

How COVID-19, Data and Analytics Will Change Retail



By Michael Kightley

COVID-19 is changing the world and hitting retailers particularly hard; but in the medium to long term, might these changes lead to new opportunities for retailers and help level the playing field with e-commerce giants?

Changes Inspired by COVID-19

So what are some of the longer term effects that we might see as a result of this pandemic?

A Greater Willingness to Share Data

In Singapore 630,000 people voluntarily downloaded the [Tracetogether app](#), released to help fight the coronavirus, COVID-19. The app logs mobile phones which come into proximity with each other. The Korean and Singaporean health authorities have shown that it was possible to contain the outbreak within a month, using the data from these apps to target “trace and test” programs – tracing and testing contacts of infected people. Other governments are now planning to use these apps to assist with their trace and test programs, to contain any resurgence of COVID-19. Such technologies and approaches may also be important for retailers, restaurants, sports clubs, venues and communities looking to help protect their customers and staff.

The use of the apps is expected to be voluntary, but the social pressure to use them will be intense. People are more than ever aware of the value of their data and their right to control how it’s being used. For years people have shared [data with Google](#) and Amazon for convenience, but now they will be asked to share data with the health authorities to save their lives, their families, their communities and their economy from coronavirus. The likely result of this will be a greater willingness on the part of individuals to share data, especially when it creates wider social benefit.

Change in the Demand for Local Deliveries

The second big change induced by COVID-19 is the ramp-up in local deliveries. Providers of essentials are ramping up local deliveries and actively supporting their local communities. Local retail stores are becoming an important source of deliveries of essential goods and retail staff are being employed picking and filling orders. Retailers sharing a location are collaborating on deliveries. Tens of thousands of new delivery personnel have been recruited by retailers and hundreds of thousands of community volunteers are helping to make local deliveries to the most vulnerable people and to essential workers. Customer perception of the value and timeliness of local deliveries is changing, and local retailers are gaining experience of larger scale local delivery operations, as well as a surge in the amount of data they hold about local customers.

Coronavirus is Changing Community Attitudes

A third result of the [COVID-19 lockdown](#) is the deeper recognition by everyone of the value of local facilities in creating attractive locations for social interaction. Retailers have been making big efforts to create attractive surroundings to encourage greater footfall and providing more experiential shopping experiences. Amazon creates soulless out of town warehouses. The pandemic is reminding people of the value they place on the mix of local facilities that vibrant retail makes possible; restaurants, clubs, gyms, libraries, and cafes as the hub of the local community. There is likely to be a refreshed perception of the value of local providers of services to the community.

What These Changes Could Mean For Retailers

What's Needed

- Support from customers for data sharing across the community hub
- Support from government and local authorities to permit experimentation
- All retailers become omnichannel combining on-premises and online experience and services
- Local delivery services JVs that scale to provide superior fulfilment and delivery services from their retail locations including local robot deliveries
- Retail staff that pick and fulfil local orders
- Retail staff engaging with local customers via video apps as well as face to face.
- A community or brand identity for the locality drawing on local produce, services art music heritage & culture and craft
- Jointly funded events and visitor attractions.

Collaboration on local delivery could persist and evolve. Local retail has a competitive advantage over large e-retailers in fast, last-mile distribution, using its retail locations, but has been slow to take advantage of this (notable exceptions such as Matches Fashion, not included). Retailers will need to achieve scale efficiencies and local retailers could continue to collaborate on deliveries, learn from their recent experience, scale and innovate to take full advantage.

New willingness in data sharing will also persist. New data on local customers will have been acquired and customers that have become more community-minded could give permission for their data to be shared in ways that benefit local providers to that community. Visitors may become comfortable with retailers logging their visits by phone proximity and allow that phone to be linked to the retailer's customer database.

Everyone that values retail as part of the community hub and wants to save it could continue to cooperate. That includes retail tenants, landlords, local authorities and government and, most of all, customers. Regulators are likely to be supportive of any changes which help and protect vulnerable people and support their community hub. People may also come to realise that sharing data is necessary to enable better local services that can compete with Amazon on choice, cost and speed. It



could support collaboration between local providers that could [resuscitate communities, building an identity](#) for each locality that draws on local produce, services, art, music, heritage, culture and craft, and that enlivens that community by sponsoring events and visitor attractions.

Competing with the [Amazon Model](#)

Taken together, and in the longer term, this could permit local retailers to level the playing field with firms like Amazon and the big delivery aggregators. They will have a competitive advantage in better, faster, lower-cost, large scale, [last mile delivery](#) from their locations. They will potentially have better customer data than Amazon and the delivery aggregators with a 360-degree understanding of their customers.

This means adopting the same data strategies as the on-line firms, making the case to customers for data sharing. They will have both on-premises and on-line businesses across which they can enhance customer experiences. They can collaborate to beat Amazon by making their locations attractive, social community hubs, sharing data across all kinds of types of outlet, cross-selling with joint promotions and events. It is not asking people to accept lower service levels and higher prices, it is providing consumers with competitive prices, faster low-cost local delivery, rewarding social experiences and a positive community identity.

All crises lead to change. The [National Health Service](#) came out of the change in social attitudes brought about by the second world war. This crisis will leave us with new attitudes, new experiences and a shift in priorities. Data sharing will need to continue to control the virus. New collaborations and delivery services will generate new data, a substantial proportion of the population will be willing to give permission for their data to be shared with the community for the benefit of the community, and to help to transform local services. Retailers could take advantage of the changes in priorities and in attitudes to create a new era of community and customer collaboration and innovation in services. It seems that data and analytics are central in the short term to ensuring that the bounce back from this economic shock is not interrupted. Data and analytics will also be central to supporting understanding, collaboration, innovation, competition and community in the long term. People will have a simple choice; share data with your local providers of services and get enhanced low-cost services and a hub for your social and community life or refuse and watch your locality and community being hollowed out.

