The six steps needed for retail and service sectors to survive the pandemic

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The COVID-19 pandemic has had a devastating impact on retail and service sectors.

Researchers from Swinburne University of Technology and New Zealand's Massey Business School, led by Swinburne researcher Dr. Carla Ferraro, have released new findings on long-term effects of

COVID-19 on the retail and services sectors. The findings help businesses plan for future times of extreme crisis.

Dr. Ferraro says, "Relatively little is known about the longer-term impact of the pandemic on service industries. For instance, how will these sectors respond to changes in consumption patterns—and how can they think strategically about future contingencies?"

In some ways, the pandemic will have a similar impact to recessions where retailers responded by cutting back, including laying-off employees, closing underperforming stores and reducing marketing expenditures. Others invested to establish competitive advantage, improving efficiencies or developing new products, services or markets.

The six-step retail and service sector survival blueprint features both cut-back and investment strategies that businesses need to outlast the COVID-19 pandemic:

1. Embed new ways of working

Remote and hybrid working has a role to play in retail and service sectors, and companies who embraced these new ways of working found their staff had been just as efficient—if not more. They also found that technology could facilitate bringing staff together and heighten the consideration for mental health.

2. Rethink the role and purpose of physical space

While many tactics implemented at the onset of the pandemic are likely to revert post-pandemic (i.e. social distancing, sanitizing), some are expected to be permanent. Researchers predict two changes to physical environments: store design and payment methods. Stores could transition

towards becoming retail showrooms or use technology to enhance consumer interactions along the customer journey, while ramping up online retail strategy.

3. Prioritize digital elements

We know that innovation is critical in turbulent times. The pandemic has accelerated the need for digitization of retail and service environments. For example, retail will need to offer strong online experiences and services will need to use technology to improve communication, such as QR codes used to order food and drinks.

4. Integrate employees in community

The pandemic has exacerbated the need for employee engagement and sense of community.

For most, if not all businesses, staffing operations required significant change and reorganization in managing the pandemic's immediate impact. Two key aspects underpin a long-term change pathway: health and safety of employees and staff resilience and retention.

5. Build agile supply

Disruption of global supply chains has been unlike we've ever seen. Businesses have learned the need for long-term agility in supply chain relationships. Researchers found that, moving forward, the agility of contractual terms and agreements (e.g. rental agreements) are becoming increasingly important to retail and service businesses.

6. Plan for future turbulence

There may not be a repeat of the COVID-19 pandemic, but we're all aware of the turbulence that can be caused by natural disasters, wars and other forces. After the damage already done, businesses should be planning for future turbulence now—with flexibility and agility front of mind when developing business-wide contingencies.

Provided by Swinburne University of Technology