



# Global Restructuring: Retail and consumer

Globally, COVID-19 has accelerated the digital disruption of retail and consumer brands at an unprecedented pace. The paradigm shift of power to the consumer has created challenges and opportunities for brands who are lean, agile and have the right strategic focus.

For retailers and consumer brands, changing consumer behavior, increased costs and margin pressure is not new. However, COVID-19 accelerated consumer trends and created permanent shifts in behavior almost overnight catching many retailers unprepared and challenging traditional business models. Well-positioned retailers capitalized on the opportunity and produced record results.

For many retailers and consumer brands, cost cutting to drive bottom line outcomes is no longer enough. Best practice focus is on transformational change, corporate streamlining and business model optimization leveraging digital technology and data to respond to issues such as:

- the quantum shift to online accelerated by COVID-19, requiring a lean and agile operating model
- global competitors with disruptive business models (e.g; platforms and direct to consumer via social)
- consumer demand for speed and efficiency, accelerated by new technologies
- shifting demographics/expectations as purpose and ESG become the new ticket to play
- ‘experiential retail’ including the optimization/repurposing of store portfolios
- economic volatility impacted by government stimulus, border restrictions, the shift to work from home and local constraints on social interactions.

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## Current issues facing the sector

Volatile demand	Competition	Consumer trends	Cost of change	Space optimization
Driven by a variety of economic counterweights including; government stimulus, border restrictions, the shift to work from home and social restrictions.	Growth of online marketplaces, platforms and e-retailers impacting store performance in certain sub-sectors.	Brand purpose and ESG have become the new ticket to play and consumers are increasingly re-evaluating the social value of ownership of physical things.	The investment required to build a competitive online offering and the ‘hidden costs’ associated with transforming operating systems/processes (including lean and agile supply chains) is putting a strain on cash flow.	With the shift to digital retail there is strategic focus on the ‘shopper experience,’ space optimization and repurposing of the store portfolio which requires significant capital investment.

The KPMG Global Restructuring team has a track record of supporting leading retail and consumer brands through challenging financial situations and transformational change processes.

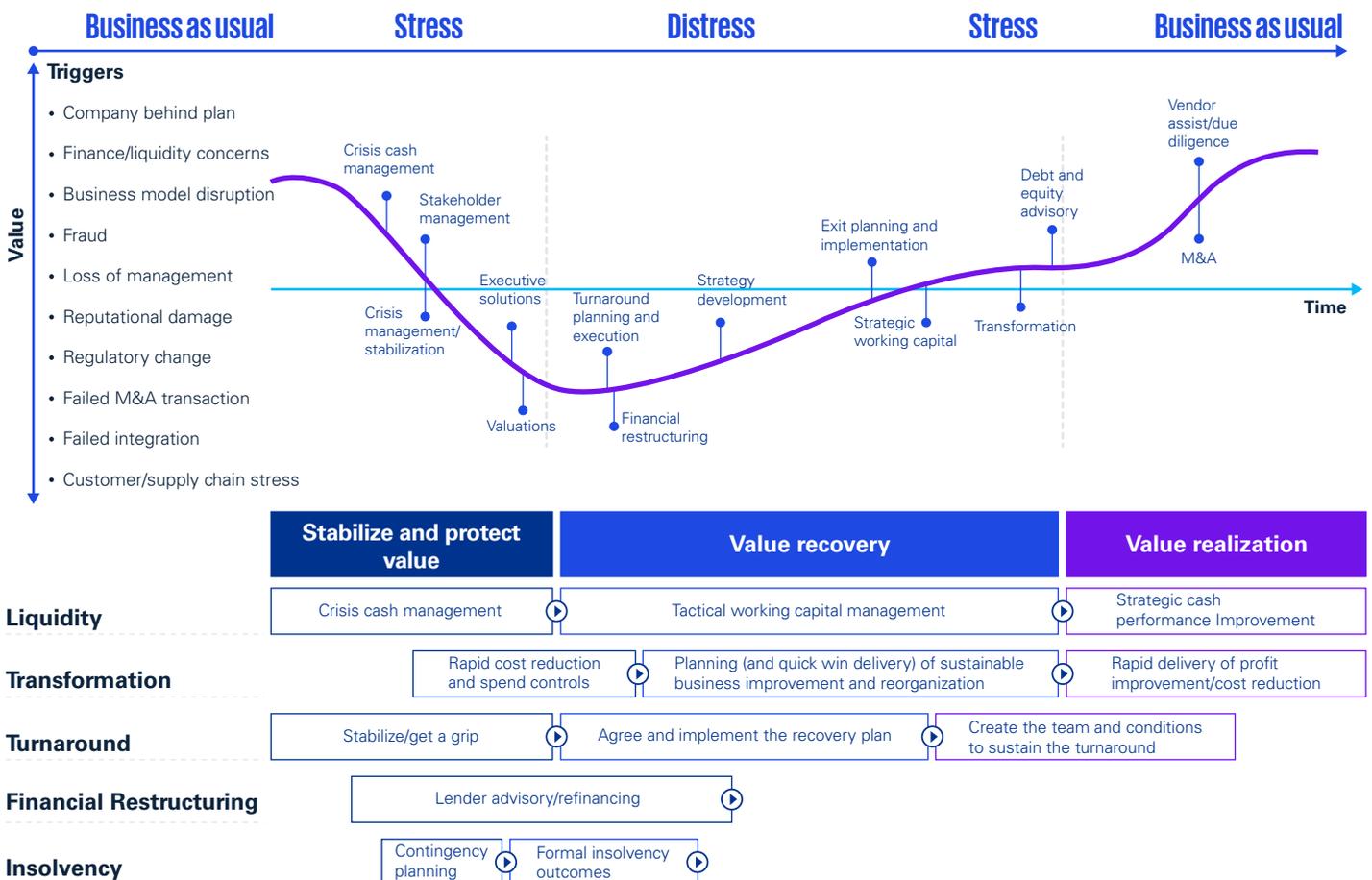
## How KPMG professionals can help

KPMG Global Restructuring professionals bring leading experience to retailers and consumer brands needing support in developing a turnaround strategy or financial restructuring when under stress.

The team includes specialists in strategy, customer insights, data and digital, brand and marketing, supply chain, purpose and ESG, operating models, property, cash and working capital management, balance sheet and capital structures, mergers, acquisitions and divestments and debt advisory.

The KPMG Global Restructuring team are specialists in financial and operational restructuring (including debt restructuring), recalibrating capital structures, stakeholder management, tactical exits and closures of non-performing business units, and insolvency processes where required throughout the business lifecycle.

KPMG professionals work with clients across the business and value cycle with approaches built for their unique circumstances.



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Publication name: Global Restructuring: Retail and consumer | Publication number: 138040-G | Publication date: June 2022