LEARNINGS
FRAMEWORK OVERVIEW

OLIVER WYMAN

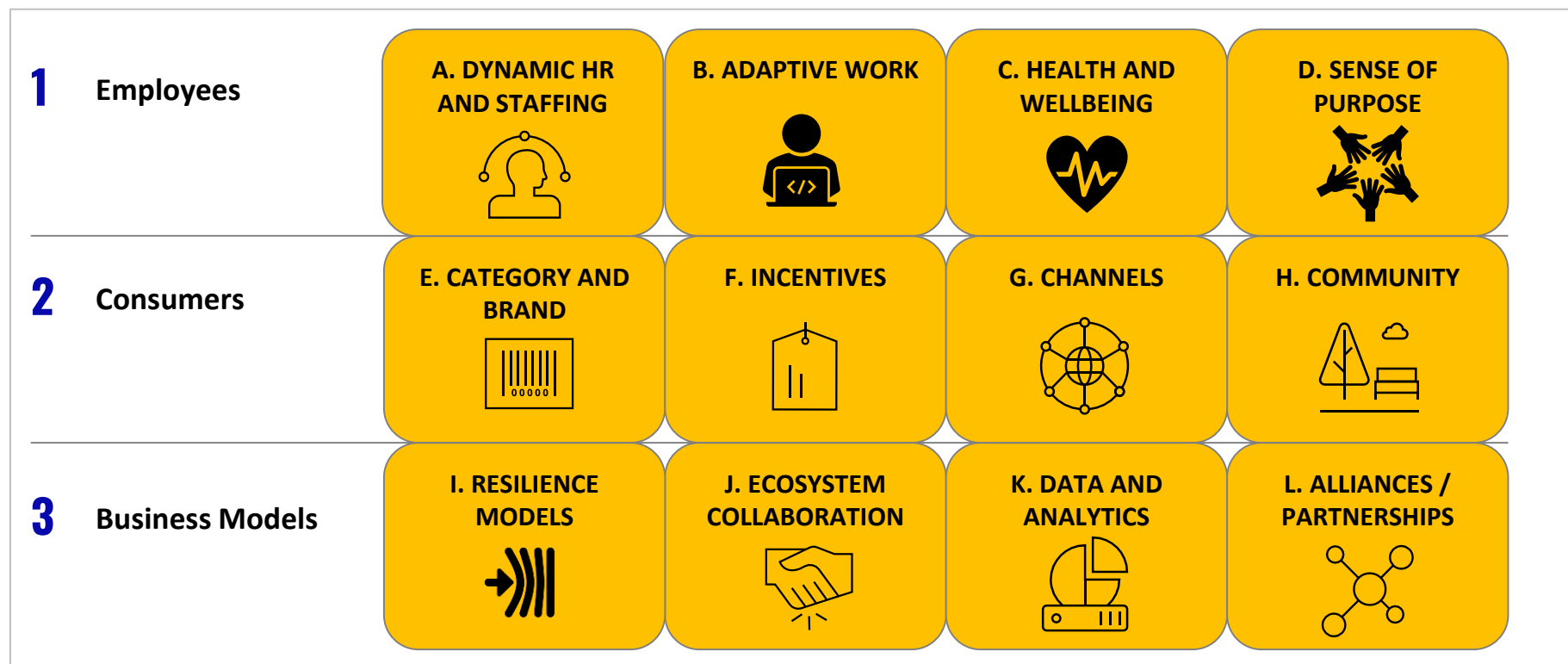|					
1	**Employees**	**A. DYNAMIC HR AND STAFFING**	**B. ADAPTIVE WORK**	**C. HEALTH AND WELLBEING**	**D. SENSE OF PURPOSE**
2	**Consumers**	**E. CATEGORY AND BRAND**	**F. INCENTIVES**	**G. CHANNELS**	**H. COMMUNITY**
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- Search "**New Normal**" in the GLM for all module new normal summaries
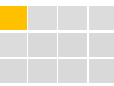
LEARNINGS SUMMARY OVERVIEW

A. DYNAMIC HR & STAFFING

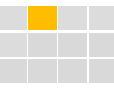|	**Maintaining Business Continuity** (Short-term)	**Managing the Crisis** (Medium-term)
Challenges/ trends	• Lack of health coverage and benefits • Reduced staff availability / absenteeism • Impacted employee jobs driving immediate cost fluctuations (e.g., additional shifts, work share programs, furloughs, layoffs)	• Need for additional staff and frontline workers (e.g., drivers, distribution centres) to meet increased demand • Short-term support needed for employees and their families (i.e., telehealth, online courses, online fitness) • Continued focus on cost containment
Key learnings	• Continue to communicate with, listen to, support, and reward employees that are working, and check in with those who are not working • Realign employees to areas of increased demand as quickly as possible • Slow ease of cost containment with priority to critical skills and functions • Provide clear, factual, and sustainable messaging toward the employees about company position • Look for opportunities to partner with other companies to temporarily lend employees based on demand shifts • Develop short-term support mechanisms for employees and their families	• Empower employees to ensure decisions are taken within general guidelines from management • Consider rewards for those working during the crisis beyond pay – examples include well-being support (assistance for essential expenses, childcare, vacation days) and flexible schedules (compressed work week), alternative work schedules, or results-based schedules • Use manager or HR capacity to revise personnel marketing concepts and rethink company talent position • If applicable, collaborate and share employees effectively within your company (and potentially with other companies) • Reinforce operations with additional staff, better staff management, and staff re-alignment • Ensuring employee learning and development goals are heard and met

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B. ADAPTIVE WORK

	Maintaining Business Continuity (Short-term)	**Managing the Crisis** (Medium-term)
Challenges/ trends	• HR steps up to "its crisis" • Stay-at-home orders from local governments • Work-from-home and remote working requirements • Focus on cost / headcount management • Government job retention schemes in many countries	• Limited return to worksite, with continued impact to jobs for those not returning; prolonged childcare concerns • Continued anxiety & fear of exposure to disease can make returning to work unpredictable and unsafe for some • Share of jobs that can be performed at home during social distancing inputs in predicting economy performance
Key learnings	• HR organises and leads the response to the crisis • As fast as possible, reorganize employee tasks to focus on high-need areas, within safety guidelines • Adjust workplace configurations to enforce safety as quickly as possible (remote or enforcing social distancing) • Share best practices for both remote work and on-site work (e.g., providing frontline employees with PPE) • Enforce limit on business travel, especially to areas most affected by the virus; employees stay home when sick • Additional support for employee physical and mental wellbeing and prevent exposure as much as possible • Rebase leadership and management interactions with staff (focus on purpose, less on task management) • Review workforce size and shape in view of needs including furloughs, reduced hours, etc.	• Strategize flexible working models – consider the 'how, when, where, what, and who' dimensions of a job • Implement any models that are win-win for employers and employees (cost / time saving, more productive, healthier) • Increase employee engagement and communication • Encourage employees to support various functions given adaptive mindset as the crisis evolves • Invest in workforce development as much as possible, by flexing employees to areas of demand and training to deal with social distancing to avoid violence incidents • Support designing protocols through employee lens (e.g., "Day in the Life" or "moments that matter") • Prepare for greater flexibility of schedules given childcare and anxiety concerns • Encourage employees to stay home if sick or at high risk, but allow those who feel vulnerable or challenged at home to return

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C. HEALTH AND WELLBEING

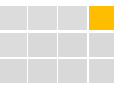| **Maintaining Business Continuity** (Short-term)	**Managing the Crisis** (Medium-term)
Challenges/ trends	
• Unavailability of protective equipment at first • Impact of long hours, risk, and stress • Employees' safety and motivation is top of mind • Employees feeling sick or worried about contracting the virus	• Development of stress-related diseases and prolonged anxiety due to length of crisis presence • Increased demand for PPE on a daily basis • Potential pushback from employees due to dissatisfaction around safety precautions and exposure to health hazards
Key learnings	

• Provide protective equipment especially for the essential frontline workers as quickly as possible given supply concerns
• Recognize increased health risks involved for on-site work, varying by job and level
• Prioritize cleaning supplies for retailer (i.e., employees, store environment) and manufacturer (i.e., trucks, plants, distribution centers) operations prior to consumer need
• Utilize alternatives to physical contact like curbside pickup, drive-thru services, and online ordering if possible
• Show appreciation to workers:
  – Provide hazard fees for every delivery made to consumers' doors and provide weekly bonuses
  – Increase hourly wages and expedite Q1 pay
  – Provide meals for frontline workers if possible
	• Provide protective equipment (masks, gloves, sanitizer, plexiglass, disinfectant wipes) continuously
	• Provide coronavirus testing and other solutions to soothe worker fears when available
	• Encourage social distancing using tape markers or signage, or have a monitor at the door enforcing capacity or distance
	• Implement new workplace configurations (e.g., "partial capacity," deep cleaning, A/B team) for safety
	• Consider providing paid sick leave, family leave, health coverage, and caregiving support
	• Have managers check in with employees as much as possible for a 1:1 meeting on health and wellbeing
	• Ensure employees are able to maintain mental health while adapting to work-from-home using surveys and focus groups
	• Offer telehealth (both physical and mental) and online courses (i.e., fitness) for employees and family members
	• Assess fatigue impact of 100% digital work

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D. SENSE OF PURPOSE

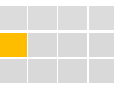|	**Maintaining Business Continuity** (Short-term)	**Managing the Crisis** (Medium-term)
Challenges/ trends	• Public organizations are labelling certain jobs as essential or non-essential, indicating what roles are able to work in person or what businesses are able to operate • Grocery store, distribution, and delivery workers are becoming more important to improving public health • Many workers furloughed or uncertain about job security	• Food supply chains, from growers, to truck drivers, to retail grocery and delivery workers, are essential • Retailers and manufacturers remaining operational begin to gather greater sense of purpose and increase desire for social impact in the community

Key learnings	• Persistently demonstrate commitment to employees through words and actions to earn trust and loyalty
	• Create new jobs with no resume or previous work experience required to help furloughed workers
	  – "Social distancing ambassadors" responsible for monitoring shopper flow and enforcing limits
	  – Warehouse operations, delivery network jobs, or other critical supply chain roles
	• Shift current employee roles to be more relevant in response to the crisis
	• Pause non-essential item delivery to prioritize distribution of essential items
	• Consider rewarding employees who will be in continuous contact with other employees and / or the public
		• Listen to employee perspective and communicate employer perspective (demand shift implications and impacts of social distancing)
		• Maintain productivity and motivate front line through feedback loops and offer ways to participate in decision making / crowd-sourcing suggestions
		• Provide role flexibility for employees to ensure they understand their sense of purpose throughout the crisis
		• Consistently remind employees of their role and importance to the company, whether working now or furloughed
		• Invite employee participation to co-create an organizational purpose that can become a call-to-arms for the organization

LEARNINGS SUMMARY OVERVIEW

E. CATEGORY AND BRAND

	Maintaining Business Continuity (Short-term)	**Managing the Crisis** (Medium-term)
Challenges/ trends	• Demand spikes of non-perishables and essential goods • New consumer needs, mainly linked to the pandemic. Shoppers re-evaluate how they are consuming; many cooking at home or shopping online for the first time • Out of stocks for the most in-demand products • Strong shift to "whatever is available" before discounted / cheap products • Aversion towards categories perceived as being "higher risk" (e.g., salad bar)	• Certain categories will spike (e.g., basics, stockpile essentials, frozen, rice / pasta), while other categories will decline (e.g., health and beauty, clothing) • Difficult to forecast demand even after initial spike • A new dynamic on basket building – larger baskets, less frequency • Continued pressure from recession combined with downward price trend • Competitors evolving their value strategy in light of COVID-19 experience
Key learnings	• Refocus efforts on essential products by assessing supply chain and planning for shelf re-stocking; understand that during the crisis consumers will buy fewer premium products to save money • Reduce efforts in non-food and non-essential items • Plan ahead for substitute products and impose volume limits to reduce stockpiling behaviour; publish messaging to discourage panic buying and hoarding of essentials • Notify consumers about out-of-stock and unavailable products	• Re-organize assortment for changing consumer needs, such as desire to purchase larger pack sizes and private label products, while maintaining profitability • Implement and revise rationing and product limits over time as the crisis progresses and demand shifts • Anticipate negative impact to come from "pull forward" of previously high-demand items during the crisis peaks • Consider most efficient direct-to-consumer business models (e.g., offer more value by selling convenience items and take-and-bake meals) • Recommend product bundles with available products for easier shopping

LEARNINGS SUMMARY OVERVIEW

F. INCENTIVES

	Maintaining Business Continuity (Short-term)	**Managing the Crisis** (Medium-term)
Challenges/ trends	• Promotional elasticity is likely to decrease given the primary focus on meeting "basic needs" • Need for consumer health & safety • Evolution of elderly as consumer group (i.e., shopping support initially) • Pantry-loading and panic buying: consumers depend on stores to have necessary items and provide safe in-store environment	• Pressure from recession: more focus on discount products and attractive promotions • Shifts in current consumer segmentations as retailers and manufacturers lose certain consumers but gain on others • Consumers expect brands to tell the truth, value people over profits, and use resources for greater good

Key learnings	• Reduce / redirect promotions to ease store and supply chain operations
	• Shift focus of promotions to online and reduce / eliminate physical marketing efforts (e.g., leaflets)
	• Manage consumer disappointment with out of stocks
	• Step-up in-store hygiene and adopt social distancing practices
	• Communicate to consumers that the organization cares about their safety and consumption needs
	• Promote ways for at-risk groups to shop without physically entering stores
	• Manufacturers to collaborate with retailers by maintaining prices during lockdown period
		• Tactically revise pricing and promotional plans to meet shoppers' needs and reduced consumer confidence
		• Shift more promotions to consumer-specific actions
		• Institutionalize hygiene practices
		• Proactive communication with consumers regarding steps retailers and manufacturers are taking to maintain safety for all
		• Manufacturers launch social help campaigns (e.g., repurposing manufacturing plants and materials to produce hand sanitizers and PPE)
		• Prepare multiple phase 3 scenarios
		  – Change promotions strategy to maintain large and less frequent baskets to preserve consumer loyalty
		  – The "new normal" proposition where the retailer can lead the market or respond most effectively

LEARNINGS SUMMARY OVERVIEW

G. CHANNELS

Maintaining Business Continuity (Short-term)	**Managing the Crisis** (Medium-term)

Challenges/ trends

- Sudden surge of e-commerce and format shifts
- Reduced staff availability, but increased needs (higher volumes)
- High spikes in out of stock and shrink
- Online demand well beyond picking capacities

- Acceleration scenario for online growth and, in some areas, shift toward convenience
- Recovery of staff but restrictions in place
- Unstable operational KPIs and in-store service standards
- Lower consumer loyalty
- Growing demand / loyalty to delivery and online systems
- Public transportation availability decreases
- Supermarkets see increase due to one-stop availability

Key learnings

- Tactically revise forecasts
- Reinforce operations with additional staff and shifts
- Focus assortment and offers on high running SKUs to optimize productivity; cancel promotions
- Adjust planograms; if needed, set up purchase limits
- Suspend supplier penalization for incomplete, late / early deliveries etc.
- Evaluate need to close stores that are difficult to serve or have limited staff availability
- Leverage consumer loyalty and mobile ecosystems

- Reinforce resources: FTEs, delivery partnerships, etc.
- Reinforce convenience store assortment and operations
- Increase flexibility in staff employment guides or contracts
- Implement control mechanisms and scorecards on store operational KPIs
- Develop consumer development and retention campaigns
- Ramp up economic fulfilment capability for online
- Continue refining and advancing operations of online ordering and delivery / curbside pickup processes

LEARNINGS SUMMARY OVERVIEW

H. COMMUNITY

Maintaining Business Continuity (Short-term)	**Managing the Crisis** (Medium-term)

Challenges/ trends

- Importance of health and safety of employees and community, especially high-risk populations
- Specific areas / geographies may be adversely more affected

- Government restrictions may challenge operations going forward
- Having worked / served throughout the crisis, food retailers and manufacturers may become a more visible authority on COVID-19 and on other issues in general

Key learnings

- Provide in-store signage to educate, serve, and protect local communities
- Engage with local communities and health organizations to protect shoppers and employees
- Support local areas and staff to best manage where issues may be more severe
- Constantly communicate online with the right tone and be a "local friend"
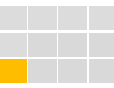- Support the local community with initiatives to support mental health

- Work and establish close partnerships with local authorities to collaborate through the crisis and its aftermath
- Develop new community partnerships to better educate community and reduce spread
- Step up engagement in between industry associations and community organizations
- Build local store marketing programs to make the community aware of store's efforts

OW Social Listening: Supermarket social responsibility, % of tweets

	Italy	Spain	France	Germany	UK	USA
Efforts to help elderly get food	6%	6%	4%	2%	8%	3%
Supermar-ket's help to local community	1%	3%	4%	1%	6%	4%

Customers' reactions to the critical role of food retailers during the COVID-19 crisis is very relevant in social networks. Failing to lead on social responsibility can be harmful for a retailer's customer perception for the long-term.

1) UK and USA – data from 26th March to 1st April. Rest of countries from 31st March to 1st April
2) Less tweets scraped for France and Spain due to technical constraints with language vs location (Spanish in South America, French in Canada + Africa)

LEARNINGS SUMMARY OVERVIEW

I. RESILIENCE MODELS →))))

Maintaining Business Continuity (Short-term)	**Managing the Crisis** (Medium-term)

Challenges/ trends

- All operations have shifted drastically; some companies seeing an unpredicted increase (i.e., grocery, retail sales of certain products) and others seeing a drastic halt in sales (i.e., food and beverage manufacturers with food service customers)
- Though companies are trying to cut costs, some fixed costs cannot be reduced
- Re-examine business models due to immediate changes in employees, demand, and channels

- Need to shed unprofitable areas and rapidly finance growing ones
- Shift from immediate business model changes to forecasting and budget planning for the rest of the year
- Aim to increase financial resilience
- Need for scenario planning

Key learnings

- Conserve cash by cutting variable costs in various ways:
  - Negotiate reduced / delayed payments for rent where possible
  - Reach out to creditors to negotiate for more time for debt payments
  - Cancel extra orders from suppliers and negotiate a delay in payment
  - Re-examine executive pay
  - Carve out essential roles for workers to keep as many as possible
- Convert stores to support click & collect and online

- Shift investment focus from growth to stable profits
- Continue investments in post-COVID-19 environment to be focused on deliveries and contactless payment
- Initiate and conduct cost base reset (including leveraging COVID-19 efficiencies and learnings) for short-term cost reduction and for survival minimum
- Start investing to simplify and automate store operations, become leaner
- Continue to assess scenarios for financial development (be ready to seize opportunities)
- Consider more direct-to-consumer alternative business models that allow consumers to avoid or shorten in-store shopping trips

LEARNINGS SUMMARY OVERVIEW

J. ECOSYSTEM COLLABORATION

	Maintaining Business Continuity (Short-term)	**Managing the Crisis** (Medium-term)
Challenges/ trends	• DCs and logistics saturated (given high demand, scarcity of drivers, etc.) • Some manufacturers uncapable of fulfilling all orders • Demand spikes in online • Out-of-home options closed, but people still want to order	• Increased criticality of certain suppliers and need for new ones • Demand through online channels still far above capacity • Work-from-home continuing among large share of population • Still low demand for out-of-home options
Key learnings	• Organize suppliers to directly serve stores or store hubs • Increase delivery capacity using last-mile delivery partners • Partnerships to offer practical, yet unique, offerings (i.e. restaurants / chains to prepare eat-at-home meals)	• Integrate with critical suppliers (e.g., fix demand volumes, data sharing) and / or add new suppliers • Extend delivery partnerships forged during the crisis • Enter into discussions to offer a wider range in stores • Evaluate acquiring or partnering with choice intermediaries and last-mile delivery companies

Examples of supply chain collaboration

• General Mills is skipping steps in supply chain by bypassing its own warehouses and delivering straight to store warehouses
• Smart & Final stores in US are planning to bypass distribution centres where possible
• Amazon is not accepting shipments of certain products in its warehouses in order to free up space for critical medical supplies and household products
• Sysco and PFG are leveraging its supply chain services to food retail

Examples of supplier payment terms

• Morrison's in UK aims for 48 hour payment terms, rather than 14 days
• Tesco in UK shortens period of payment terms from 14 to 5 days
• Aldi announced immediate payment terms to small suppliers (<£1m) as well as Systeme U in France (<50m€)
• Sainsbury's moves to immediate payment terms
• Walmart revised supplier financing agreements so that suppliers get payments more quickly

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K. DATA AND ANALYTICS

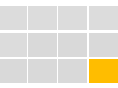|	**Maintaining Business Continuity** (Short-term)	**Managing the Crisis** (Medium-term)
Challenges/ trends	• Shoppers need alternative methods than physical to get products to reduce exposure • Maintaining uptime on technology despite disruption • Fast-track digitalization of essential functions if disrupted • Usage of analytics to improve product forecasting	• Technology, security, uptime, and fall-backs essential to resilience • Demand for more frequent and recent data and analysis of consumers and market • Increased e-commerce volumes and app usage • Accelerated requirements for new services
Key learnings	• Stop using business-as-usual algorithms to manage supply chain during the pandemic • Ensure sufficient short-term capacity in IT solutions • Rapidly spread practices with other functions and continually reassess their needs • Gather operational data to inform situational awareness for business • Expand technologies to cover greater income streams (e.g., delivery, apps, website information) • Implement data analysis within online / digital innovations and channels	• Triage essential services to keep up vs. those to deregulate to increase agility • Deploy architecture and policy modifications to enhance quality and speed of information distribution • Redeploy data scientists and R&D to support decisions • Enable use of third parties to rapidly add services • Increase data-sharing between delivery services and CPG manufacturers to help prevent supply chain issues • Use technology and analytics: tracking apps with processed product scanner to provide nutrition and storage education, or implement identity verification software to eliminate errors, speed up processes, etc.

LEARNINGS SUMMARY OVERVIEW

L. ALLIANCES / PARTNERSHIPS

	Maintaining Business Continuity (Short-term)	**Managing the Crisis** (Medium-term)
Challenges/ trends	• Opportunity to address some short-term gaps with partnerships and alliances (e.g., staff shortage / absenteeism) • Opportunity to share best practices and learnings with such an unprecedented event	• Formation of industry partnerships and alliances to best serve consumers, meet demand, and survive economic crisis • Industry forums growing as retailers and manufacturers look for best practices • New forums may emerge / existing ones become more important
Key learnings	• Utilize industry forums and experts for ideas on how to ensure business continuity (joint working / crisis committees) • Look for immediate business partnerships in order to ensure business continuity (e.g., partner with food service companies to hire additional staff) • Collaborate with national retail bodies to develop standards for in-store "social distancing" and personnel safety • Take strict hygiene measures across all retailers and manufacturers, and develop joint strategy to serve the at-risk and limited mobility population	• Manage supply / demand by sharing pricing and stock data with other retailers to maximize product availability • Take part in industry forums and groups in order to understand best practices across the industry • Communicate with other organizations about logistics to ensure supply for population (e.g., while store closures may be inevitable, coordination is possible to have one retailer open per region) • Participate in virtual events (e.g., webinars, video conferences) to learn about relevant topics and create new connections with other participants • Explore joint ventures and deep collaboration, especially across smaller players (retailers and manufacturers)