



The Global CEO Advisory Firm

The Future of Retail Post COVID-19: “Brigital”

Retailers must act now to re-imagine ‘Brigital’ customer journeys to meet the post-COVID customer expectations

May 2020

Introduction

COVID-19 has profoundly changed customer shopping preferences owing to shoppers being wary of visiting crowded stores, and with government restrictions on social distancing continuing, a shift towards online is expected to accelerate.

Business context and imperatives for change



Retail has long been an industry in flux. Customer preferences and shopping habits have increasingly been shifting and moving towards digital engagement. At the same time, retailers have been adding digital aspects to bricks and mortar stores to enhance consumer experience, and to build a richer data understanding of their customers.



Now, COVID-19 is accelerating these shifts and necessitating deeper transformation as customers are not able, or willing, to visit physical stores and increasingly look to digital channels. The imperative for change is also additionally underlined by personal safety considerations

- Customer and employee attitudes to group gatherings are changed, at least for the medium term
- More purchases are made online, including in categories that were previously primarily store-based and among customer segments that preferred to shop in person
- Customer sentiment suggests these trends to increased online activity will not change back



Customers have developed shopping habits that dip in and out of both digital and physical channels to make a purchase. “Brigital” has been coined as a term to describe this duality of the brick-and-mortar and digital within a customer journey.

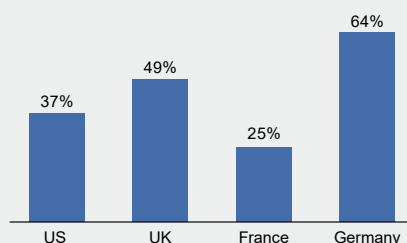
However, retailers still largely perceive the physical and digital channels as separate, even if complementary, and digital enhancements in-store have largely been “nice to haves” introduced in flagship stores by innovators, rather than part of a standard retail model.



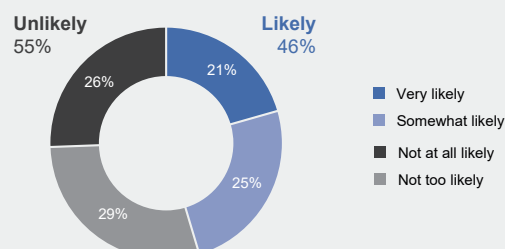
The business transformation implications for retailers are fundamental and need to extend beyond early innovator flagships to general adoption and mass accessibility

- A survey of US customers shows that 55% are unlikely to shop at a re-opened non-essential store, suggesting that retailers will need to make changes to their store and broader models to keep customers comfortable and encourage them to shop
- More than ever, retailers need to be adaptive and flexible in their models and to incorporate digital customer journeys seamlessly into operations and customer experience

Growth in online sales vs 2019; Fashion, apparel, accessories, Apr 28 2020



Likelihood to shop at a re-opened non-essential store; US, May 2, 2020



The case for business model transformation and a more fundamental incorporation of the digital channel into the brick-and-mortar retail model has accelerated into a burning platform post COVID

Brigital – The Future of Retailing

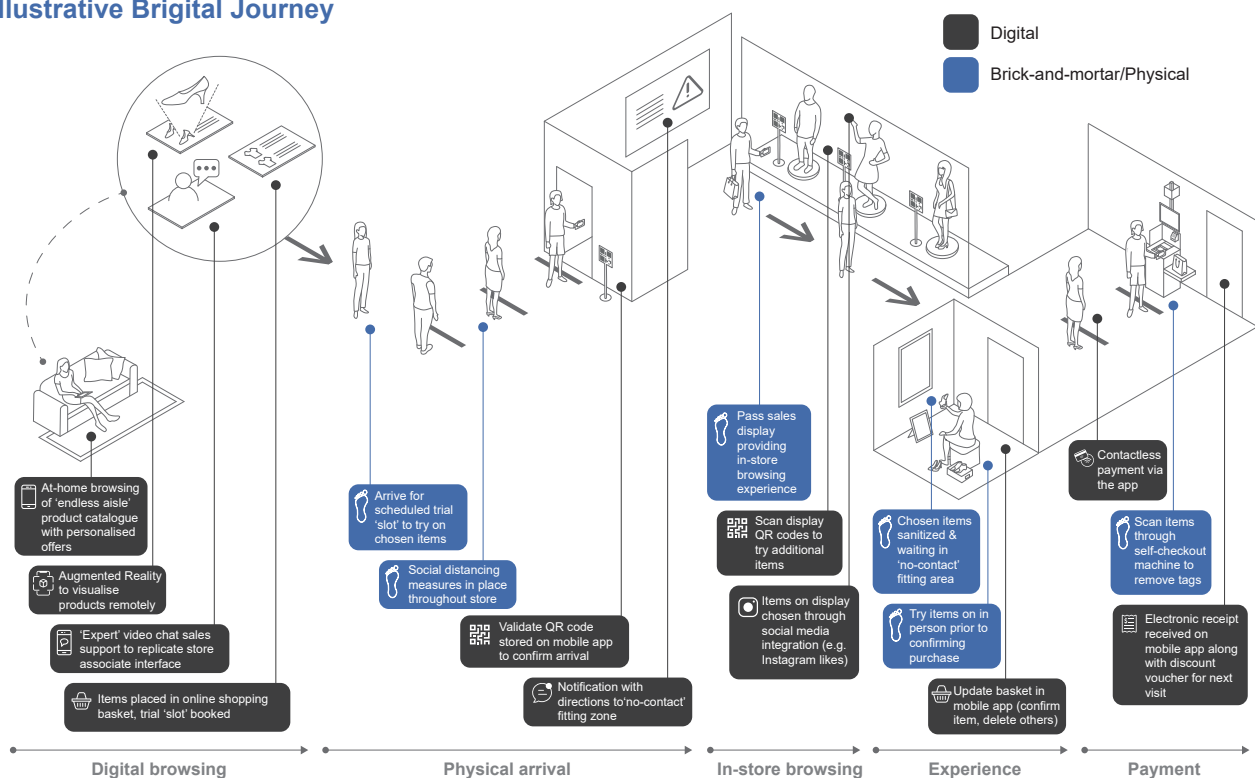
Retailers across the board must adapt to this new normal by moving to a fused brick-and-mortar and digital shopping experience – the “Brigital” customer journey

The “Brigital” model of retailing

To succeed post COVID-19, retailers must re-imagine the customer journey and fuse their ‘brick-and-mortar’ and ‘digital’ channel experiences to provide a seamless “Brigital” journey, ‘bridging’ the best of both channels, intertwining and supplementing each other with the customer able to weave in and out of both during the purchase journey to fully meet expectations of safety, convenience, personalisation, sales support and touch-and-feel.

In the Brigital model (illustrated below), customers begin their purchase journey digitally, enhanced by data-driven personalisation and new technologies (e.g. augmented reality as well as live chat or video support from online shop assistants) before coming to a store in a specified slot for a limited period of time for ‘contact-less shopping’ to fulfil the elements of purchase that an online-only journey cannot provide (fittings, test drives, touch-and-feel, experience).

Illustrative Brigital Journey



“Brigital” in action

Retailers still largely perceive the physical and digital channels as separate, even if complementary, and digital enhancements in-store have largely been “nice to haves” introduced in flagship stores by innovators, rather than part of a standard retail model, at scale. An example of brigital in action in a flagship store is **Nike's** House of Innovation stores where mannequins have scannable QR codes that enable customers to request an item to try on and an instant checkout system that allows customers to select an item and leave the store while scanners identify the item and charge it to the customer's account. In certain **Uniqlo** stores in Japan, customers place articles into a basket at checkout where they are automatically recognised by a scanner reading connected chips inserted into the clothes.

Business Implications of Brigital Transformation

Retailers need to review their store operations, the supply chain and the roles of employees to successfully make the pivot to the Brigital model

Business and operating model transformation considerations

Until now, digital and physical retail have been seen largely as separate channels. Retailer operations reflect this with channel teams typically set up as separate digital and physical customer teams with different KPIs and incentives. Logistics and inventory systems tend to be disconnected and run separately. Brick-and-mortar store formats are designed to serve physical footfall with services for digitally-led customers seen as a nice to have.

Successful fusing of the digital and physical channels into a seamless Brigital purchase journey will require this to change. Change will also come from specific regulatory requirements of pandemic and post-pandemic shopping.

Key business and operating model transformation considerations include:

Employee	Customer	Operations
Role transformation Certain roles will be transformed to support the new customer journey e.g. Shop assistants may move to provide live chat advice and support	Seamless Brigital journey Create a fully omnichannel shopping experience with digital and physical elements supporting each other to answer changed customer needs	Supply chain Enable inventory to be equally visible and accessible to both digital and physical customers Review logistics and delivery networks to enable agile and rapid movement of stock to where and how it is required
An integrated channel team Combine digital and physical retail channel teams, currently most often running separately, into a single integrated team	Safety online and offline An online environment providing fraud, data and other relevant protection. An offline environment allowing for social distancing and contamination considerations	Physical formats Consider how store format/ purpose needs to change (balance of fitting and collections, experience destination, physical entry-point browsing), and how this can be done adaptively as customer requirements change in time Review physical store footprint to ensure it is of a relevant size and type
Aligned incentives Support the transition to a single channel team by re-designing the incentives to fully align	Smart customer analytics Extend customer analytics to understand drivers of physical vs. digital footfall, access high emotional value purchases and reconfigure formats & engagement accordingly	Customer service model Review customer service processes to reflect new activities in Brigital customer journey

Next steps

There are three key areas that businesses must review to succeed in the post-COVID-19 world and to make the successful pivot to the Brigital model of retailing. Teneo provides experienced, rapid and agile support in each area.



Re-imagine the future of retailing: Brigital model

- Teneo can support the business in re-imagining and mapping in detail what a Brigital offer would look like for your company including the business transformation implications
 - Store formats and layouts
 - Supply chain capability enhancement and flexibility
 - Workforce re-training, team structure, roles & KPI design



Digital strategy and portfolio review

- Ensure the existing digital project portfolio, designed on the basis of pre-COVID thinking, is pivoted to address the needs of a post-COVID Brigital experience
- Ensure that the digital transformation appropriately balances the elements of experience, data, digital tech, (legacy) IT foundation, operating model and business change



Roadmap transparency and value traceability

- The complexity of digital transformation programmes often means that the CEO has no end-to-end visibility of true progress to impact, and StCo reviews and PMO updates are typically mechanistic
- Teneo can help the CEO/CFO/CDO establish traceability of digital portfolio investment to business value levers and financial outcomes, and align governance around this

About Teneo

Teneo is the global CEO advisory firm, providing strategic counsel to CEOs and senior executives across their full range of key objectives and issues.

Teneo leverages an integrated team of experts to support clients with all facets of a COVID-19 recovery program, from business and risk consulting, to strategic communications and capital management



Our team



Suraj Ramaprasad
Managing Director
Digital Transformation Lead
suraj.ramaprasad@teneo.com

Suraj leads Teneo's Digital Transformation practice. His global experience spans over two decades and has ranged from strategy and operations, digital advisory to large scale IT-enabled digital/business transformations



Alex Pigliucci
President
Head Management Consulting
alex.pigliucci@teneo.com

Alex provides strategic advice on applying the latest digital innovations to better engage customers and enhance the efficiency and control of enterprises



Natalia Kim
Senior Manager
natalia.kim@teneo.com



Tom Coldwell
Manager
tom.coldwell@teneo.com

Getting in touch

If you would like to talk about any of the content of this publication, please feel free to reach out to us at the contact details shown above. We would be delighted to arrange a call with you to discuss how some of the specific actions detailed might be relevant to your organisation.



New York

280 Park Ave, 4th Floor
New York, NY 10017

+1 (212) 886 1600

London

5th Floor,
6 More London Place
London, SE1 2DA

+44 20 3206 8800

teneo.com