

Q3 2018 Q4 2018 Q1 2019 Q2 2019 Q3 2019 Q4 2019 Q1 2020 Q2 2020 Q3 2020 Q4 2020 Q1 2021 Q2 2021 Q3 2021

US: Retail sales ex. Auto & Gas

50.5%

48.3%

46.6%

44.4%

43.0%

US: Online Sales

81.9%

(% YOY)

Online Sales

National YOY online

sales growth

57%

Total Retail Sales

77.0%

Online Sales

Total Retail Sales

69.6%

National YOY online

sales growth

56.8%

53.6%

51.1%

45.5%

AUS: Online Sales

Victoria locked down retail and pushed consumer spending online, but these

physical restrictions combined with economic uncertainty caused the lowest total

(% YOY)

Online and total retail sales YOY growth by state

Home & Garden 19.5% **Health & Beauty**

Hobbies & Recreational Goods

(5%)

AUS: Total Retail Sales

retail sales growth by state in Australia.

(% YOY)

Victoria

7.6%

9.3%

9.5%

Tasmania & the Territories

Specialty Food & Liquor

8.0%

Variety Stores

7.7%

Fashion & Apparel

8.5%

Winners & Losers

COVID-19 surge products.

Flight Centre Travel Group Limited

Webjet Limited

A.P. Eagers Limited **Autosports Group Limited**

Bapcor Limited GUD Holdings Limited Bod Australia Limited

13.9%

health and beauty) grew substantially online.

12.1%

18.4%

 $Source: https://auspost.com.au/content/dam/auspost_corp/media/documents/ecommerce-industry-report-2021.pdf$

22.8%

21.1%

Source: https://auspost.com.au/content/dam/auspost_corp/media/documents/ecommerce-industry-report-2021.pdf

Online and total retail sales YOY growth by category

Even categories traditionally seen as reliant on physical stores (e.g. home and garden,

New South Wales

Queensland

South Australia

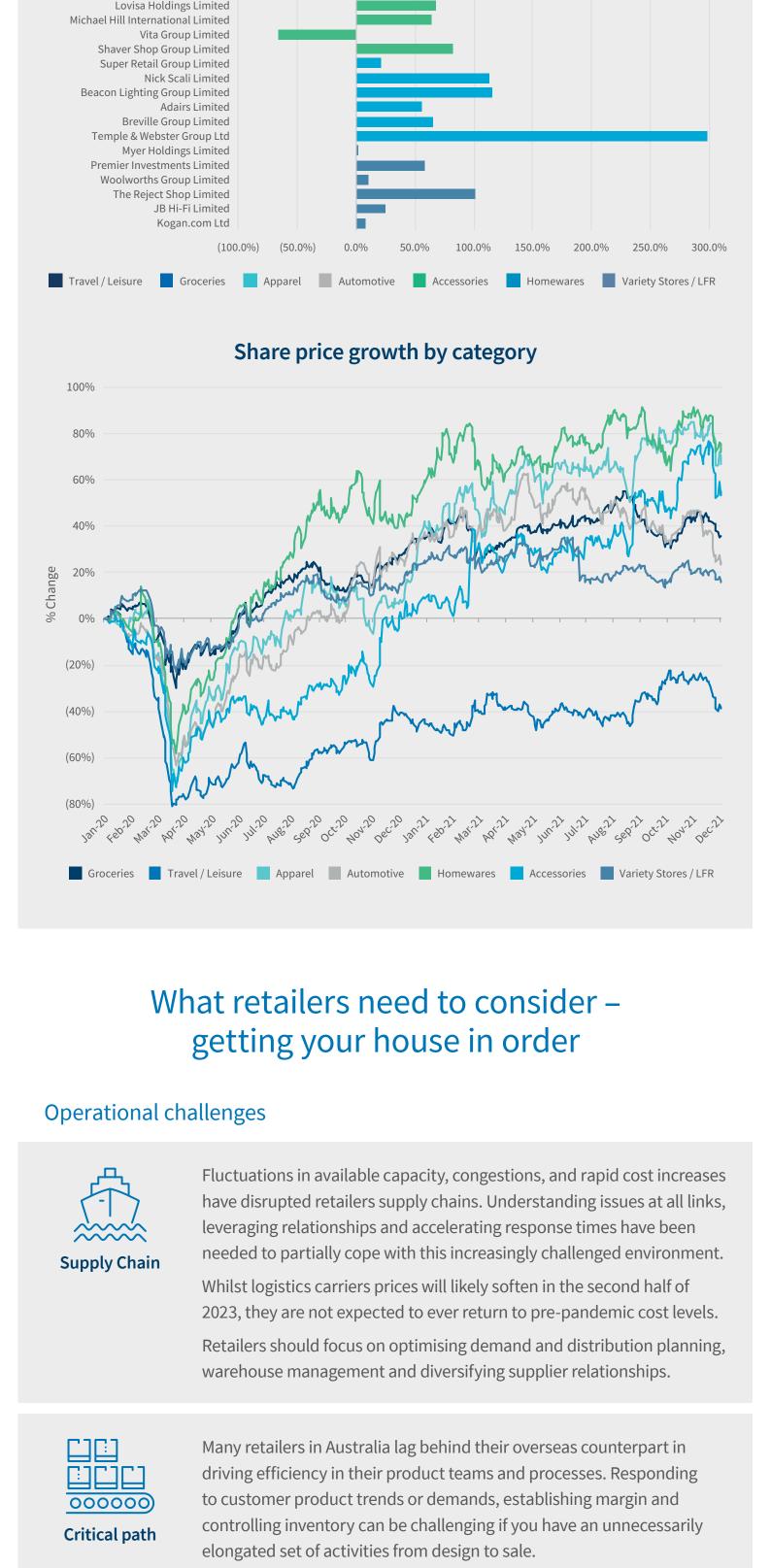
Western Australia

Ardent Leisure Group Limited Corporate Travel Management Limited Retail Food Group Limited Metcash Coles Group Wesfarmers Limited Mosaic Brands Limited Thorn Group Limited City Chic Collective Limited Baby Bunting Group Limited

Pure play and other retailers with effective e-commerce channels have benefitted from

both temporary closures of bricks-and-mortar competitors, as well as their 'pivot' towards

Share Price Change: January 2020 – 2 December 2021



As with the supply chain, understanding and planning for the product

journey at all stages is key. A well considered planning exercise and a

reset of end-to-end processes can deliver substantial efficiencies.

Investing in online sales channels alone doesn't guarantee success,

and many retailers aren't well set up to map and plan across channels

of doing business are all susceptible to a misaligned channel strategy.

Customer experience needs to be planned and integrated across all

touch points; whether online via desktop, tablet and mobile; as well as

over the phone in physical stores, concessions or across networks of

Online retailers may be doing all the right things — growing their

customer base, managing costs, collecting critical data from which to

draw important insights. Yet, they will struggle to maximise profitability

without creating a highly productive organisational culture. Competing

the achievement of business wide objectives. Processes, structures, and

Technology is a key driver of business value and competitive advantage

Approximately **41% of respondents** to FTI Consulting's survey of 1,000

U.S. shoppers (linked below) said that there is no going back to in store shopping, that they will shop online as frequently as they did during the

behaving online and across other channels, including how they ended

up on the site, what items they've looked at, heat map digital and

However many retailers are struggling with the pure volume of data, including how to analyse it into meaningful insights and actions that

improve customer experiences and increase sales. Investments in data

Informed analytics and creative ideas help translate the customer data

scientists to manage all this data are insufficient to enable change if

customer data and insights aren't prioritised in executive decision

into a structured plan. Some degree of flexibility is also required to

use the data to inform concepts and ideas and test and refine them,

Fluctuations in demand and disrupted supply chains reduced overall

inventory levels during the pandemic. Slowing production and canceling orders from manufacturers was quickly replaced with

ordering increased product volumes to meet enhanced forecast

expectations, that logistics providers were unable to deliver to. 23%

of retail trade businesses and 25% of wholesale trade businesses

surveyed by the Australian Bureau of Statistics in June 2021 said their

ability to meet financial commitments over the next three months was

Despite the unprecedented economic volatility, the cost of capital is at

historic lows and there is an increasing number of investors competing to provide debt and other finance to retailers to fund digital and other

transformative technology that can be scaled to meet consumer needs

transformation strategies. Retailers should consider investments in

physical environments, and conversion into a sale.

accepting that they may not be right first time.

in the digital era and retailers must continually innovate to grow,

cost-effectively address key operational challenges.

compete, and become more profitable. Technology providers have developed increasingly innovative integrated software solutions to

executive roles, KPIs and incentives across channels are unhelpful to

people play a critical role in driving the necessary changes required.

wholesale customers and distributors.

separately and in combination. Sales volumes, pricing, margin and costs

The surge in online activity has provided retailers with a significant advantage – that they have greater volume and accuracy of customer data. Retailers can now clearly understand how customers are

Understand Your

Customer Data

Capital challenges

Working capital

management

Transactions

Pricing &

Performance

Analytics

Data & Analytics

Customer Service

pandemic.⁵

making.

difficult or very difficult.

and respond to future changes.

Key areas of digital e-commerce architecture

Channel Strategy

Organisational

Structure

Technology

It is not enough to measure marketing organisations or your marketing department on their lead generation to sales — driving revenue growth requires conversion. Data and analytics can help retailers implement the right strategies, solutions and tools that will support customer Marketing / User targeting and segmentation, brand and product management, Experience customer experience and loyalty, sales force effectiveness, and predictive analytics. Previously consumers were only able to make online purchases using PayPal or a credit card. Now with the proliferation of *Buy Now Pay Later* operators (e.g. Afterpay, OpenPay, Clearpay), online retailers must

integrate numerous methods of payment to ensure transactions are

convenient and seamless. Fortunately, cost effective and efficient API plugins exist to allow retailers to keep up with fast-clicking customers.

Price and value are still top considerations for shoppers when choosing

1,000 U.S. Shoppers, more than 40% of respondents said "good value" and "good sale prices" were significantly more important to them when

Australian online retailers can no longer rely on legacy pricing tactics

To ensure that competitors are not undercutting you, online retailers

Continuous expansion in data volumes and their sources raises the

bar for retailers to organise, manage, store, and analyse data. At the

digital disruptors are forcing retailers to change the way they operate

transactional systems required by modern online retailers only adds to

the challenge. Retail company directors are exposed to a greater data management and protection risk given the increased size and depth of

same time, retailers are relying upon data for strategic insight and

and service consumers. The complexity of business processes and

Most revenue comes in the post-sales process and retailers must

ensure they are providing a superior customer experience (CX). While

differentiating CX, retailers can improve deal value and ensure recurring

A focus on liquidity remains

critical together with

optimising cost structure

and supply chains

Organisations must not forget the importance of ensuring

compliance with regulatory

reform and managing

reputation and the risk of clawbacks

some retailers may have nailed their CX up until a sale is complete, that experience falls backwards once the transaction is done. By

customers. Define your overall customer strategy and determine

segment and invest in the technology and tools to assist you.

Key takeaways

the ideal CX by exploring all possible experiences for each customer

must now implement dynamic market-leading pricing tactics.

such as looking at competitive pricing to set their own pricing strategy.

where to spend their dollars. According to FTI Consulting's survey of

making purchase decisions than before COVID-19.5



While retail has fared far better

than expected during COVID-19

the outlook for retail businesses

with a high reliance on bricks

and mortar looks

The ongoing evolution of digital capability will be a

key determinant of success

over the mid-term

customer databases.

where FTI Consulting commissioned a survey of 1,000 shoppers who made a purchase on Prime Day last year to get their thoughts on a variety of topics as the big event date approached. To read the full report, click here. ¹ Australian Bureau of Statistics, Retail Trade, Australia, October 2021 https://www.abs.gov.au/statistics/industry/retail-and-wholesale-trade/retail-trade-australia/oct-2021 ² Source: https://auspost.com.au/content/dam/auspost_corp/media/documents/inside-australian-online-shopping-update-october-2021.pdf ³ Australian Bureau of Statistics, Business Conditions and Sentiments https://www.abs.gov.au/statistics/economy/business-indicators/business-conditions-and-sentiments/latest-release ⁴ Australian Bureau of Statistics, Retail Trade, Australia, October 2021 https://www.abs.gov.au/statistics/industry/retail-and-wholesale-trade/retail-trade-australia/oct-2021; U.S. Census Bureau https://www.census.gov/retail/index ⁵ https://www.fticonsulting.com/insights/reports/2021-online-retail-forecast-report

2021 U.S. Online Retail Forecast

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