



Consumer Products and Retail: **Market Response to COVID-19**

In the weeks following the onset of the COVID-19 global pandemic, organisations around the world acted promptly to put safety measures in place for their workforces and customers. While safety remains a main priority, businesses are now directing efforts to adapt their operations processes, convert to virtual workforce where possible, and plan for post-COVID recovery. Businesses must implement these changes quickly and we have helped by benchmarking these decisions among companies within the industry.

The following benchmark analysis represents global Consumer Products and Retail (CP&R) corporations from Pontoon's segment portfolio, as well as leading market competitors. Resulting from conversations with our customers and prospects, we have examined key areas that are affecting the Consumer Products and Retail (CP&R) industries and workforces. This includes an overview of what type of roles organisations are hiring or exiting, updates to operations and procedures for frontline workers, and changes to hiring processes to support social distancing and virtual workforces.

Industry Outlook:

In Pontoon's Consumer Products and Retail segment portfolio, we are seeing reactive and proactive changes occur frequently. These changes are unfolding in response to the industry's economic outlook, buyer behaviour and supply chain capabilities. Particular to this segment, we are seeing stark realities based on what is deemed essential during the pandemic.

For essential retailers like grocery chains, stores remain open and busier than ever as they try to keep shelves stocked with panic-buying continuing in some locations. Retailers are operating with a new normal though, drastically altering new store behaviours to protect their workers and customers. Some of these changes have included modified store hours for cleaning and stocking, limiting the number of customers allowed in the store, and increasing stockers to offload contactless deliveries.

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Consumer behaviours are changing too. In March, grocery chains saw their online sales orders grow by 100% as more consumers looked for more ways to remain contactless in their essential shopping. Some Consumer Goods corporations have seen a shift in sales channels: significant decline in sales through avenues like restaurants, amusement parks, sporting events and schools but simultaneously achieving significant growth through grocery stores sales. Between March 8th through March 21st, total U.S. CPG sales increased \$8.5 billion from the two weeks prior, fifteen times the typical average sales.

For non-essential or luxury retailers, the outlook has been quite different. Corporations are responding with entire store closures until social distancing is lifted. Non-essential retailers like Dick's Sporting Goods have resorted to closing all stores and furloughing its 40,000 workforce. With their amusement parks closed and film production put on hold, The Walt Disney Company has furloughed much of its workforce.

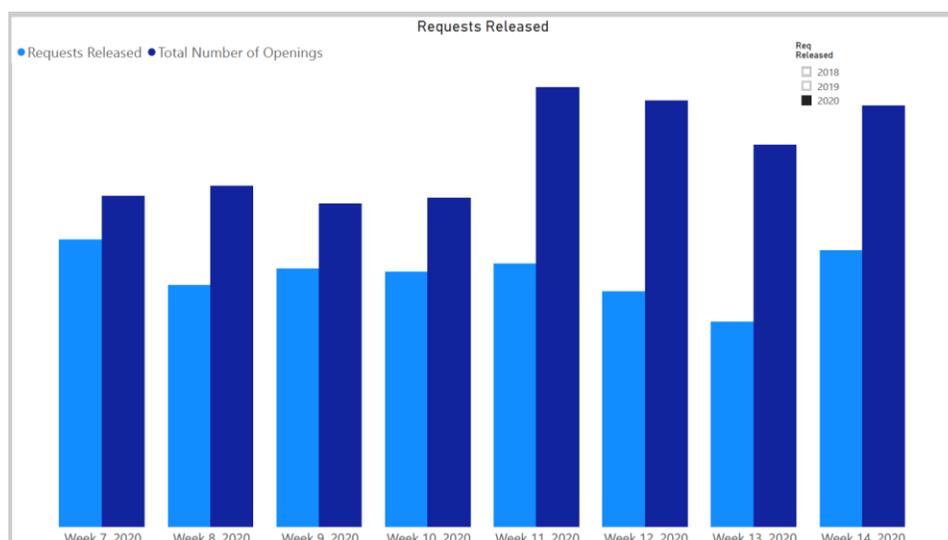
Talent Overview:

As companies navigate through these behavioural changes, the talent needed is also changing. We examined what roles our industry portfolio is ramping up and which of them are proceeding with business as usual. We've also seen many roles put on hold, furloughed, or exited.

Now Hiring: what roles are CP&R organizations still hiring?

- Supply Chain: transportation for logistics and delivery, merchandisers
- Factory operations: production, forklift operators, warehouse
- IT Infrastructure: increased to support remote workforce and online sales

Pontoon data reveals a significant increase in production contractor openings after the COVID-19 pandemic hit all major global markets. The graph below shows production positions open for hire in the eight-week period between February 16 – April 11.



Number of open production positions across Pontoon CP&R programs

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There has been an 88% increase in position volume between the first four weeks (February 16 – March 14) and the next four weeks (March 15 – April 11), after COVID-19 fully reached all North America markets.

One Pontoon Consumer Goods customer saw their manufacturing positions increase ten-fold during the first week of April to support the demand for their goods. For another Consumer Goods customer, there's been a recent sharp increase in April for supply chain roles like transportation, logistics, and delivery. We are seeing greater than 50% increase from the same time last year in positions created, number of applicants, and number interviews completed. Increases in offers and starts will likely follow in the coming weeks.

Companies are also offering wage increases in hourly rates or weekly bonuses for frontline workers in production facilities and retail stores. Some examples include:

- Walmart is paying store employees a \$300 weekly bonus
- Costco, Target, and Lowe's have increased hourly workers pay by \$2 per hour
- Best Buy has limited store operations with curbside pick-up only. Workers who volunteer to help with curbside pickup will be paid an extra \$2.50 per hour, while those staying home will continue to be paid for first three weeks (to be re-evaluated as the situation progresses).

What roles are CP&R organizations exiting or putting on hold?

- Retail store workers for non-essential goods and services
- Professional roles like accounting, managers, supervisors
- Research & Development, Lab
- Work deemed unessential that cannot be performed remotely

Many Consumer Product and Retail clients have suspended their hiring of non-critical roles that would need to be onboarded remotely. As highlighted, corporations are placing entire retail workforces on furlough with operations completely shut down. Non-essential roles that cannot be performed remotely like dining & cafeteria or in-person training coordinators are being exited.

In an effort to avoid or postpone headcount reduction, many organizations are reducing salaries starting with their C-Suite and upper management teams.

Post-COVID Hiring

With extreme furlough and layoff numbers, companies are re-focusing on a recovery plan for when non-essential stores and services re-open. Leaders are compiling action plans to rehire quickly and efficiently, once demand returns. The industry will likely see high volume hiring with a high supply of talent once fully reopened.

One example that highlights this: on March 20, 2020, one retailer received more than 200,000 applications. This is compared to a normal day average of 5,000 applications. This increase is based on the flooding of laid-off retail workers, and a surplus of layoffs outside of the CP&R industry who have transferrable skills.



Updated Policy Changes for Essential Onsite Workers

Consumer goods and retail organisations are overhauling their standard policies for onsite workers in production plants, offices, and retail stores to ensure the safety of their workforce and customers.

Factory Operations:

In companies reviewed, 100% have updated their factory and production policies extensively. Some common updates to production sites have included:

- Providing access letter documentation to all essential personnel, stating that their job is deemed essential and they should have travel access during local 'shelter in place' restrictions
- Implementing health monitoring mechanisms, such as:
 - Required assessments, questionnaires, or waivers before entering to document the health of the worker and anyone they've come in contact with
 - Temperature checks at door
 - Onsite nursing staff
 - Enhanced PPE (Personal Protective Equipment)
 - If an employee becomes ill or had direct or indirect contact with someone with COVID-19, ensuring necessary quarantines for all workers in direct contact
- Modifying work stations, shifts, and break schedules to ensure 6-foot social distancing:
 - Social distancing harder to enforce in production environment but steps taken to keep people separated at entry, exit, and breaks
- Performing stricter cleaning:
 - implemented additional cleaning and sanitization routines, focusing on high-touch surfaces
 - Reinforced hygiene and exposure guidelines with employees
 - If an employee becomes ill or had direct or indirect contact with someone with COVID-19, immediately implementing isolation and sanitization protocols
- Eliminating or greatly restricting visitors (suppliers, vendors, etc) allowed in the building
 - If absolutely necessary, visitors follow same entry requirements

Companies have also altered how goods are delivered, protecting their drivers by moving to contactless delivery. Drivers are not allowed out of the trucks, and retailers must unload. We have not seen much data yet on delivery truck sanitation updates.

Retail Operations:

As highlighted in the industry outlook, essential retailers are quickly changing their operations to meet the needs of their workers and customers. This is a fluid situation and companies are reacting based on local government recommendations.

Some changes have included:

- Implementing social distancing strategies
 - Limiting the number of customers allowed in the store at a time
 - Marking store floors with appropriate social distancing in lines
 - Moving store displays to maintain safe distances between customers
 - Installing 'sneeze guards' at cash registers

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- Reducing store hours for cleaning and restocking
 - Setting special store hours for seniors and vulnerable citizens
- Increasing pick-up options
 - Contactless: customer stays in the car and worker loads directly in to their vehicle
 - Interior store is closed but outdoor contactless pick-up is provided

For non-essential stores that are closed, some have pivoted managerial staff to support remotely with online orders or corporate call operations.

Changes to hiring processes: a move to virtual as much as possible

100% of companies reviewed have altered their hiring processes to virtual as much as possible. Some of these updates have included:

- Virtual interviewing through platforms like Zoom and HireVue
- Virtual onboarding through digital tools like DocuSign
 - I9s completed through Zoom or Hirevue
 - Pause on drug test and background checks portions in areas where labs, courthouses, and universities are closed
 - Intention to complete this step once everything is open again (90-day grace period after reopening for most)
- Virtual training
 - Remote orientations
 - New hire training classes

In limited cases, we saw exceptions to moving towards remote hiring processes for some factory and frontline workers, who were still being interviewed in-person, with new hire factory tours and training done onsite. This was often based on the specific local recommendations and is less common as the pandemic grows.

In many cases, we found provisioning of new hires to be the most challenging for the virtual hiring process. Shipping new hires their company equipment is often dependent on IT office staff.

Final Thoughts

In this unprecedented global crisis, the outlook and modifications to operations are fluid and changing rapidly. It's important to note that this analysis represents actions by consumer products and retail organizations through April 11, 2020.

Parts of the world are starting to slowly reopen, as others have yet to reach its pandemic peak. In the coming weeks and months, Pontoon will continue to monitor and update our benchmarking to provide current and accurate results for our CP&R customers and partners.