Beyond COVID-19: How Asia’s retailers can navigate the post-pandemic new normal

COVID-19 pandemic has caused a shift in consumer behavior, which requires retailers to respond appropriately and swiftly so as to survive the unprecedented times. As a handful of consumer new shopping habits are likely to stay in the long term when the pandemic ends and a new normal begins, it is vitally important for retailers and brands to identify and adapt to the new consumer habits in order to emerge stronger in the post-crisis era. This article offers a vision of how Asia’s retail landscape and consumer buying behaviors will change and impact the ways retailers operate post-pandemic.

Key takeaways

- **Online shopping will increasingly become a prominent buying channel for consumers going forward.** Retailers are set to continue to ramp up their digital offerings – such as engaged in social selling and adopted innovative digital marketing approaches by leveraging online livestreaming, social media platforms and private chat groups – to keep customers engaged and interested in their products and services.

- **New delivery services such as contactless delivery and pickup options, as well as the use of autonomous delivery drones and robots have become the norm in the age of COVID-19.** Considering consumers are likely to retain their online shopping habits beyond the outbreak, retailers, while migrating customers to their digital channels, should work with their fulfillment partners to rethink and expand their delivery options, and at the same time should ensure their delivery offerings are comprehensive and flexible enough to meet consumers’ diverse needs and constantly-rising expectations.

- **COVID-19 crisis has fast-tracked the progress of digitalization in retail.** The accelerated adoption of smart technologies is poised to continue post-crisis and will become more widespread among retailers to further reinvent consumer experience. They will continue to step up their digital efforts and maximize their investments in mainstream digital technologies such as VR, AR, robotics and facial recognition.

- **COVID-19 outbreak has significantly raised consumers’ awareness of the importance of public health.** Going forward, they will continue to expect higher standards of hygiene and cleanliness in retail stores. Dedicated shopping services offered by retailers amid the outbreak, such as mobile grocery services and exclusive shopping hours for vulnerable guests, are set to stay beyond the pandemic.
Consumers are transitioning faster towards e-commerce

COVID-19 pandemic has altered the way people shop. Some non-digital consumers, especially the elderly, who previously might be uncomfortable with online shopping, are forced to get used to buying daily essentials and other goods online due to social distancing and lockdown requirements. As consumers fall into the online shopping routine, they become more receptive to e-commerce; such a change in consumer shopping behavior is likely to retain beyond the outbreak. A survey conducted by retail digital solution provider Tofugear\(^1\) found that on average, 45% of consumers across Asia planned to increase their spending online versus traditional retail channels over the next 12 months.

![% Consumers planning to spend more online over the next 12 months](image)

Without a doubt, online shopping will increasingly become a major buying channel for consumers moving forward. It is likely that brick-and-mortar retailers will double down on their digital efforts to capitalize on the online shopping trend. The growing shift towards online shopping is set to accelerate digital transformation of Asia’s retail market, prompting brands and retailers to rethink their digital strategies.

\(^1\)Tofugear conducted a survey about digital consumers in Asia in mid-February 2020; the survey, which polled 6,000 consumers across 12 markets in Asia, was undertaken when many countries in the region had already begun to be affected by the COVID-19 outbreak.
Retailers accelerate adoption of digital marketing and social selling

At the height of the pandemic, many retail enterprises temporarily shut down their stores to limit the spread of COVID-19. To offset the sales falloff caused by the enforced store closures and cash in on the COVID-19-spurred online shopping spree, most retailers have shifted online and adopted innovative digital marketing approaches such as leveraging online livestreaming, social media platforms and private chat groups to keep customers engaged and interested in their products and services.

In China, during store closures, some department stores and shopping malls posted QR codes on their official WeChat accounts and Mini Programs for followers to scan and join. Many sales associates and brand’s sales representatives in department stores and shopping malls turned into online shopping guides as well as WeChat private group administrators to respond to customer enquiries and provide exclusive offers and new product launch information. Retailers believe that instantaneous messaging can facilitate deeper customer relationships and forge a sense of trust into their brand experience.

For example, Tianjin Joy City formed dozens of brand-based WeChat private groups and published their QR codes on its Mini Program through which customers can reach out to the representatives directly and place orders with them.

Major department store operator Wangfujing Group leveraged WeChat Mini Program to shift its sales online during the COVID-19 outbreak. The group launched at least 20 WeChat Mini Programs, with each one linked to the e-shopping mall or the service centers of its department store branches, serving as extensive digital sales channel and curated online gallery for marketing campaigns. Wangfujing’s WeChat malls reportedly made approximately 30 million yuan of sales and drew 5.3 million of visits in February.

In February, Intime Department Store and Taobao jointly launched livestreaming programs hosted by shopping guides. In less than a week, they livestreamed for over 10,000 minutes (approx. 166.7 hours) and attracted more than 100,000 views. A sales associate of Lancôme at Intime even expressed that one of her three-hour livestreaming sessions served as many customers as she normally does in six months in the concession outlet in department store. The best shopping guide of Intime sold over 100,000 yuan worth of goods in one livestreaming show.

Tianjin Joy City shares QR codes of different brands among its WeChat private groups
Photo source: Tianjin Joy City’s WeChat account
Alibaba-backed Lazada, a major e-commerce platform in Southeast Asia, also made use of its in-app livestreaming feature LazLive to engage and sell directly to customers amid lockdowns and stay-at-home requirements across the region. In April, Lazada connected with over 27 million active audiences across the region through LazLive, while the total GMV generated through LazLive in April surged 45% month-on-month.

In Thailand, during the nationwide lockdown, Lazada introduced an “Offline-to-Online Promoter & Affiliate Program”, which allows brands’ offline sales associates to earn commissions with products sold through Lazada’s social media accounts and LazLive. Supported by Alibaba’s cutting-edge technology, Lazada is currently the only e-commerce platform in Southeast Asia providing the “See-Now-Buy-Now” feature via LazLive. Offering a closed loop for in-app purchase, LazLive also enables a higher transaction rate and a more seamless digital experience for shoppers.

In Thailand, major retailers such as Bangkok shopping mall operator Siam Piwat have unveiled new retail services – Call & Pickup, OneSiam Chat & Shop and Eat at Home through their social media accounts such as Line and Facebook to engage and support customers amid the pandemic. The new services allow customers to shop online via live chat at OneSiam Line official account, OneSiam app and social media apps/accounts of Siam Piwat’s shopping centers, while with the Call & Pickup service, loyalty program members can place orders for grocery shopping via phone and collect their groceries at selected pickup locations. The Eat at Home service also allows customers to order food from more than 50 restaurants at Siam Paragon, Gourmet Garden, Paragon Food Hall and IconSiam.
Another Thai shopping mall operator Central Pattana launched a new shopping service dubbed ‘One call x One click’, allowing its customers to shop remotely and conveniently while practicing social distancing amid the COVID-19 outbreak. The new shopping service enables customers to shop and order from over 1,200 stores and restaurants with a single phone call or one click via Central’s Line account and have their orders delivered home or available at drive-thru pickup points of Central Pattana’s shopping malls nationwide.

**Our take**

The COVID-19 crisis has highlighted the importance of digital platforms in boosting customer engagement and driving sales of products and services. It is critical for retailers to accelerate their digital push such as selling directly to consumers online through social media and livestreaming platforms, and building on digitally-equipped omnichannel retail strategies adopted during the outbreak to provide more value-added services and engaging shopping experience for customers.
COVID-19 fueled delivery trends are likely to stay post-pandemic

Contactless delivery and pickup options have become the norm in the age of COVID-19. Retailers have introduced dedicated delivery services to fulfill orders amid lockdowns and social distancing requirements. It is expected that when normality resumes, retailers will continue to expand their delivery and pickup offerings and use autonomous delivery drones and robots to provide faster and safer delivery services to more customers.

To accommodate the massive shift to online shopping and keep up with the surge in delivery orders amid the outbreak, retailers across Asia have expanded their delivery capabilities and services by adopting “employee sharing” schemes, offering drive-thru, curbside pickup and contactless drop-off services, and acquiring logistics firms, among others.

• Adopting “employee sharing” schemes
To ease delivery crunch during the pandemic, some market players adopted an “employee sharing” approach to temporarily employ workers sidelined by the COVID-19 pandemic to become their delivery staff. For example, in China, Alibaba’s grocery chain Hema, in response to a surge in delivery orders, made an unprecedented offer to temporarily hire restaurant workers who were sidelined or sacked due to the outbreak. Joining Hema, other local retailers such as Shunliban, JD 7Fresh, Suning and Lenovo also offered temporary warehousing and delivery jobs to meet surging demand for delivery during the outbreak.

7-Eleven Thailand, on the other hand, recruited 20,000 additional workers to handle deliveries during the COVID-19 outbreak, as part of the retailer’s effort to ramp up its delivery services to support those in isolation; the newly recruited staff will be responsible for deliveries from all 7-Eleven locations throughout Thailand.

• Providing contactless drop-off services
To mitigate the risk of infections during the COVID-19 outbreak, many retailers and delivery service companies launched “contactless” or “no-contact” delivery services to avoid face-to-face interaction. For instance, in Japan, delivery giant Yamato Transport Co. adopted a contactless drop-off approach in March, allowing customers to receive parcels without directly contacting the delivery staff. Under the new initiative, customers can communicate with the Yamato driver through their home intercom and ask the driver to deliver the parcel right to their doorstep.

Domino’s Pizza Japan also launched a zero-contact drop-off service alike that of Yamato. The delivery staff, after arriving at the delivery destination, will first set down an portable box at the customer’s place of choosing and then place the regular pizza box, in a plastic bag, on top of the portable box, as a way to prevent placing the product directly on the ground. After notifying the customer to pick up the order at doorstep, the delivery staff will stay two meters away from the order when the customers come out from home to pick up the order.

The zero-contact drop-off service offered by Domino’s Pizza Japan's Photo source: Dominos.jp
Drive-thru and curbside pickup services have also gained popularity in recent times. Aeon Malaysia is one example. To make grocery shopping easier and more convenient for customers during the COVID-19 outbreak, the company expanded its drive-thru services from previous two locations to 15 other Aeon BiG hypermarkets and 11 other AEON stores starting 1 April. With the expanded drive-thru services, customers can pre-order goods online from the company’s online portal bit.ly/AEONDriveThru and collect and pay for their ordered items with credit or debit cards at a selected Aeon store with the drive-thru services11.

Internet giant Google added a new function that allows retailers in Japan to promote curbside pickup services alongside their local inventory ads on Google, a move to support retail businesses during the COVID-19 outbreak. Retailers interested in promoting curbside pickup services on Google are required to submit account and pickup information to Google. After being approved by Google, the curbside pickup badge will be able to show alongside the retailer’s local inventory ads on the platform. Retailers that do not use local inventory ads can also highlight their curbside pickup and in-store shopping options within their Google My Business profiles. By adding these new features, businesses can highlight their current shopping, pickup, and delivery options to potential customers on Google search engine results pages and in Google Map results12.

Japan is currently the only Asian country that Google has introduced the curbside pickup badge promotion option. Apart from Japan, the new feature is also available for retailers in 14 countries worldwide including the U.S., Canada, U.K., Australia, Austria, Brazil, Canada, Denmark, France, Germany, Netherlands, Norway, Sweden, and Switzerland13.

In China, autonomous vehicles and drones have also been widely used across the country for “contactless delivery” amid the COVID-19 outbreak. For instance, online grocery platform Meituan Maicai, in collaboration with Meituan autonomous vehicles team, piloted driverless delivery in Beijing14. Suning Logistics, the logistics arm of Suning.com, has also launched mini autonomous vehicles in Beijing, Nanjing and Suzhou to minimize direct human-to-human contact15. Soon after the COVID-19 outbreak, JD Logistics deployed autonomous shuttles and drones to deliver medical and commercial cargo throughout coronavirus quarantine zones in Wuhan and other cities in Hubei. Since most people in the region order goods online to minimize human contact in offline stores, JD Logistics’ autonomous warehouses reportedly fulfilled nearly double their usual number of daily orders, from 600,000 to 1 million between 24 January and 2 February16.

Our take

An efficient delivery system – one that can offer fast and safe delivery services and enhance online shopping convenience – is considered the backbone of a successful e-commerce business. Considering consumers are likely to retain their online shopping habits beyond the outbreak, retailers, while migrating customers to their digital channels, should work with their fulfillment partners to rethink and expand their e-commerce delivery options, and should at the same time ensure their delivery offerings are comprehensive and flexible enough to meet consumers’ diverse needs and constantly-rising expectations.
Innovative technologies on the rise

COVID-19 crisis has fast-tracked the progress of digitalization in Asia’s retail market, leaving market players little room for delays in embracing digitalization and technology innovation. The accelerated adoption of smart technologies is poised to continue post-crisis and will become more widespread among retailers to further reinvent consumer experience.

In the wake of the outbreak, some retailers have capitalized on smart tools such as VR and robotics to boost customer engagement. The deployment of digital technologies enables retailers to act swiftly upon the continually changing consumer preferences, habits and shopping trends during the difficult time. For instance, in China, Shanghai’s MixC shopping mall launched a VR channel with an aim to provide new virtual shopping experience for customers. By offering virtual tours online, the VR channel enables consumers to browse the offerings of 29 retail shops, from fashion brands like Nike, Puma, and Fila, to beauty brands and retailers such as Lancôme, Clé de Peau Beauté, and Sephora. Through MixC’s WeChat account, customers can also contact shopping guides for product information and place orders directly with them.

Another local shopping mall Guangzhou K11 Art Mall also launched virtual tours online for six of its retail shops – K11 Design store, Sergio Rossi, Lego, Fila Fusion, Reflections and Hefang, while customers can also interact and place orders with shopping guides through K11 Art Mall’s WeChat account.
Apart from enhancing consumer experience, retailers also use innovative technologies to combat COVID-19. To protect the health and safety of both customers and employees, Thai supermarket chain Central Food utilized UV-C disinfection robots to sterilize stores while they are closed. Central Food is the first supermarket chain in Thailand to implement disinfection robots to sanitize retail stores.

Some landlords in Hong Kong have also adopted innovative technologies to keep their customers, tenants and employees safe from COVID-19. For example, Infinitus Plaza in Sheung Wan deployed robot cleaning machines to keep public areas clean and sanitized in order to help curb the spread of the virus.

**Our take**

COVID-19 will accelerate the adoption of innovative technologies among retailers. During the pandemic, many retailers leveraged digital tools to optimize their operations and serve their customers in a better way. To thrive in the post-COVID-19 environment, retailers have to continue to step up their digital efforts and maximize their investments in mainstream digital technologies such as VR, AR, robotics and facial recognition.

Central Food uses UV-C disinfection robots to sterilize stores
*Photo source: Inside Retail Asia*
Improving sanitation and hygiene practices

High standards of hygiene and cleanliness play a vital role in restoring customer confidence and encouraging them to visit physical stores. Many brick-and-mortar retailers and shopping mall operators have placed greater importance on store cleanliness and hygiene standards and implemented enhanced cleaning and sanitizing procedures to ensure their in-store hygiene and safety levels are optimized.

Recently, Thai shopping mall operator Central Pattana has introduced the Central’s Hygiene and Safety’ plan – a set of new hygiene and preventive measures to reassure customers at their malls that they are safe from the spread of COVID-19. Covering five core ideas with over 75 measures, including extra screening, social distancing, safety tracking, extra cleaning and offering a touchless experience, the new initiative has taken hygiene standards and preventive measures to the next level and is expected to set a new standard of social norm beyond the outbreak.

In China, the largest coffee chain Starbucks also took heightened precautions in the early days of the COVID-19 outbreak. Apart from operating at reduced hours and only offering delivery services at some stores, the retailer also adopted elevated safety protocols to safeguard the health of their customers and employees such as requesting all employees to undergo daily temperature checks and wearing masks at all times, setting up “safety station” at every Starbucks store entrance to monitor customers’ temperature, stepping up efforts to clean and sanitize the stores, pausing the use of personal cups, and limiting the number of seats in the stores.

Our take

The COVID-19 outbreak has significantly raised consumers’ awareness of the importance of public health and at the same time prompted retailers, especially restaurants and food services providers, to enhance their in-store cleanliness and hygiene levels in order to retain loyal customers and entice new guests. Furthermore, as consumers are shifting towards a more health and hygiene focused lifestyle due to the outbreak, disease prevention, health and personal-care related consumption are set to become bright spots for new growth in the post-pandemic era.
Providing support to vulnerable customers

During the difficult times, apart from working relentlessly to restock shelves and calming panicked shoppers, some retailers have taken special measures to provide support and extra care to vulnerable groups of people.

In Singapore, the largest grocery chain NTUC FairPrice introduced priority shopping hours for “vulnerable” members of the community, including senior citizens, pregnant women and people with disabilities, to help them access vital grocery supplies while practicing social distancing during the COVID-19 pandemic. Furthermore, the retailer rolled out a mobile grocery shopping service called ‘FairPrice on Wheels’, enabling residents, especially seniors, in selected areas to buy groceries without traveling too far from home during the lockdown period. With the new service, customers living far away from supermarkets can buy essential products from FairPrice’s vans parked near their home.

Thailand’s online fashion brand Pomelo also launched Pomelo Cares, an initiative to support charities and organizations leading COVID-19 relief efforts in Singapore, Thailand and Indonesia, as well as educate and encourage people to practice social distancing. The brand pledged to donate more than 40,000 surgical masks to Thailand’s Red Cross as well as 100% profits from its three-pack antibacterial fabric mask products to partnered health organizations.

Our take

Dedicated shopping services offered by retailers during the pandemic are likely to last and be rolled out in more areas so long as there is sizeable consumer demand for the services. More retailers are expected to follow suit to launch similar initiatives going forward, as a move to support corporate social responsibility and build consumer loyalty.
Conclusion

COVID-19 has pushed retailers and brands to take their businesses online and pivot on digital channels to connect and sell directly to customers from afar. Despite the disruptions caused by COVID-19, the pandemic serves as a testing ground for novel business models and offerings to address the unmet needs during the unprecedented times. Digital channels will inevitably play an even stronger role in boosting customer engagement and sales beyond the pandemics; market players, who are capable of adapting their digital strategies to provide relevant offerings and services, will be able to keep their businesses afloat and thrive in the post-COVID-19 new normal.


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