



VACCINE ROLLOUT IMPACT BY EFFECTUS STRATEGY PRACTICE

After more than a year since COVID-19 began to shake things up in life and industry, vaccines are being rolled out to the general public. We are starting to see that news shape the way retailers are running their businesses, especially those with pharmacies on their premises. Today, the masses are able to start receiving the vaccine which puts the world further down the path of recovery. As distribution continues to ramp up and people opt to receive the vaccine, in-person transactions can be expected to trend up whether it be brick-and-mortar retail, dine-in restaurants, or getting back to the hobbies enjoyed pre-pandemic. In this month's newsletter, we take a look at the impacts of the vaccine rollout across our ecosystem of product and supply chain.

I. RETAILER IMPACT

Brick-and-mortar has suffered a great deal over the last year, challenging the limits of omni-channel marketing in places that did not previously require such measures. Many restaurants found a way to keep their lights on without dining their customers in-house through digital channels. The same has been true for retailers. Many retailers have begun putting more of an emphasis on their digital strategy, as such, continuing to focus their path-forward strategy on omni-channel innovation. While many consumers are likely to go back to brick-and-mortar retail for the benefits it offers like 'try before you buy' as safety sentiment increases, it would be unrealistic to expect all shoppers to go back to their pre-COVID shopping habits, so the omni-channel strategy is a

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winning and safe approach for handling "life after COVID." In-store and curbside pickup have proven themselves to be useful strategies; retailers need to think through how they can convert those pickups into add-on purchases.

In this new era of retail shopping, we expect to see in-store foot traffic increase, especially for consumers who have had poor experiences buying online and are ready to get back to spending money on the things they want and need. For retailers who have been operating with a skeleton crew over the last year, this means bringing employees back to work to support their in-store shopping experience. For organizations that rely on an in-store experience (e.g., IKEA), it will be important to reinforce the positive experience to keep consumers aligned with in-store shopping. To combat this, retailers are investing in larger budgets to enrich their retail experiences: strengthening their workforce, delivering the highest level of service, and keeping the consumer engaged through strategic marketing support.

Preparing for an uptick in foot traffic is just the beginning. While it may sound like 'Retail 101', it will be important to continue making the in-store shopping experience a positive one. This means making sure that the retail space is both safe and easy to navigate. While many people will be returning to stores, a portion of those consumers still want to get in, quickly find what they are looking for, and get out. This makes it extremely important to make the consumers' time in the store meaningful. As such, easy to navigate spaces will be important alongside clearly and effectively communicating special deals and discounts that drive the consumers to the parts of the store they will get the most value out of. Since the pandemic, retailers have been challenged to maintain sales figures while losing space to adjust to social distancing guidelines. It is unclear

when the residual effect of this will wear off, but in the meantime, retailers must be creative in the way they use their space.

II. BRAND/ MANUFACTURER IMPACT

As vaccines are distributed to consumers all over the world, they will be more prone to go back to pre-COVID shopping habits, as well as return to the social hobbies and interests that COVID-19 put an end to. We see this as a major opportunity for brands and categories that have struggled to stay top-of-mind with the consumer over the last year. The key to executing a comeback will be innovating around these hobbies in a way that tells the consumer your business is back to adding value to the experiences they love in new and exciting ways. This makes it extremely important to keep a pulse on how your competitors are innovating, so that your team can quickly identify the white space in the market that your consumers are a part of.

Fill rate, a critical metric across any supply chain operation, has had a level of scrutiny during the pandemic never before witnessed. Even today, as we see the dust start to settle from the pandemic, we continue to see the importance of fill rate carry weight in the ecosystem of product. As brands and wholesalers compete for retail business effectively managing this area of their operations is enabling them to win more opportunities that increase market share versus their competitors that are not. In our work with various retailers, we have found that high fill rates are differentiating brands from their competitors in line review conversations, as this is where retailers are placing their bets in 2021. This is opening doors for dependable brands, especially for line expansions in struggling categories.

III. DISTRIBUTION LOGISTICS IMPACT

Logistics organizations are in many ways the common denominator between retailer and manufacturer. As such, they have felt the pandemic impact from both the supply and demand side. Between shelter-in-place orders, which put distribution at a halt, being positioned between suppliers and retailers impaired the need for their services in the supply chain. Going beyond the standard expectations for this segment of the product journey, the new and most pressing challenge for these players is distributing the vaccines across the country and world, which is a key driver for how quickly consumers can get back to their everyday lives, where they can comfortably and confidently shop in-store. To successfully execute this global mandate, logistics flexibility is being tested. Distributors must have the bandwidth and means to transport vaccines with very prescriptive requirements, like maintaining ultra-cold, cryogenic temperatures which require special facilities, equipment and significant power to maintain and store. While vaccine distribution is taking precedent over standard supply chain distribution, logistics experts must find the right balance in their logistics solutioning to ensure that consumer goods are where consumers expect to find them to preserve the relationships they have with both brands and retailers.

IV. CALL TO ACTION

Regardless of the preceding category you and your business fall into, the key to successfully navigating this change is to be flexible and quick to respond when data supports action. To prepare for this uptick in retail foot traffic, businesses affected need to begin restaffing their workforce before the increase in traffic, so

that there is a smooth transition for consumers re-entering brick-and-mortar shopping. Additionally, it will be important for businesses to effectively communicate changes to product/service lead times across your supply chain to ensure the best results for both you and your partners. Lastly, players in the ecosystem of product need to closely gauge fill rates for your business and your partners in order to keep your supply chain strong during these transitions.