

# Trends That Will Shape Retail in 2020

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# DIVERGENCE



**CONSUMERS**



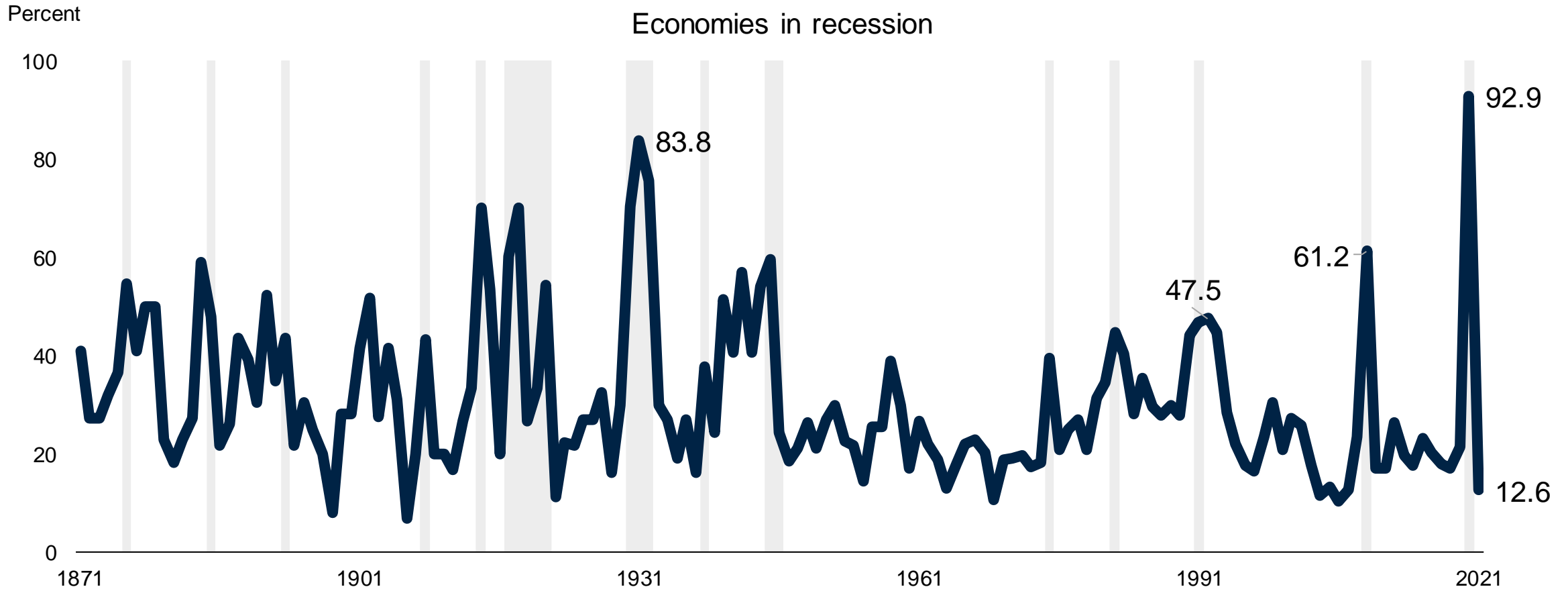
**RETAILERS**



**BRANDS**

# This pandemic has the highest synchronization this century of global economies in recession

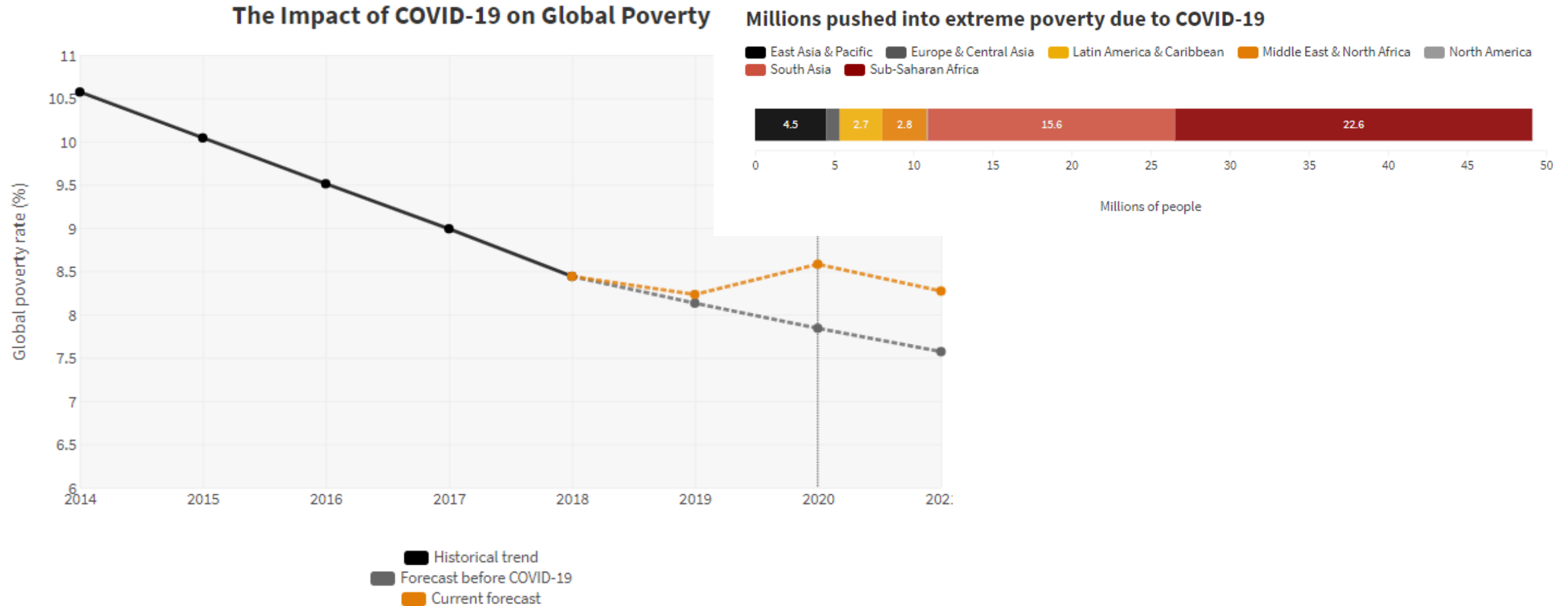
In 2020, the highest share of economies will experience contractions in per capita GDP since 1870—more than 90 percent, even higher than the proportion of about 85 percent of countries in recession at the height of the Great Depression of 1930-32



Source: World Bank

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# Global poverty will rise as a result of COVID-19



Source: [PovcalNet](#) • The global poverty rate is measured as the share of the world's population living on less than \$1.90 per day.

Source: World Bank Blogs (<https://blogs.worldbank.org/opendata/impact-covid-19-coronavirus-global-poverty-why-sub-saharan-africa-might-be-region-hardest>)



Even markets that  
have recovered are  
left with even  
poorer poor



“poorer households are still struggling...”

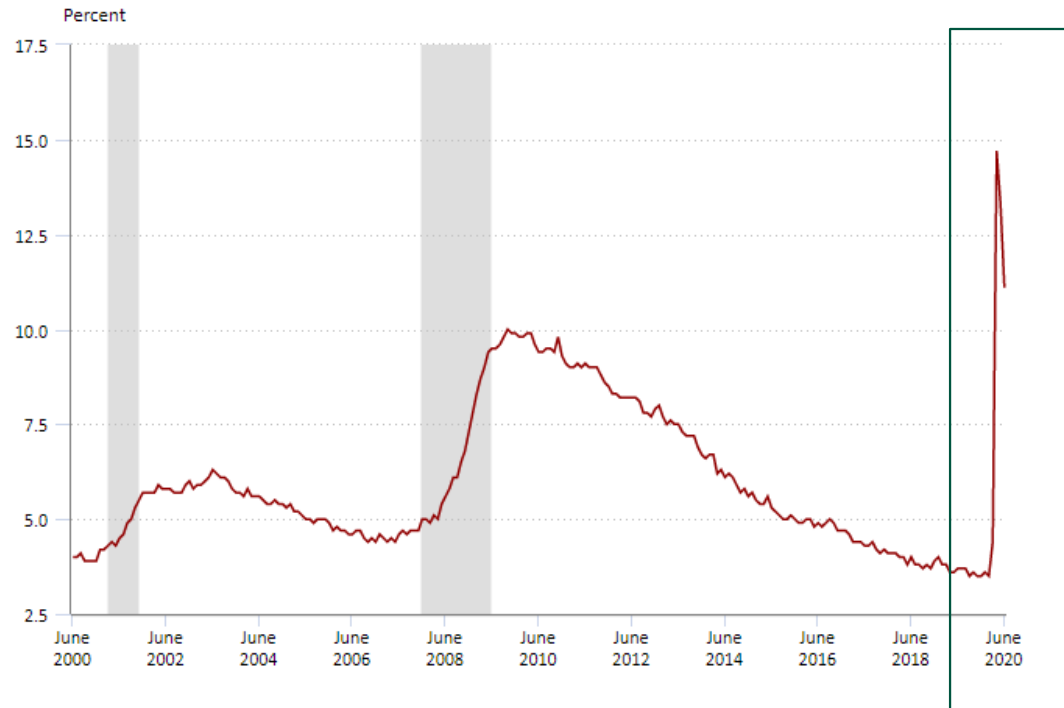
clined in the first half of 2020, the China Finance Survey finds. Those earning more than in a year reported net gains. We get a glimpse of the confidence from sales of luxury items: Louis Vuitton, Chanel, and Louis Vuitton, and raised prices this year.

happened in part because China's fiscal stimulus from that of the U.S. Beijing feels it has more businesses than consumers, so it stimulates by building new bullet trains and 5G telecom are no equivalents to the \$1,200 check from the \$600-per-week enhanced unemployment from the Treasury Department. China went to economics.

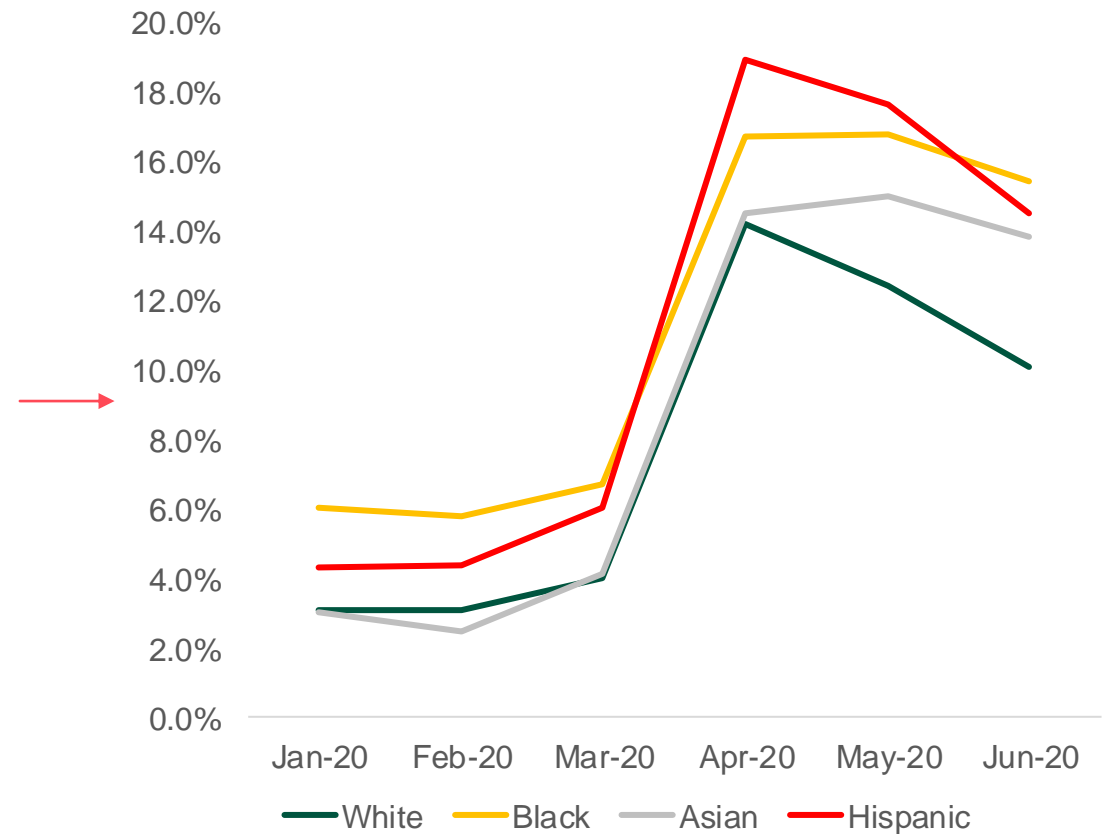
's decision to aid business owners rather

# The pandemic has hurt the least well off

Unemployment overall



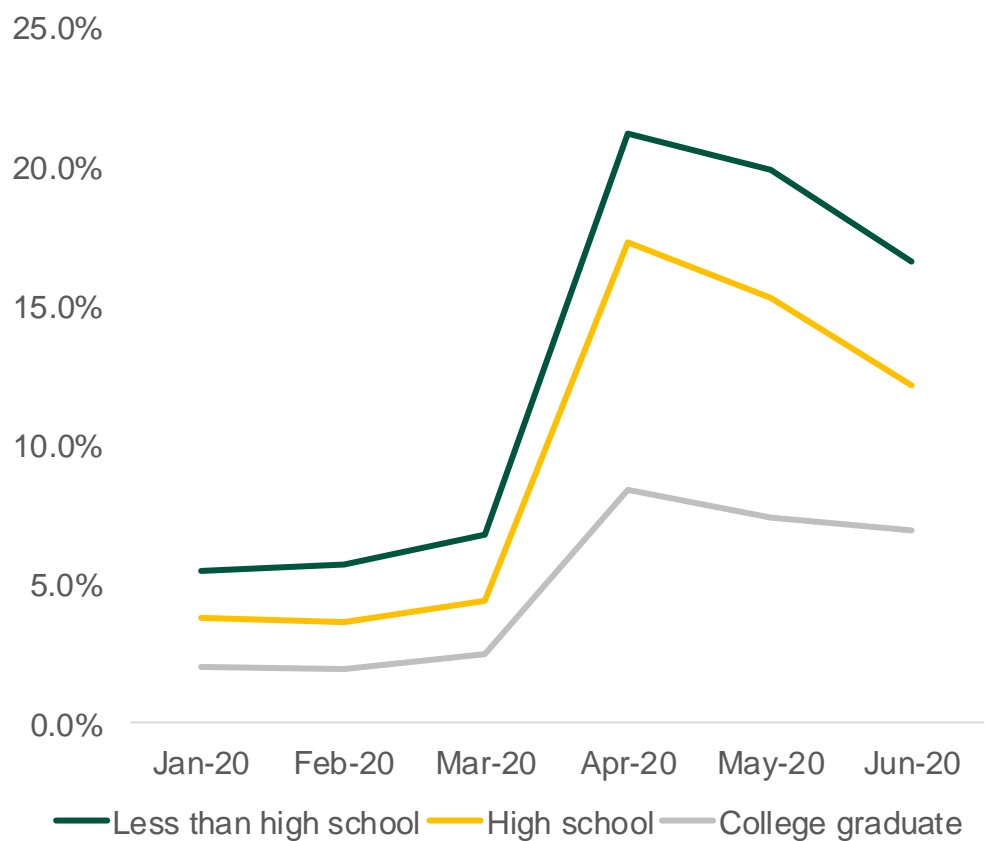
Unemployment by race



Source: US Bureau of Labor Statistics

# Meanwhile, the wealthy are holding their own

Unemployment is lower for more educated HHs



Source: Bureau of Labor Statistics; Pew Research



Wealthy households are 4x as likely to own stocks



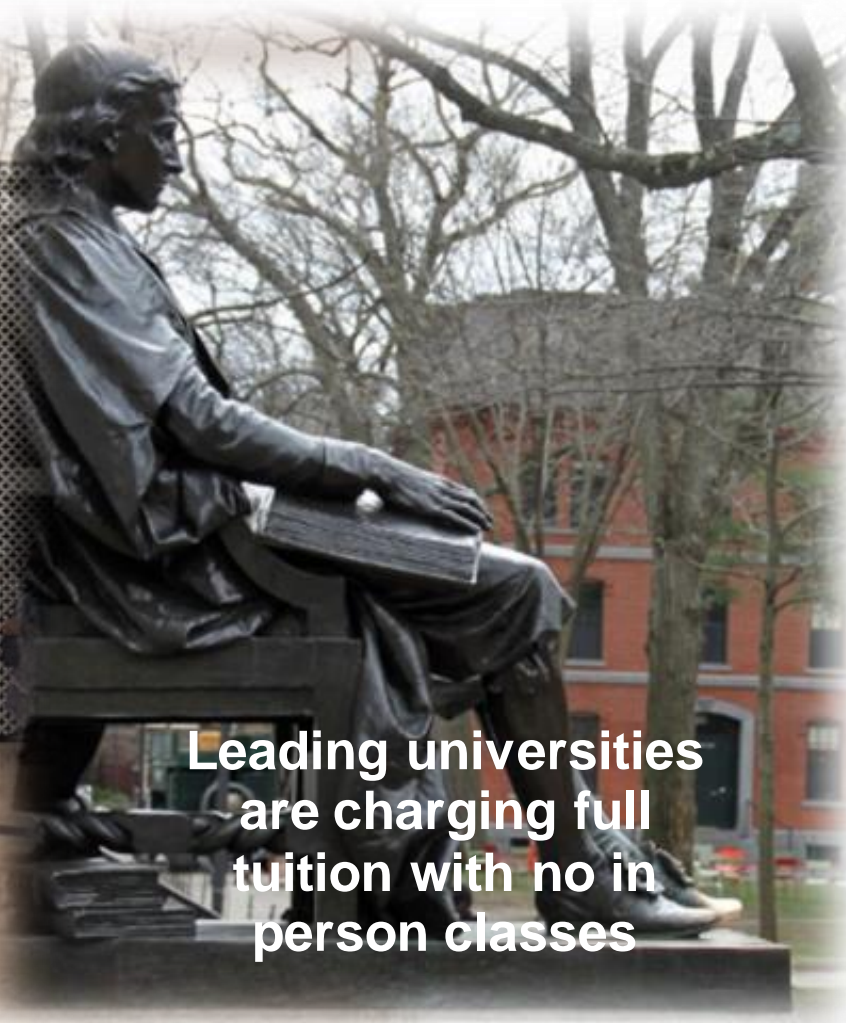
# Luxury items continue to be resilient



**Porsche sales in July were the same at February**



**Select luxury stores YOY growth is up double digits in June**



**Leading universities are charging full tuition with no in person classes**





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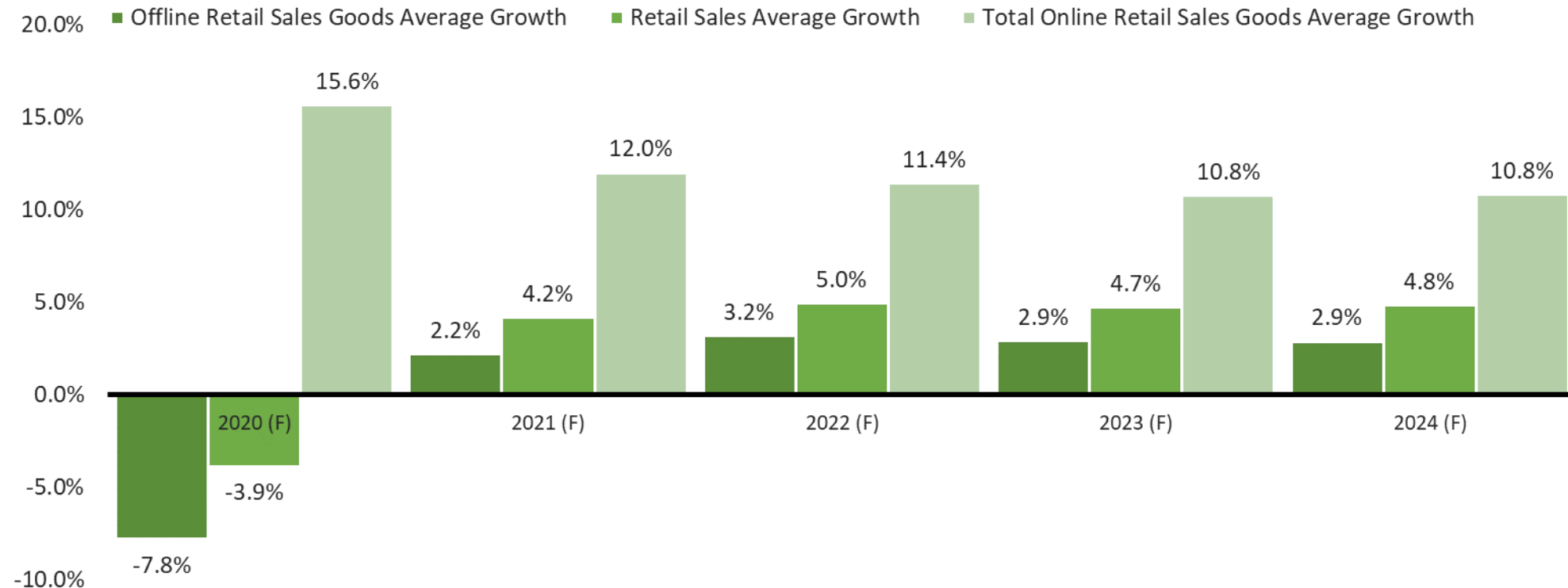


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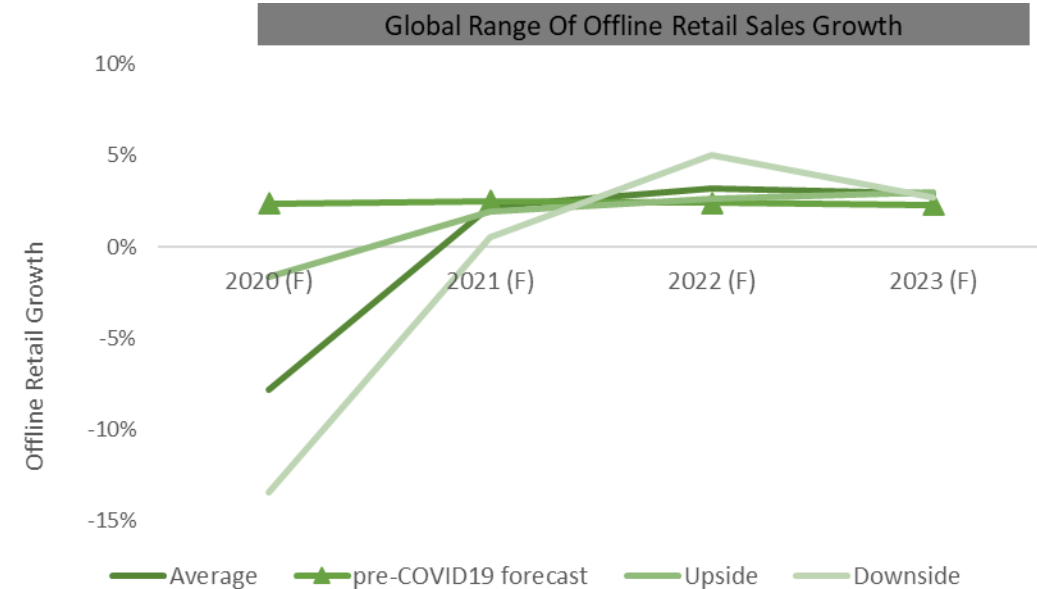
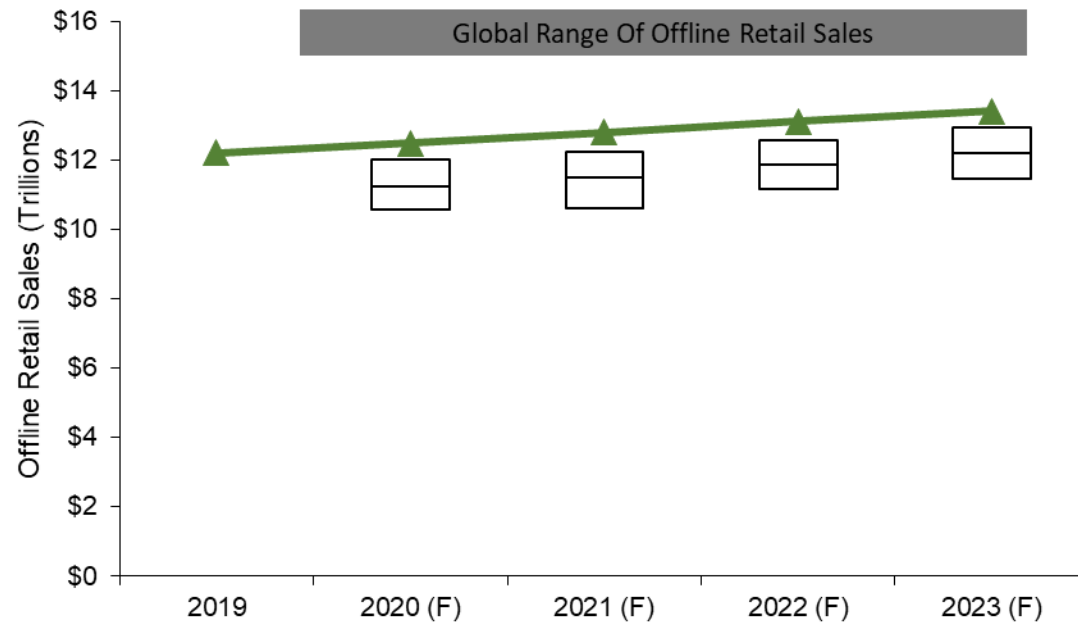
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# Global retail sales will decline by an average of 3.9% in 2020, a loss of \$1.2 trillion compared to pre-COVID19 forecasts



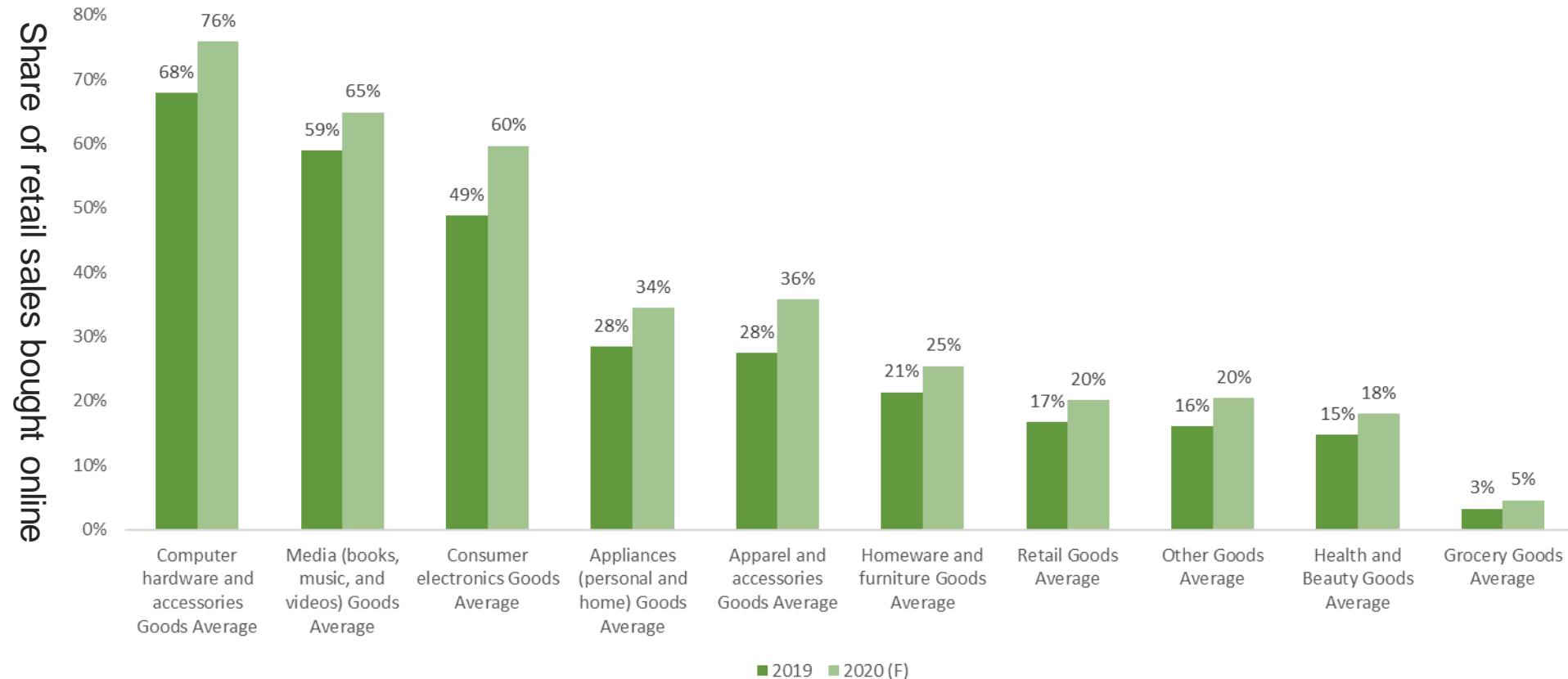
Source: Forrester ForecastView: COVID-19 Retail Scenario Planner, July 2020 (Global)

# Global offline sales will lose \$1.2 trillion compared to Forrester's pre-COVID19 forecasts, and won't surpass 2019 levels until 2023



Source: Forrester ForecastView: COVID-19 Retail Scenario Planner, July 2020 (Global)

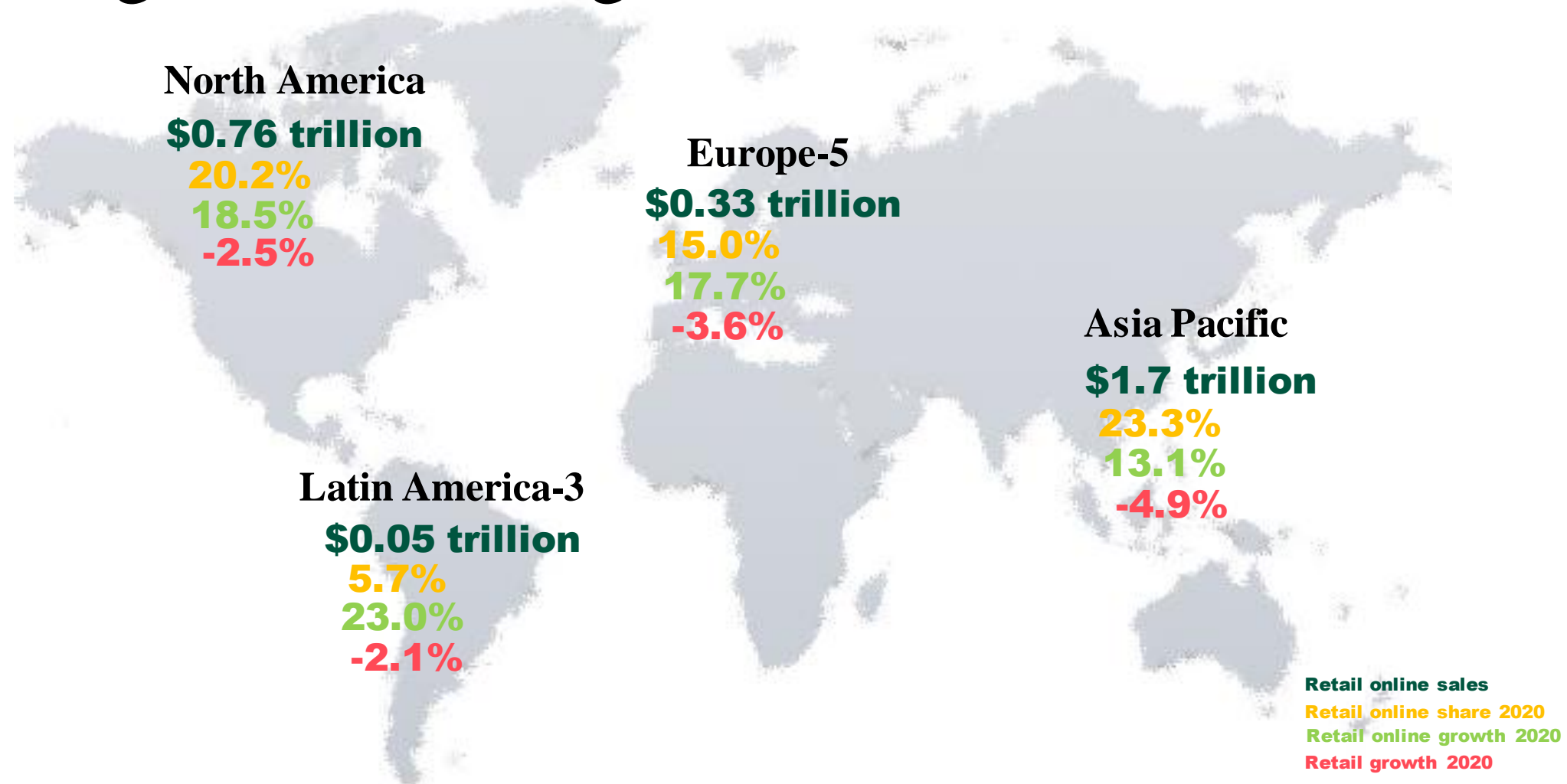
# In 2020, Grocery, Apparel and Electronics will see the largest share of their sales migrating online



Source: Forrester ForecastView: COVID-19 Retail Scenario Planner, July 2020 (Global)



# In 2020 all regions will see retail sales decline and strong eCommerce growth



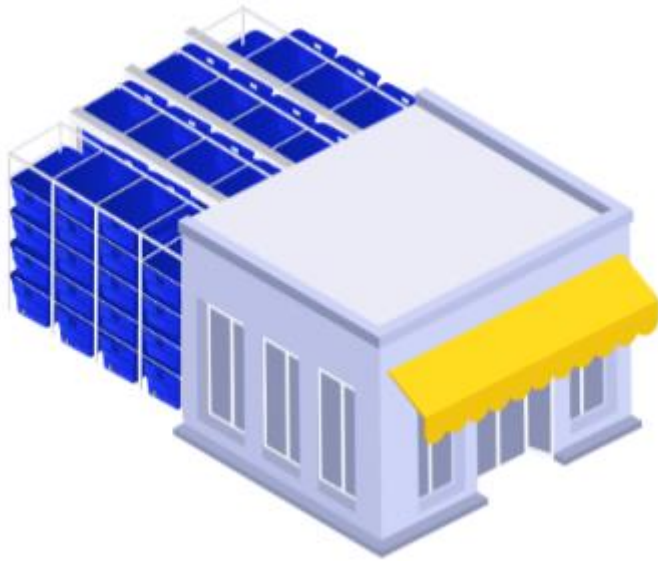
Source: Forrester ForecastView: COVID-19 Retail Scenario Planner, July 2020 (Global), Europe-5 covers Germany, France, Italy, Spain and UK, Latin America-3 covers Mexico, Argentina and Brazil, Asia-Pacific covers China, India, Japan, South Korea, Australia and South East Asia

Retailers are trying  
to pivot where  
possible



This home goods retailer is now selling essential items  
in its stores (example: Bed, Bath & Beyond)

# Experiments like MFCs are happening, but nothing systemic



Source: Fabric, Takeoff





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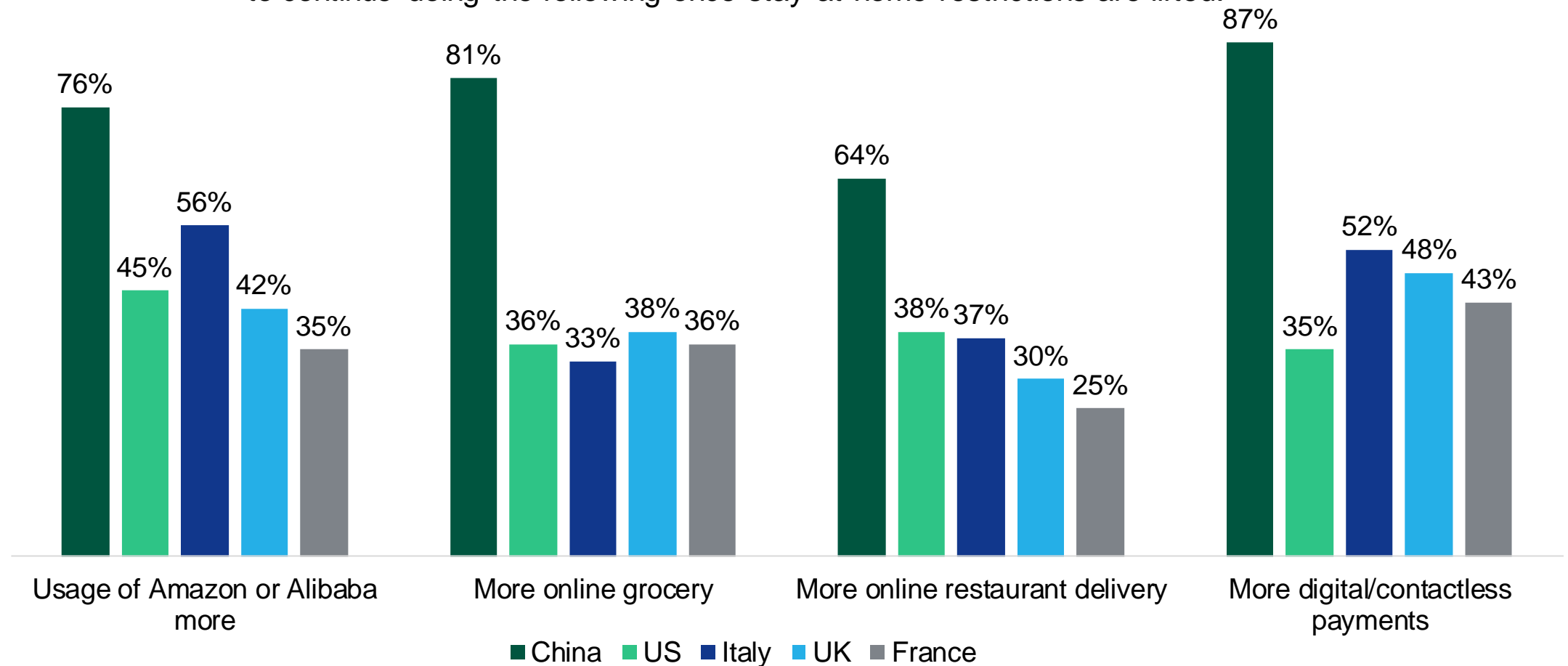
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# Marketplaces will be more powerful

Thinking about the activities that you have started doing during the COVID-19 pandemic, please indicate how likely you are to continue doing the following once stay-at-home restrictions are lifted.




Source: Forrester Analytics Consumer Technographics COVID-19 Survey (Wave 2), 2020 (May 8-15) (US).



# But marketplaces dilute brands






**19%** of consumers worry that marketplaces have poor quality or counterfeit products




Price is the **#1** reason that shoppers buy on Amazon, **1.4x** more than the next most important attribute

# Brands aren't rolling over


 [Deals](#) [Shop](#) [For business](#) [Support](#) [Your Dyson](#)   


## Dyson Direct Benefits

[Shop Dyson exclusive vacuum cleaners](#) [Shop Dyson exclusive purifiers](#) [Shop Dyson exclusive hair care](#) [Shop Dyson exclusive lighting](#) 

### Why buy from Dyson?


We want you to have the best experience when you shop with us. This means creating benefits you can't get anywhere else.






#### Free tools with auto-registration

Exclusive to dyson.com



#### Free shipping

Exclusions apply

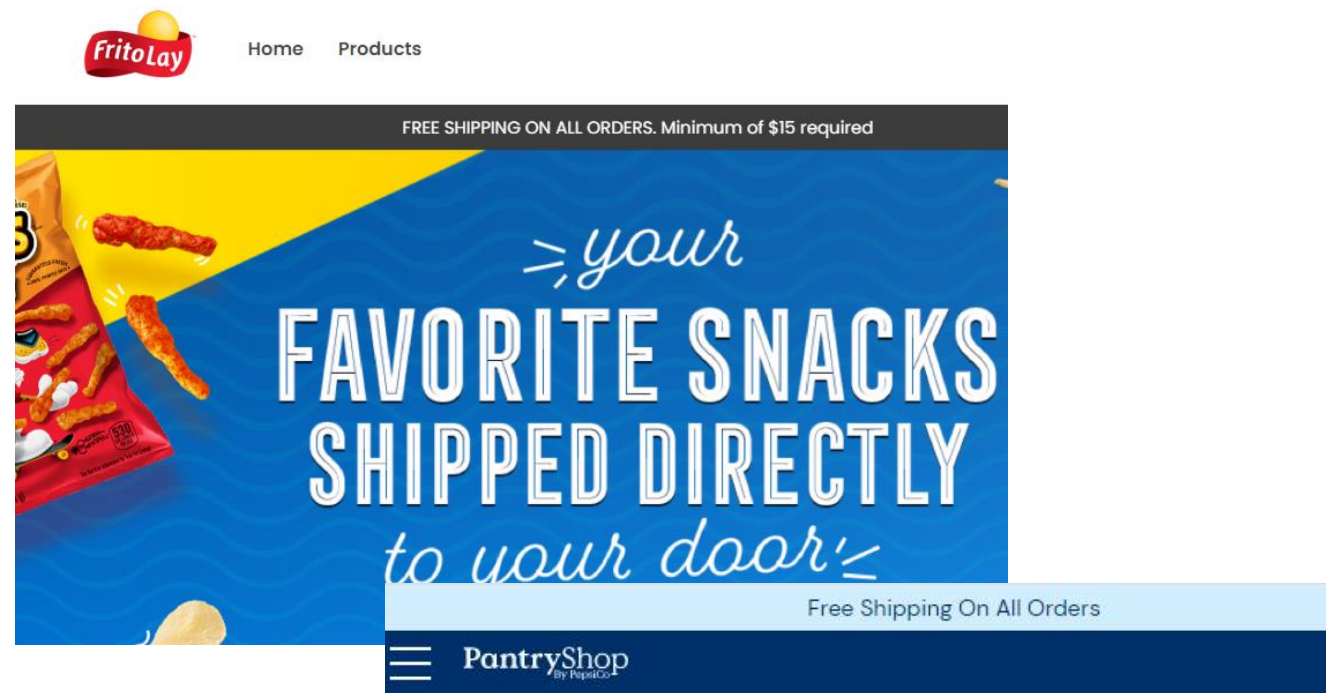


#### Exclusive colors

Customize your machine to your personal style

# Sales are nascent and growing on direct-to-consumer sites

10% of customers are purchasing directly from manufacturer sites for essentials...even though many of these sites have subpar experiences



## Everyday Pantry



Everyday Pantry  
Pack - Family Size

\$49.95

Add To Cart



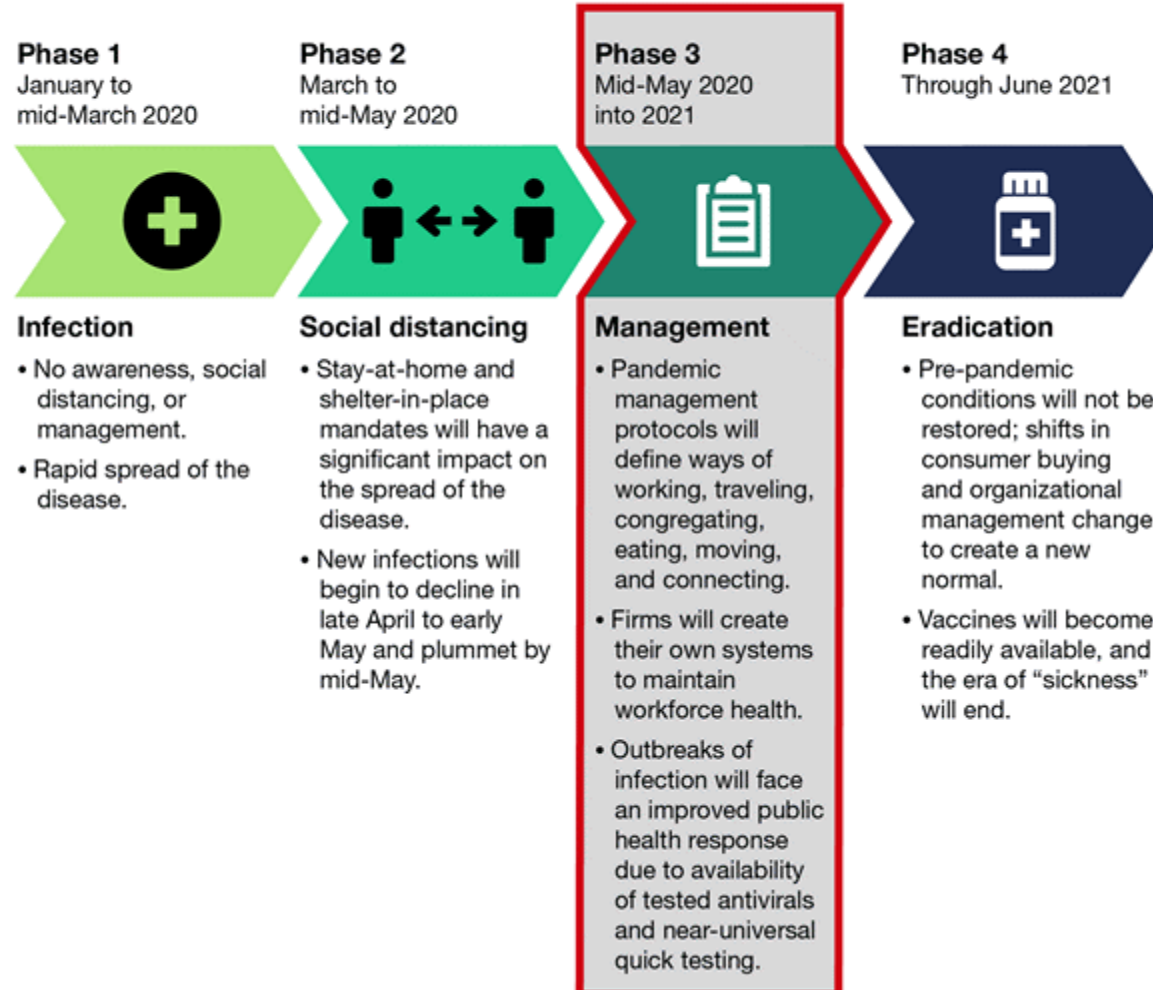
Everyday Pantry  
Pack - Standard Size

\$29.95

Add To Cart

# Where we are now in recovery

## COVID-19 timeline: US and Europe



# What DIVERGENCE means

## Consumers

- The Business Roundtable's call for Stakeholder Primacy gains clout
- More protectionism and nationalism
- Higher taxes on the wealth to support wages and social programs

## Retailers

- Dinosaurs die...speed is correlated with survival
- New retailers will be built on more nimble, asset light platforms, with fewer smaller stores
- New business models for retailers that survive (e.g. ad dollars)

## Brands

- Retail jobs in the future will be on the digital teams of brands
- Sales organizations are replaced by eControl
- Every brand sees at least 10% of sales coming from its DTC channel



# Thank You.

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