortages is likely to frustrate customers, while limiting sales
- If considering promotions to drive in-store visits, avoid promotions that lead to crowds (e.g. door crashers)
- Consider promotional events or days to drive demand once retail opens (e.g. Black Friday, Prime day, etc.)

Cracker Barrel (US): Promoting family meal baskets (Link)


Cracker Barrel
OLD COUNTRY STORE
MENU
Locations
Careers
Gift Cards
Order Online
CRACKER BARREL to-go
$10 Bonus Card
VALID
May 9 - June 14, 2020
Mother's Day
FAMILY MEAL BASKETS TO-GO
Sunday Homestyle Chicken
PREORDER NOW
All-Day Pancake Breakfast
Free $10 Bonus Card FOR MOM WITH ORDER

Panera (US): Gift card promotion (Link)


THANKS for eve
Panera
you're my HERO

20% Off Panera® Gift Cards*

For a limited time only, save 20% on Gift Cards when you buy online. Send a Panera Bread gift card and brighten someone's day, show appreciation to doctors and nurses working overtime, say thanks to a teacher giving classes online, treat Mom and Dad to a meal, or even keep some for yourself!

Manage price perception

Context & rationale

- In many categories, customers are becoming more price-sensitive given economic uncertainty – and reacting to perceived instances of price-gouging or unfair prices
- Due to retailer missteps early in the crisis (e.g. raising prices on key goods – Link), governments have closed in on price gouging & many retailers are wary of negative press associated with these instances
- Given the focused attention on prices, retailers should be weary of any pricing increases

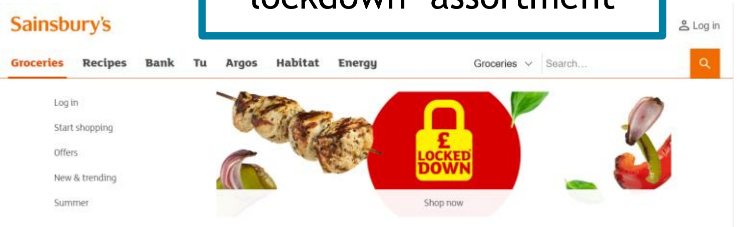
Examples

- **Walmart, Meijer, Rite Aid, Walgreens, Target, and others (US):** 15 major retailers voluntarily agree to maintain existing prices – generally all items (Link)
- **SAQ (Canada):** Agreed with its suppliers to postpone retail price increases on wines and spirits normally planned for May (Link)
- **Haidilao and Xibei (China):** Restaurant chains reversed price increases after customer reaction (Link)
- **Del Taco (US)** Revamped dollar menu during pandemic (Link)
- **Big Y Foods (US):** Instituted a price freeze on over 10,000 items as a way to help financially challenged customers (Link)
- **Sainsbury's (UK):** "Price lockdown" assortment of essential items discounted for min. 8 weeks (Link)
- **Tesco (UK):** £2 offers on fresh products (Link)
- **ASDA (UK):** Price roll-backs across top selling SKUs (Link)

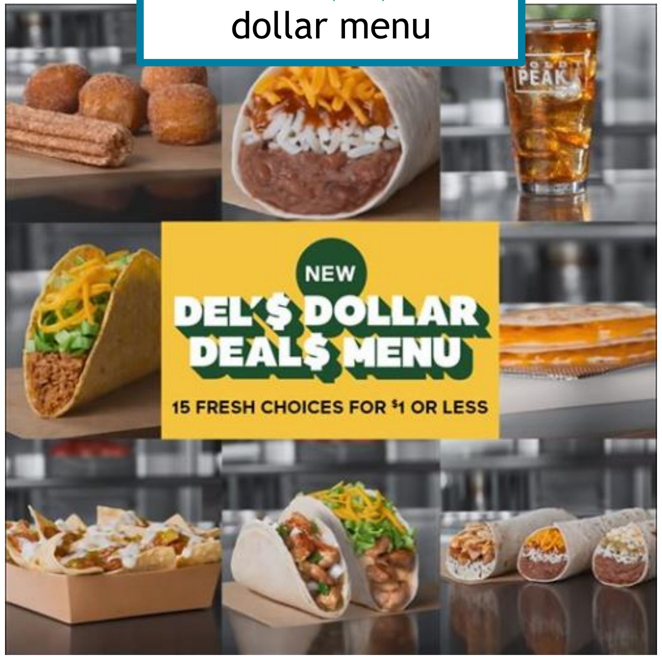
Execution considerations

- Be wary of any planned pricing increases, and consider pausing or adding additional validation to any algorithmically driven pricing systems
- Review all pricing changes (+/-) with a lens to the current environment and anticipated consumer response/perception
- Consider leveraging social media to monitor response to any price changes
- Maintain awareness of competitive regulations regarding permanence of price changes

Sainsbury's (UK): "Price lockdown" assortment


Sainsbury's
Log in
Groceries
Recipes
Bank
Tu
Argos
Habitat
Energy
Groceries
Search...
Log in
Start shopping
Offers
New & trending
Summer
£ LOCKED DOWN
Shop now

Del Taco (US): New dollar menu


PEAK
NEW
DEL'$ DOLLAR DEAL$ MENU
15 FRESH CHOICES FOR $1 OR LESS

Adjust promo approach to protect operating margin

Context & rationale

- Unprecedented demand volatility means old norms & practices defining which products were fast or slow and well suited to promotion no longer apply
- Given uncertain demand, scale of promotion should be adjusted to preserve margin, reduce in-store labour requirements & prevent further strain on the supply chain (where relevant)
- Given dramatic changes in consumer behaviour, traditional trip drivers & basket builders have likely changed; necessitating a change in promotion items as well
- Increased promotional intensity has been observed in many non-essential categories, placing downward pressure on margins
- Conducting promo optimization to reduce inefficient promos can improve margins, while enabling reinvestment to the most effective promos to help recover demand

Approaches to consider

Re-determine appropriate level of promo activity given new reality (if at all)

- Many items – such as 'Trip drivers' - unlikely to perform as effective promotion items given consumers' general aversion to trips in current environment
- Promotions generally drive incremental effort/touching in store & can further strain supply chain

Reduce in-store labour effort

- Increasing length of promos can reduce store labour required (e.g., lower frequency of tag changes) and also reduce business complexity (e.g., planning)
- Developing central signage with discount to be applied at check-out (vs. individual shelf tags or re-tagging items) can also help minimize labour and physical contact with the product

Promote 'basket builders' and high-margin products

- Enhancing in-store promo and discounts on tag-on SKUs, can help increase basket size
- Increased visibility can increase purchase of highest margin items (e.g., own brands if carried)

Implement iterative learning

- Controlled trials can be used to test new optimal promo parameters (elasticity, relative appeal)

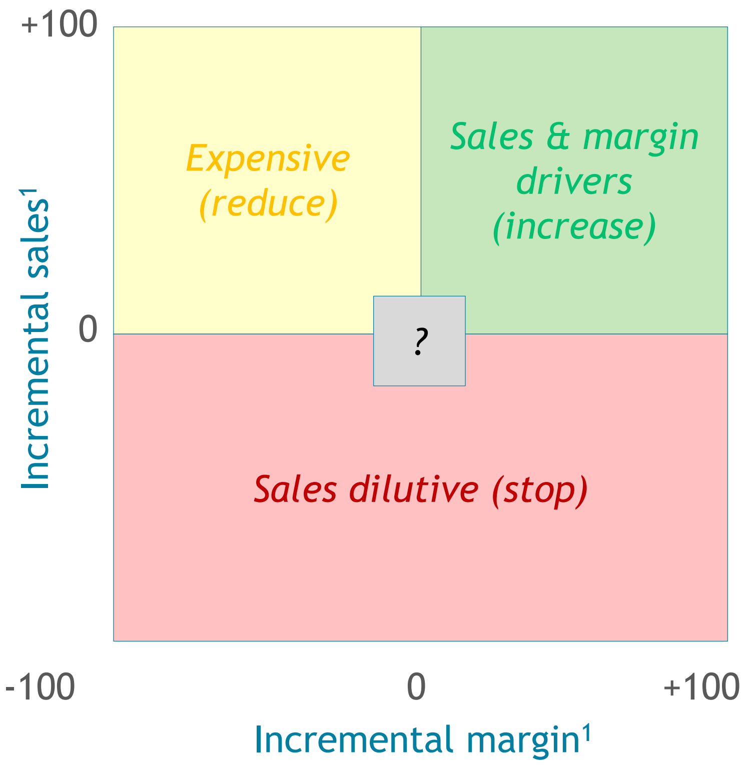
Go digital

- Consider personalized promos to re-engage customers and foster cross-selling online to help reduce reliance on public promos; alternatively, tailor promos to different customer segments
- Consider 'digital only' promotions oriented to new customers

Managing promotion during COVID-19: A simple framework

Retailers must ensure fundamentals of promotions still hold true, then screen for new realities

Reassess incrementality of promotions in new environment and continue to prioritize sales & margin drivers


+100
0
Incremental sales[1]
Expensive
(reduce)
Sales & margin
drivers
(increase)
?
Sales dilutive (stop)
-100
0
+100
Incremental margin[1]

Confirm sales & margin driving promotions will be compatible with current environment

Will this promotion drive larger baskets?
(be wary of incremental trips/traffic)

Can it be done without inducing material incremental strain on the supply chain?

Can in-store employees safely & efficiently execute the promotion?

---

[1] Incrementality must include measure of impact on entire basket size & trip count.

Postpone seasonal assortment, decrease markdowns & adjust buys

Context & rationale

Apparel, footwear, and other seasonal retailers face 5 challenges as stores re-open:

1. Significant stock on-hand, with Spring/Summer inventory mostly unsold and Fall/Winter orders already in place
2. Short recovery window, with less <1/2 typical time left to sell Spring/Summer season, assuming re-opening by June
3. Limited and less elastic demand, given lower anticipated consumer demand given reduced discretionary spending
4. Cash shortages, having paid for Spring/Summer collections while still needing to pay for next season
5. Need to free-up space in stores to introduce new Fall/Winter collections and further minimize losses

Key considerations for retailers

Maintain the season:

- Is it feasible to extend the seasonal calendar?
- Is it feasible to postpone part of the Spring/Summer 2020 assortment into the next season?

Increase sales & margin:

- Can we bias channel/store mix to more active channels?
- Can seasonal markdown discounts be reduced?

Manage inventory:

- Can Fall/Winter 2020 and Spring/Summer 2021 buying targets be reduced?
- Is there available space to accommodate extended seasonal inventory?

Examples

Extend Spring/Summer seasonal selling period to allow more time for full price sell-through

- Chanel: Will keep SS20 ready-to-wear collection in stores for longer, future collection to arrive in July (instead of May)

Continue to sell parts of Spring/Summer assortment during following seasons

- Balenciaga states that its spring show collection will become part of the fall 2020 collection

Shift inventory to stores with stronger demand; consider transferring inventory to DC's to re-deploy based on store re-openings and sell-through

Based on narrower end-of-season assortment, potential to de-average markdowns and focus discount investments on select items

Edit future seasons assortment, given that prior season assortment will continue to be sold

Hold in DC's, if space in DC's and stores not sufficient, consider selling inventory to off-price retailers

- PVH considers holding Tommy Hilfiger & Calvin Klein spring & summer collections until future seasons to avoid selling at massive discounts

Merchandising & Marketing:

Three key priorities for retailers

1. Product offering/assortment & presentation
   - Adapt assortment & selling approach for retail re-opening post-lockdowns

Define what products, & how to sell

2. Pricing, promotions, and markdowns
   - Stimulate demand, while managing emerging operational complexities

3. Advertising & communications
   - Optimize marketing spend, reactivate demand to support re-opening, and drive loyalty

Generate traffic & support sales

Advertising & communications: Five practices leading global retailers are pursuing in response to COVID-19

			Applicable to:		
			Essential	Non – essential	Restaurant
Optimize spend & tactics	1	Optimize marketing budgets and shift spend to most relevant channels & formats	■	■	■
Communicate re-opening & drive traffic	2	Communicate re-opening, including new health & safety practices		■	■
	3	Use new product launches and special editions to drive traffic to stores		■	■
	4	Consider alternative approaches to customer outreach		■	
Support community	5	Support and highlight CSR initiatives	■	■	■

Optimize marketing budgets & shift spend to most relevant channels & formats

Context & rationale

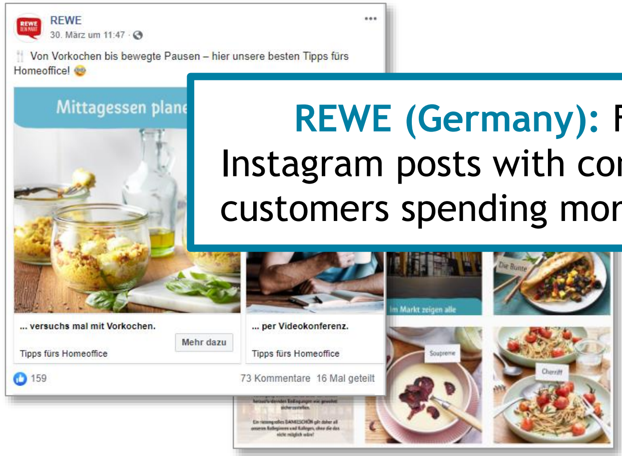
- Rapid shift of consumer behavior due to prolonged lockdown has changed media consumption habits toward digital channels
- Consumers are adjusting shopping behavior (e.g., increased online adoption, category preferences), values (e.g., more focused on sustainability, society and wellness), and lifestyle (e.g., home-centered lives, focus on hyper-local)
- Many companies are reducing traditional TV & Print advertising and re-allocating funds towards digital formats, in many cases shifting from media to content generation

Examples

- **Perfect Diary (China):** Overall 2020 Q1 marketing spend reduced ~30% vs. original budget (-50% offline and -20% online, prioritizing historically high digital media ROI) (Link)
- **Adidas (China):** Launched "Adidas Original x Tmall Super Brand day" and "Live Streaming Week" in Feb., shifting from a 10-day offline event to 5-day online event live-streamed to more than 2M people, with Adidas Tmall sales reaching 200M RMB in first 10 hours on Feb. 21 (Link)
- **Hy-Vee (US):** Offering a free fitness program for kids as schools remain closed due to the coronavirus pandemic – will release 15- to 20-minute videos seven days a week (Link)
- **Popeyes (US):** Launched a “Fried Chicken N Chill” campaign, offering to give out login information to the company’s Netflix account so customers can enjoy the streaming service with their at-home fried chicken orders (Link)

Execution considerations

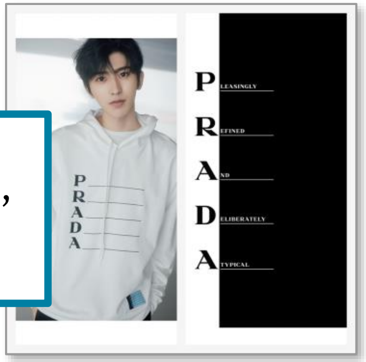
- Repurpose low ROI marketing spend to different channels / initiatives – esp. digital
- Review and update marketing plan, assessing portfolio wide impact
- Pause media spend in geographies and categories where inventory is challenged, and redeploy online or on other products
- Revisit traditional B&M vs. E-Comm-oriented marketing mix given elevated consumer bias to online and potential for staggered store re-openings across provinces
- Evaluate new capabilities required to succeed, given acceleration of current trends: digitization, casualization, and personalization



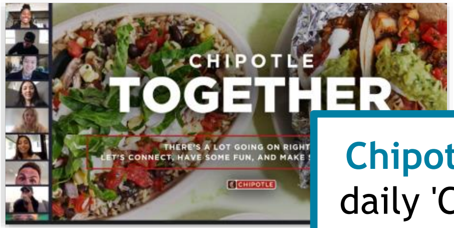
REWE
30. März um 11:47

Von Vorkochen bis bewegte Pausen – hier unsere besten Tipps fürs Homeoffice!

REWE (Germany): Facebook & Instagram posts with content to engage customers spending more time at home



Prada (China): Launched campaign over WeChat, Weibo, and Douyin; leveraged influencers (Link)



Chipotle (US): Hosting series of daily 'Chipotle together' sessions via Zoom with celebrity guests

Communicate re-opening, including new health & safety practices

Context & rationale

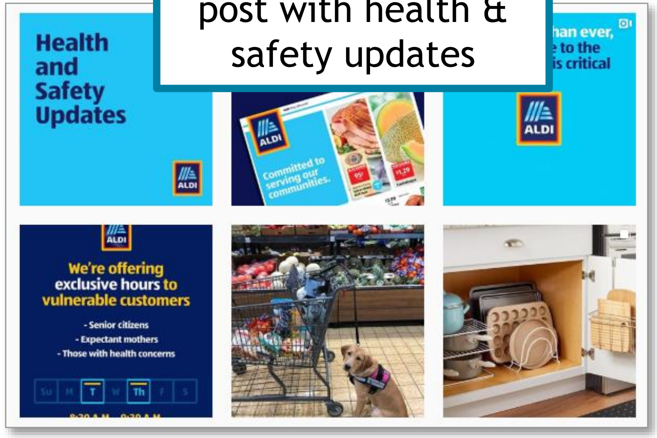
- Customers may be unaware of store re-openings in the absence of communication, given that many retailers have chosen to remain closed or modify their opening hours, during initial days/weeks of permitted re-opening
- In addition, customers may be reluctant to visit stores, without knowing the extent that health and safety practices have been adopted
- Digital communication has proven the best way to reach consumers during re-opening in many countries

Examples

- **Carrefour, Mercadona, Tesco (Europe):** Retailers issuing statements of public assurance to customers that there is no risk of shortage in the supply-chain (Link)
- **H-E-B (US):** Released video to customers showing a fully stocked warehouse, cautioned against panic buying (Link)
- **Coles & Albert-Heijn (Australia, The Netherlands):** Some flyers are outlining specific health and safety measures being taken, by the store as well as guidelines for customers (Link; Link)
- **Taco Bell (US):** Newest campaign shows brand fans embracing the drive-thru process including sticker-sealed bags (new norm during COVID-19) (Link)

Execution considerations

- Tactfully (but visibly) highlight safety procedures to create confidence without hurting enjoyment and re-assure customers of availability
- If re-opening part of store network, clarify which specific locations and opening hours


Health and Safety Updates
ALDI
Committed to serving our communities.
We're offering exclusive hours to vulnerable customers
- Senior citizens
- Expectant mothers
- Those with health concerns

Aldi (US): Instagram post with health & safety updates

INTERIOR CONSUMER MESSAGING STRATEGY

- All messaging will be provided in standee, 22 x 28, 30 x 40 sizing for optimal use in various locations throughout all platforms. Managers should work with RVPs to determine plan for property

What We're Doing to Keep You Safe
HEALTHY SHOPPER GUIDELINES
Welcome Back. We Missed You.

Simon Properties (US): Mall operator presented example signage to welcome customers back upon reopening (Link)

Use new product launches and special editions to drive traffic to stores

Context & rationale

- While marketing and in-store experience and support demand re-activation, unique product is often the most compelling reason for a shopping trip
- New product launches have the potential to re-engage loyal and lapsed customers

Examples

- **SKP Beijing (China):** Hosting pop-up stores that will bring in brands that are extremely rare in China as well as limited-edition collaborations that will only be available at the physical stores (Link)
- **Hermès (China):** Shipped in rare bags for the reopening day of its flagship store in Guangzhou's Taikoo Hui; it is said to have brought in at least $2.7 million in sales that day (Link)
- **Swarovski (China):** Launched 125 year anniversary celebration and collection (Link)

Execution considerations

- Limited edition products or limited availability can drive a sense of immediacy
- Use product launches / exclusivity strategically to drive traffic to the channel with excess capacity (may be online or in-store) – and if driving traffic to stores and anticipating major response, prepare ahead of time with additional social distancing measures and security
- Use in conjunction with employee outreach to service customers that might still be reluctant to visit store locations

adidas
SUPERSTAR
50TH ANNIVERSARY
TMALL SUPER BRAND DAY
HERITAGE EDITION

Adidas (China): Debuted exclusive sneakers on Tmall live stream, known as "See Now, Buy Now" – as livestreams continue to gain momentum in China (Link)

Consider alternative approaches to customer outreach

Context & rationale

- With consumers indicating they will take fewer trip to stores, even once re-opened, retailers should consider alternative approaches to catering to customers in-store
- Retailers should prioritize personalized outreach to high value customers

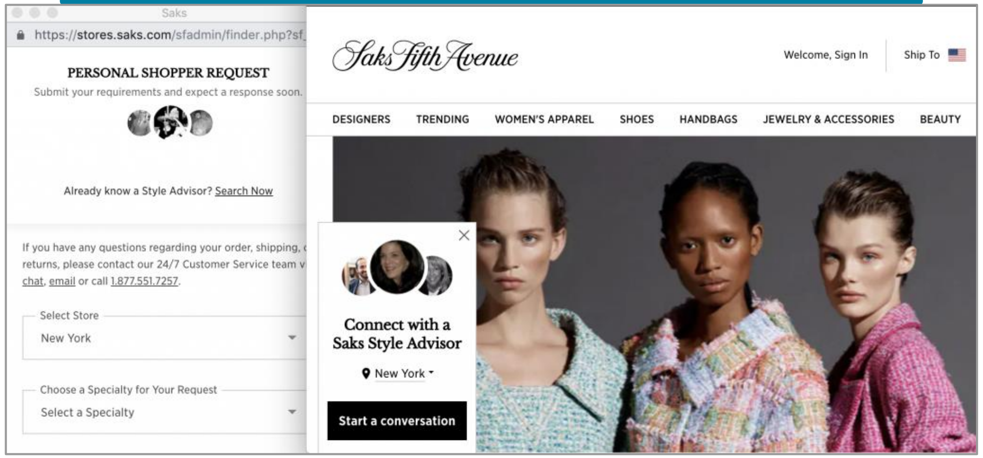
Examples

- **Gucci (China):** Deploying highly targeted messages & guidelines to store associates in China (e.g., special messages to Chinese students returning from overseas studies due to COVID-19)
- **Neiman Marcus and Saks Fifth Avenue (US):** Leveraging Salesfloor program to enable stylists and personal shoppers to check in with clients, driving online sales (Link)
- **Bandier (US):** Intends to re-purpose in-store sales associated to discuss products with customers over the phone, and ship the products to customers' homes for at-home try on (Link)

Execution considerations

- Ensure store associates contacting customers are enabled and have sufficient information to tailor their approach (e.g. contact information, purchase history, product images, etc.)
- Enable store associates to clientele during "idle time" when instore traffic is low and/or from home (may vary based on contract and labour regulations)
- If establishing customer contact for the first time, ensure a central system is used to track outreach to avoid duplication of effort between employees

Saks (US): Website includes portal for customers to connect with sales associate, or contact a specific advisor they are already familiar with



PERSONAL SHOPPER REQUEST

Submit your requirements and expect a response soon.

Already know a Style Advisor? Search Now

If you have any questions regarding your order, shipping, returns, please contact our 24/7 Customer Service team v chat, email or call 1.877.551.7257.

Select Store: New York

Choose a Specialty for Your Request: Select a Specialty

Connect with a Saks Style Advisor

New York

Support and highlight CSR initiatives

Context & rationale

- Social impact initiatives during crisis not only critical to supporting the communities in which we operate, but can also support brand image amongst customers & motivate employees

Examples

- **Sainsbury's (UK):** Donated £3m to the leading food aid charity FareShare and pledged to make its surplus produce available to the group for distribution, so struggling food banks can get more of the supplies they need (Link)
- **Walmart (US):** $10 million donated to nine organizations that support food banks, schools and senior meal programs (Link)
- **El Corte Inglés (Spain):** Donated 50 mattresses and other essential items to make-shift hospital (Link)
- **Gap, Eddie Bauer, UNIQLO, Brooks Brothers and Canada Goose (North America):** Using facilities to make protective medical equipment (Link)
- **Auchan and Leroy Merlin (France):** Plan to turn a Romanian warehouse into a field hospital for COVID-19 patients
- **Aldi (UK):** Created limited edition doctor and nurse Kevin the Carrot to raise funds for NHS (Link)
- **Costco (US):** Gave first responders and healthcare workers priority admittance into their warehouses (Link)

Execution considerations

- Initiatives should ideally have a logical connection with the core business and/or local community, leveraging natural strengths and or resources available to the retailer
- Apply social listening, where available, to monitor customer sentiment; adjust actions and messaging as needed

FareShare
London

Sainsbury's (UK): Donated to food aid charity FareShare

Rag & Bone (US): Creating face masks, with $5 from each sale being donated

COVID-19 Disclaimer

The situation surrounding COVID-19 is dynamic and rapidly evolving, on a daily basis. Although we have taken great care prior to producing this presentation, it represents a view at a particular point in time. This presentation is not intended to: (i) constitute medical or safety advice, nor be a substitute for the same; nor (ii) be seen as a formal endorsement or recommendation of a particular response. As such you are advised to make your own assessment as to the appropriate course of action to take, using this presentation as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.

RCC RETAIL COUNCIL OF CANADA