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Revive & Connect - Hunter

AN INITIATIVE BY BUSINESS COLLECTIVE - HUNTER

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Executive Summary

The Problem

COVID-19 has proven to be one of the greatest challenges of our time. Many businesses, especially retailers, have had to close their doors or cease trading altogether. Many have pivoted online, but if your target demographic is not digitally literate, such as Baby Boomers, your challenges grow exponentially. Some have not made the transition online, and we are worried they will be forgotten.

We are entering the world where physical and digital will no longer be too far apart. As we enter the 'Next-Normal' for retail in the Hunter region, we have a once-in-a-lifetime opportunity to reimagine how we interact and engage with retailers and consumers. The cost of doing nothing or not trying is far greater than the social cost of leaving the Baby Boomer demographic behind.

Our Solution

Our proposal is to **revive** the retail sector (ex-groceries) targeting the Baby Boomer sector in the Hunter region by **connecting** the business and consumer online. We will educate consumers how to shop; and reinforce the need for businesses to have a 'bricks-and-clicks' presence. Unlike those initiatives before us, we will take the business and customer on the same journey to build create lasting change.

Rebuild: When retailers finally reopen their stores, we're going to ensure their customers next journey is accompanied by a digital presence.

Resilience: We're going to change consumer behaviour for Baby Boomers so that lockdowns no longer impact lives and livelihoods.

Communities at Work: We're going to work together with the community to create and reinforce change.

Innovation: We're going to **reimagine** what shopping looks like for Baby Boomers.

Our purpose is to strengthen the social fabric of small businesses and the community they serve, create and reinforce change, and make sure no one gets left behind.

REVIVE & CONNECT
HUNTER

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Introduction & Background

Imagine a time with no smartphones, laptops, tablets or social media. Chances are most Australians over the age of 55 grew up with little or no technology. Personal computers were not common until the 1990s, Google was not born until 1998, and mainstream use of social media was not until after 2010. That means if you were born between 1946-1964, the demographic frequently referred to as "Baby Boomers", you were between 50-65 years of age when modern innovations such as e-commerce came into being. Unlike Gen X (1965-1980), Millennials (1981-1996) and Gen Z (post-1997), Baby Boomers are still catching up to what younger generations view as 'normal' in terms of shopping online, streaming entertainment, and communicating via social media. While many have been moving up the learning curve with new technology, fast forward to 2020 and throw in a global pandemic, many were either left with no choice but to catch up or risk being left behind.

Digital Literacy in Australia

In 2016, the Commonwealth government announced a $50 million commitment to improve the digital literacy of senior Australians. The initiative was led by the Department of Social Services and the Office of the eSafety Commissioner. The Office commissioned a report to research digital behaviours and understand perceptions towards digital technology.

The report determined the following key trends:

- Over 90% of the over 50 population have access to technology. The percentage with access to technology falls as the population gets older.
- 11% of the population aged over 50 did not have any form of internet access, mostly over age 70.
- Digital literacy is higher in metropolitan areas relative to regional communities.
- Digital literacy is correlated to wealth.
- Those who were still in their working life as technology developed were more likely to be digitally literate.
- Key barriers to embracing digital devices include:
    - Physical size: screens may be too small for them to read.
    - Hard to keep track of PINs and passwords.
    - Security concerns, risk of identity theft and scams.
    - Low confidence in performing simple tasks.
    - Two thirds of low literacy participants were concerned about online banking.

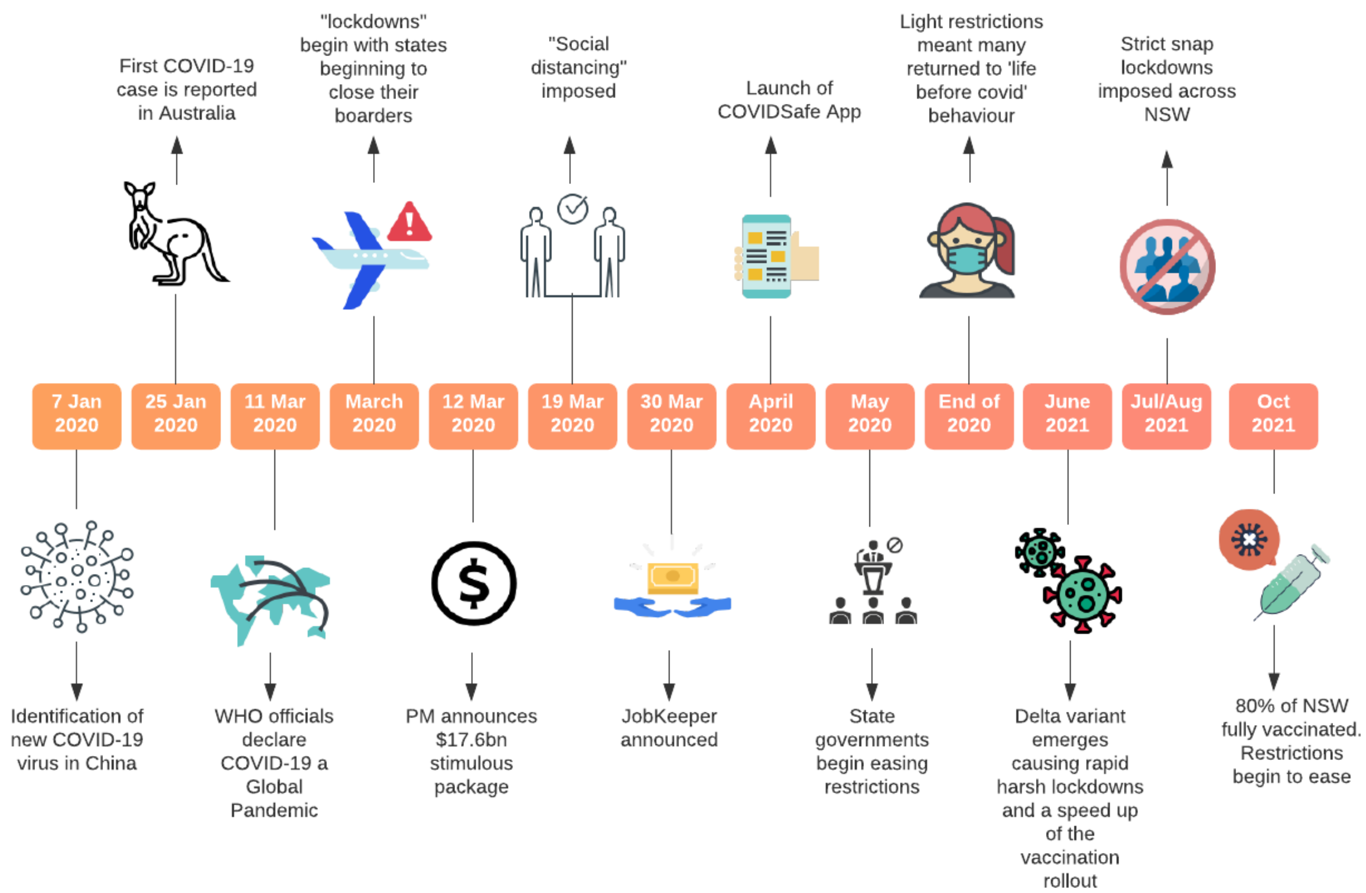
Regardless of their current level of digital literacy, 50% of all respondents mentioned they wanted to use the internet more, and said they would be more likely to use the internet if certain barriers around access, knowledge about devices and learning how to do things online were addressed.

The Office of the eSafety Commissioner launched the “Be Connected” initiative to address the lack of digital literacy in the over-50 demographic, with face-to-face training programs conducted through a network of “Be Connected” partners.

The Impact of COVID-19

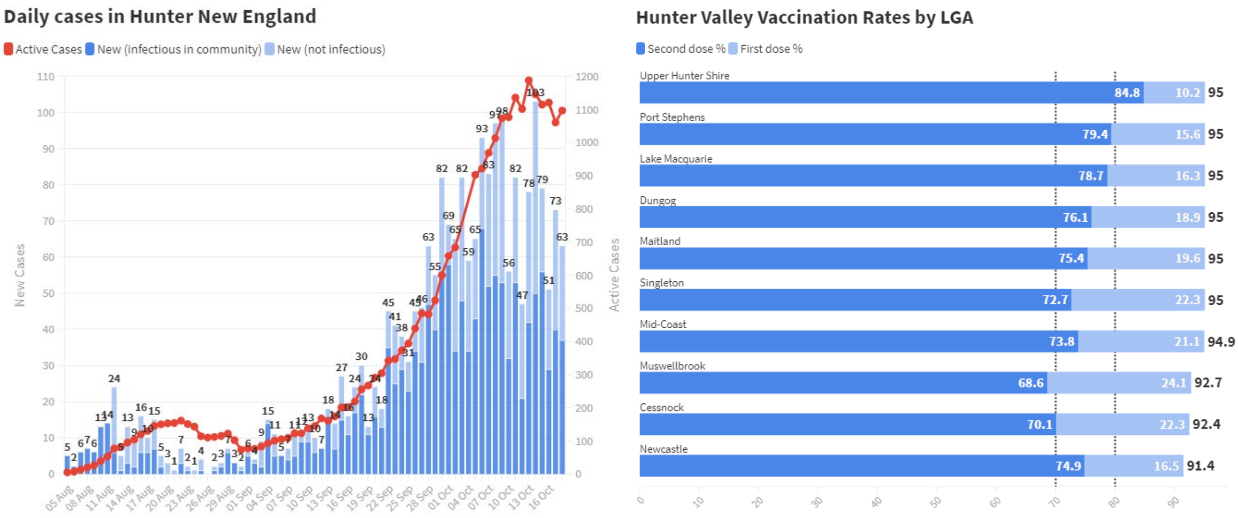
The COVID-19 pandemic first hit Australia’s shores in January 2020 and caused significant impact to lives and livelihoods over the following months. By the end of 2020 the situation in NSW had seemingly returned to normal. Case rates in the Hunter region were remarkably low for an extended period meaning while some businesses were required to adapt their service offering, many simply reverted to old ways when the initial lockdown was lifted.

FIGURE 1: TIMELINE OF COVID-19 IMPACT IN AUSTRALIA



The Delta variant began to emerge in NSW in May 2021 and proved to be significantly more infectious relative to prior strains. The higher risk of infection and rapid spread led the NSW government towards their harshest lockdown yet with many businesses forced to simply close their doors, and movement restricted within an individual’s LGA. The public health response was the promotion of COVID vaccines as a means to exit lockdown. The case load and vaccine rollout in the Hunter region has lagged the rest of the state, meaning uncertainty remains for many in the area.

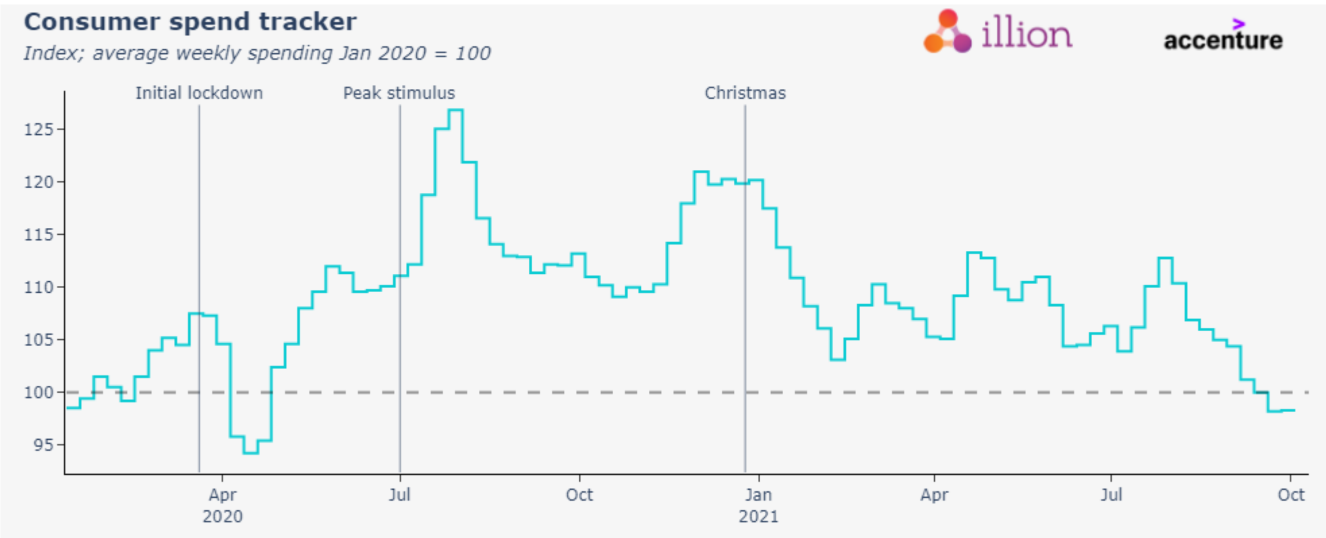
FIGURE 2: DAILY CASES AND VACCINATION RATES IN THE HUNTER REGION (NSW HEALTH DATA)



The Retail Sector

The COVID-19 pandemic had widespread economic impacts, with each sector of the economy having differing challenges, struggles, but also opportunities. However, sectors relying on human mobility and social interaction were truly devasted by the advent of lockdowns. Retail trade has been one of the sectors of the economy most impacted by the pandemic, although consumption patterns responded strongly to Government stimulus.

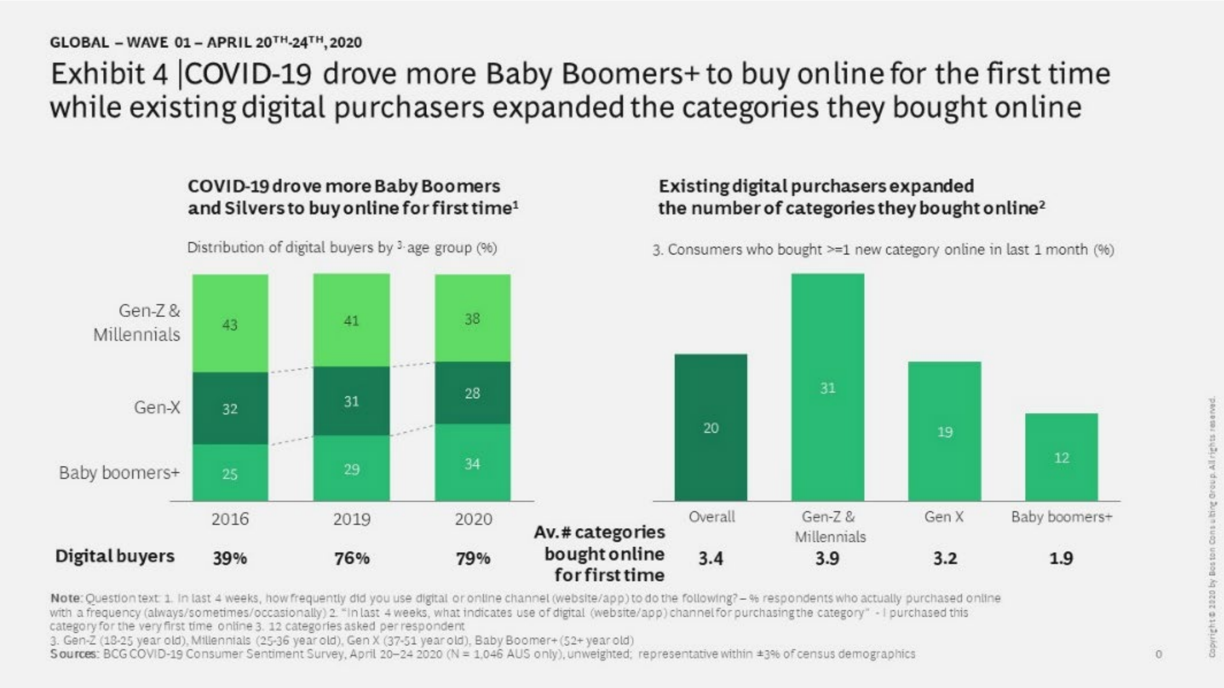
FIGURE 3: ACCENTURE/ILLION WEEKLY CONSUMER SPEND TRACKER



Within the retail sector the impact has been mixed across sub-industries. Consumer staples such as food and groceries, fuel, and building supplies have seen less volatility relative to more discretionary purchases such as clothing and footwear, personal accessories, and recreational goods. The NSW government response to the Delta variant was quite selective in which retailers could remain open, with a heavy skew towards large businesses such as Coles, Woolworths, and Bunnings. These businesses pivoted their service offering by increasing the role of omni-channel services such as ‘click-and-collect’ or grocery delivery.

The first wave of the pandemic saw many Baby Boomers purchase online for the first time out of necessity. When restrictions were eased, many returned to offline channels to purchase products. We believe this is a factor of the 'return to normal' mentality that was presented by the media.

FIGURE 4: CONSUMER BEHAVIOUR TRENDS (BOSTON CONSULTING GROUP, 2020)



However, the onset of Delta meant that Baby Boomers, already less digitally literate than other generations, were essentially left with two choices for retail that was closed – (a) shop online or (b) defer the purchase until reopening. One individual (male, 70) we surveyed mentioned they had only shopped at Coles, Woolworths, or Bunnings since the harsh lockdowns were enforced.

Other consumer data from during the pandemic suggests that Baby Boomers are more likely to shop or engage online for trusted products and brands. This provides a sense of security should things go wrong.

The Case for Change

Many retailers whose target market is purely based in the Baby Boomer demographic have typically pursued a 'bricks-and-mortar' only offering. The combination of lower digital literacy and physical stores being closed has spelled disaster for those not willing to promote omni-channel platforms. Our proposal is centred around **rebuilding** the local retail sector; creating a more **resilient** business community and Baby Boomer consumer; **innovation** in the way in which businesses use their website and physical store; driving **cooperation within the community**, rather than competition.

Research conducted by Revive & Connect - Hunter showed that 19% of respondents had witnessed *impact to business* as the number one issue over the past 12-18 months that is still present today. With the Hunter region second biggest employer being the retail sector (39.1k), this issue is magnified. Personally, respondents said that the biggest impact to them in the past 12-18 months was *community and/or social* due to the COVID pandemic. With the boomer generation typically seen as laggards with regards to adoption of digital technology, the Revive & Connect – Hunter initiative to connect both consumer and business will support them moving into the digital space.

Rebuild

To achieve rapid revenue recovery from the first wave of COVID-19 many businesses leaned heavily on their online channels to supplement their traditional 'bricks-and-mortar' operations. The idea of an omni-channel 'bricks-and-clicks' business models are not new, and certainly not an innovative response to the COVID-19 pandemic. However, the measures enforced to tackle the Delta variant were highly restrictive, with many retailers forced to close their doors altogether. Those that were not able to pivot their service offering online have been left devastated by mandated closures.

When considering the rebuild ahead for the retail sector in the Hunter, business owners should first consider how consumer behaviour has changed and bring that into their strategy.

Changes in Consumer Behaviour

Global consulting firm McKinsey studied the global shift in consumer behaviour and identified the following key traits:

- Shopping and consumption has **shifted online**, preference for **trusted brands**, shift to stores **closer to home.**
- Life at home is **more digital**, greater levels of nesting, and **digital entertainment** streaming services have boomed.
- Focus on using technology for health and wellbeing; fitness on demand for Millenials and Gen Z, outdoor fitness for Boomers.
- Travel and mobility has been reduced and **localised.**
- Communications and information – shift in media consumption; **in-person sampling has declined.**
- Learning has gone digital and remote.
- Customers desire **transparency** on stock availability, better value, **hygiene**, and **supporting local.**
- With more people working from home CBD stores will have less purchases face to face from peope who would typically work from their office or business.

Resilience

The COVID-19 pandemic cannot be viewed as one universal challenge for businesses and consumers. Each business and consumer have experienced different challenges and requires a different solution to create resilience. At the very core of the word 'resilience' we are talking the capacity to recover quickly from difficulties. In a way, this implies a ‘return to normal’. True resilience, therefore, should be focused on adaptation and preparedness for what is next.

To ensure resilience, many businesses shifted to digital, but the omni-channel bricks-and-clicks strategy will be equally important. Store design may need to be reconfigured to ensure seamless customer experience and COVID-safe points-of-sale in store to ensure employee and customer wellbeing (BCG Consumer Snapshot, 2020)

Communities at work

The “Shop Local” initiative was introduced following the drought, floods, and bushfires of 2017-2019 as a means to inject much needed economic activity into regional areas. The loyalty to local brands was further enhanced by the onset of COVID-19, with many consumers shopping local as a show of support, but also because their movements were restricted. There are a number of existing national and local initiatives running, with the focus of supporting businesses, business owners and their consumers to diversify their offering and innovate through the use of digital platforms. Recognising that these initiatives are fantastic in their own right but hold significant power through harnessing the ‘power of many’ approach, Revive & Connect - Hunter aims to promote collaboration with these initiatives, along with the local for profit and not-for-profit business communities to empower business owners and consumers to make more sustainable decisions in the way they engage with retail outlets.

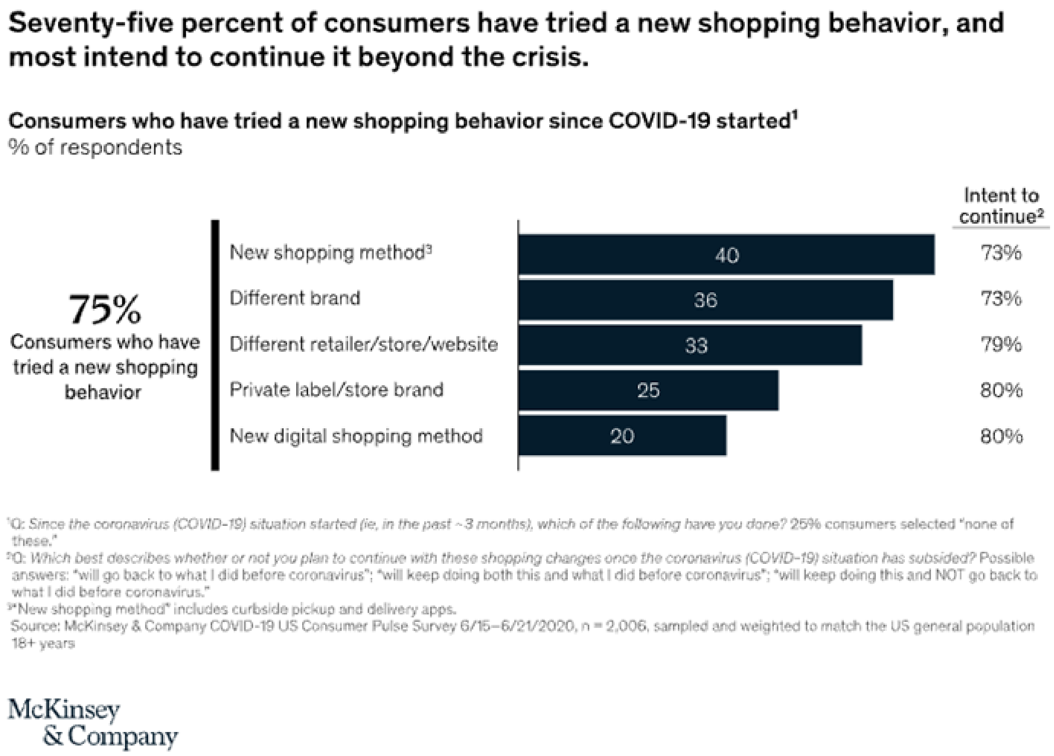
We all know someone who, during the pandemic, gave up or disengaged with a much-loved local provider due to either **inability to access their products or offerings** in a manner that was **free of health risks** or perhaps at all, due to poor online user experience or lack of digital presence. Through **collaboration** with local digital businesses, not for profit and government programs, Revive & Connect - Hunter will harness the ‘power of many’ to create confidence and independence of Baby Boomers to promote engagement with online shopping behaviours, whilst also supporting the businesses that they love to create a positive online shopping experience.

Innovation

We’re going to **innovate and reimagine** what shopping might look like for Baby Boomers in the future. For businesses in the retail trade space, the COVID-19 pandemic could be thought of as an “epic human experiment” (McKinsey, 2020). Businesses have had a **once in a lifetime opportunity** to re-imagine their business model, re-engage with their customers through new channels, and capture pockets of trade that weren’t available in the pre-pandemic world. However, innovation in markets targeting Baby Boomers are **typically slower moving** and have less emphasis on technology, in part reflecting the nature of the consumer in that demographic.

As stores re-open, if bricks-and-mortar retailers don’t offer consumers a compelling value proposition, store traffic – which was already slowing pre-pandemic – will continue to slow down as consumers may have new perceptions about what ‘in-store’ means for them. Customers are now accustomed to staying home for weeks at a time and either buying online, or not shopping at all. In the future, customers may not visit physical stores unless retailers give them a reason to. Retailers must understand customer preferences, envision a new role for their stores in light of these preferences, and execute surgical changes to store formats and in-store customer experience.

<u>FIGURE 5: NEW SHOPPING BEHAVIOUR</u>

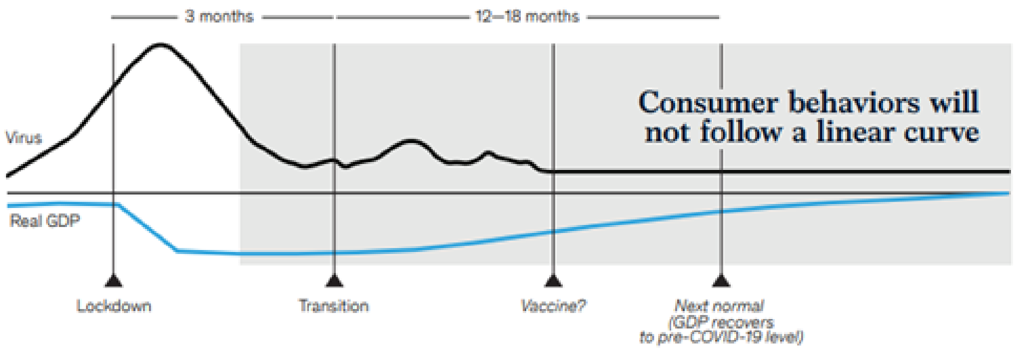


Companies that can **leverage technologies**—by meeting changing consumer demands online, enabling seamless interactions through direct-to-consumer offerings and enhancing consumer experience with the human interaction where it is needed most—have the opportunity to earn loyalty well after consumers’ concerns subside (BCG, 2020).

Redefining Normal

The extent and duration of mandated lockdowns and business closures have forced people to give up some of their most deeply ingrained habits. Such disruption presents a rare moment. COVID-19 has caused consumers everywhere to change their behaviours. When we accept that all consumer behaviour has changed, no matter how incremental, it no longer makes sense to compare to ‘pre-COVID’ or ‘returning to normal’. Many also refer to the ‘new normal’, which signifies life during COVID. However, to achieve ‘**innovation**’ and ‘**resilience**’ businesses and consumers need to be ready for the ‘Next Normal’. In other words, this is a unique moment in time during which companies can reinforce and shape behavioural shifts to position their products and brands better for the next normal. If this movement is confined to just Big Business, small retailers in the region will get left behind.

<u>Figure 6: Charting the Next Normal</u>



Source: McKinsey (2020)

Who are we?

Business Collective - Hunter promotes projects and initiatives with the interests of the region at heart. We work closely with government through strong and effective advocacy that puts the Hunter's business, economic and social needs front of mind. Business Collective - Hunter is a regional branch of the Business Collective - NSW body, which is governed at a national level by Business Collective - Australia. Revive & Connect – Hunter is an initiative to extend the NSW Government's "**Back to Business**" campaign, that seeks to ready businesses for the re-opening of the economy. Our goal is to ensure that re-opening doesn't lead to a reversion to past behaviours. These past behaviours have proven susceptible to snap lockdowns and lessened the story of resilience.

Our Mission & Purpose

Our purpose is to strengthen the social fabric of small businesses and the community they serve, create and reinforce change, and make sure no one gets left behind.

Our Vision

Our vision is to create both a resilient consumer and business community in the Hunter region; ensuring digital inclusion and re-engaging those most impacted by COVID-19.

Our Objectives

The objectives for Revive & Connect – Hunter include:

1. Increased digital literacy, access and inclusion;
2. Ensure businesses are resilient to future lockdowns or other disruptions;
3. Opportunity for businesses take back control of their ability to operate;
4. Create opportunities for local service providers to partner with local businesses; and
5. Ensure that new behaviours endure.

Collaboration & Partnerships

The key stakeholder groups that will form the guiding coalition will include:

Partnerships

Local Councils and Hunter Joint Organisation:

- Funding including access to small grants for workshops.
- Link with current programs e.g. New Digital Skills Program .
- Utilisation of spaces e.g. libraries.
- Promotion of the project, including formation and reinforcement of the legitimacy and trustworthiness of the program.
- Create buy-in from industry leaders and subject matter experts within each LGA.

Seniors Groups:

- Promotion to our target audience.
- Support on the platform.
- 'Word of mouth' through networking groups.
- Focus groups to create a support network of peers.

Media Organisations:

- Promotion.
- Sharing of case studies to build trust, credibility and communicate the benefits.

Local Business:

- Engagement with the platform to create a diverse range of offerings.
- Subject matter expert advice for critical features such as website design, cyber security, remote support, learning and development.

Other Key Stakeholders

- Family members of Baby Boomers target group.
- Local not for profit groups such as Samaritans, Soul Café, The Salvation Army.
- Commonwealth government's Be Connected initiative.

Why our project?

To succeed in changing the e-commerce habits of the Baby Boomer population and support the retail sector in the Hunter region, we propose a solution that enhances the connection between the business and their existing customers. Existing initiatives either seek to

- Increase digital literacy of Baby Boomers;
- Assist businesses in facilitating e-commerce.

Our value proposition is to take existing strategies and initiatives that have a singular focus and take both the business and consumer on the same journey. An existing barrier for businesses serving the Baby Boomer demographic is that they traditionally used offline channels and will continue to do so in the future. Our initiative aims to educate that these businesses and consumers refusing to go down an omni-channel approach may get left behind should future lockdowns occur.

What has come before us?

Business-only focus

- Small Business Digital Taskforce Report - Empowering Business to Go Digital;
- The Enterprising Community/NAVII – recipient of the Go Digital Grant;
- Google – Digital Garage;
- Digital Ready – Tasmanian Government.

Consumer-only focus

- Be Connected;
- Tech Savvy Seniors – Telstra – focus on communication;
- Digital Access Platform – The Smith Family;
- Get Online Week – Good Things Foundation;
- Go Digi – Australia Post & Infoxchange.

How can we add value?

Our unique value proposition is to revive the retail sector (ex-groceries) targeting the Baby Boomer sector in the Hunter region by connecting the business and consumer online. Current and previous initiatives have all sought to address either take businesses online, or take consumers online, but **none have tried to do both on a regional scale**. We believe our proposal is focussed and targeted to address issues created by COVID-19 and can be scaled appropriately for other regions over time.

Project Implementation

The essence of Revive & Connect – Hunter is to create resilience in the region by promoting and reinforcing change. Therefore, our implementation strategy is built around change management principles[1] to create stickiness and prevent backsliding.

Implementation Plan

Phase 1: Initiation

During the initiation phase, we will engage with the key stakeholder groups, create the product, promote the vision of the initiative, and empower our partners to act with purpose.

Engage with the key stakeholder groups

Engagement with key stakeholder groups will enhance the credibility of the message. By utilising a coalition of non-profit organisations and body's we will be able to alleviate one of the primary barriers for Baby Boomers - a **lack of trust**.

FIGURE 7: KEY STAKEHOLDERS

Create the product

To maximise reach for both the businesses and consumers, we propose to utilise multiple mediums.

Website & mobile app

The creation of a standalone Revive & Connect – Hunter website will allow a connection point for both the businesses and consumers to interact. It is proposed that Business Collective - Hunter will engage with 2750 existing members, as well as attract new members by expanding our service offering. As a non-profit entity, we will endeavour to create trust with the consumer by creating a platform for the customer to learn about the local businesses, click through to their individual websites, and have the ability to be guided through the transaction all the way to the payment point.

It is proposed that enlisting businesses onto the website will be an 'opt-out' process for existing members, as well as a directory of local businesses. The Revive & Connect – Hunter initiative would

[1] *Leading Change: John P Kotter*

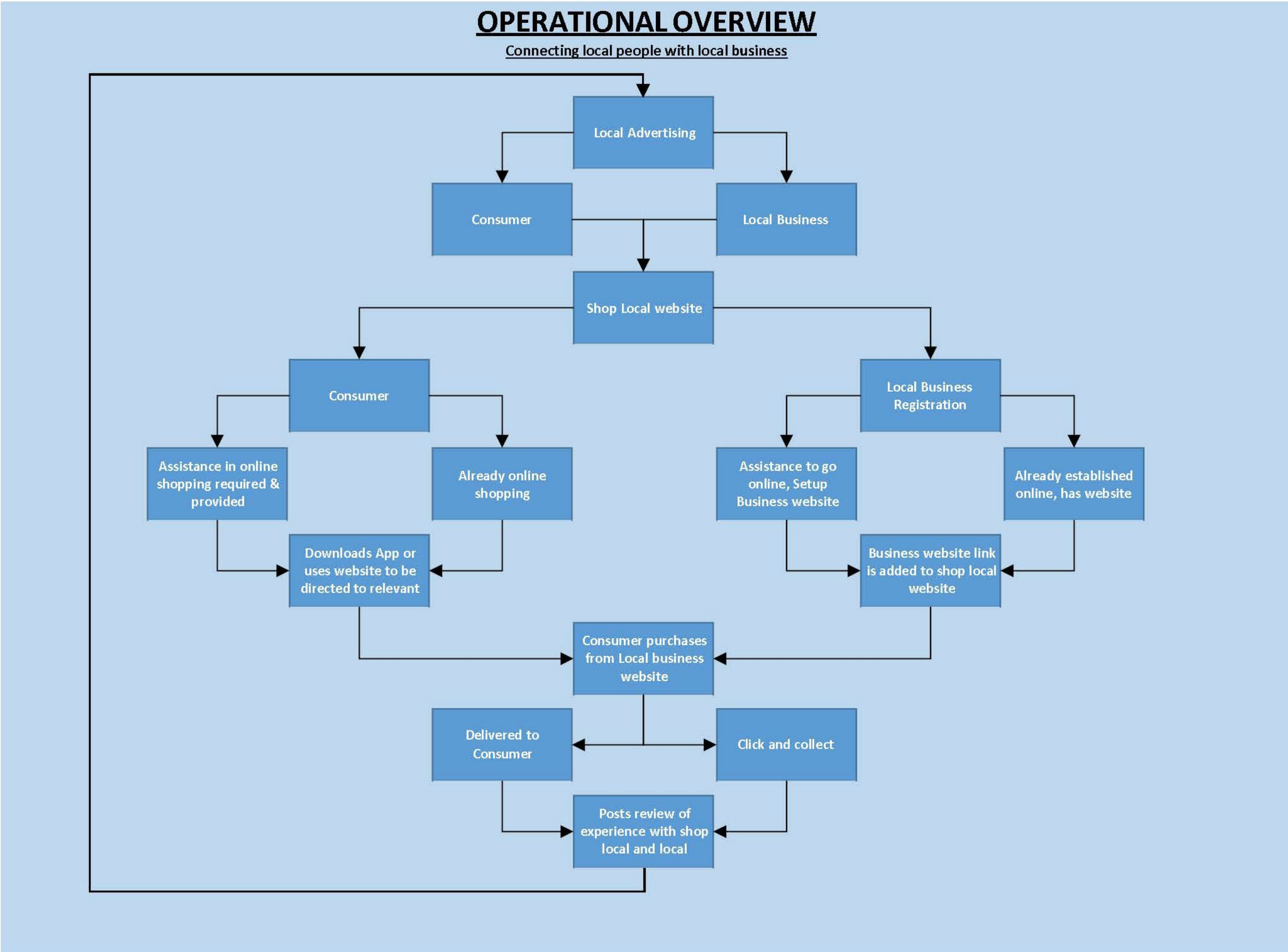
seek to add as many business names/suburbs/industries to the directory utilising information in the public domain. From there, the on-boarding process would involve our team contacting businesses on the directory and determine whether they would like their website to appear, or whether they would like to opt out of the directory. The initial on-boarding service would also provide a '**website assessment**' offering, similar to existing initiatives, to evaluate ease of use. The key differentiator between existing initiatives is that there will be no selling of product or services to the business owner. We believe this will enhance the trustworthiness of the platform.

An additional on-boarding process will be available for business that have yet to go digital and **have no website or online presence**. A member of the Revive & Connect – Hunter initiative will contact the business, explain the benefits of going digital, and offering an incentive to do so. This point of contact can occur online or face-to-face should restrictions permit. Should the business owner wish to go ahead with the creation of a website, they will be connected with a local digital media firm, **co-funded by our initiative**. There are many existing programs offering this service, but our point of difference is that we will assist the business owner in teaching their target customer how to use the site. Our research and interviews suggests that small retailers yet to create a website targeting the Baby Boomer demographic would be doing so as this is not how their consumer typically purchases products.

Some key features of the website and app platform:

- A **landing banner** on each of the [businesses websites] where the customer can identify that they need assistance making a transaction. It is proposed that there will be human interaction via video or virtual demonstration rather than an automated chatbot or a face they don't recognise.
- Integrated **learning experience** for users with constant nudges on '*do you need assistance*', driven by **analytics** to assess the time spent on the website and where difficulties emerge [similar to the Netflix/Amazon predictive learning engine]. There is also opportunity to embed the businesses websites within our site to enable the learning guide as an overlay.
- **Feedback and scoring** from customers visiting the site. Evidence suggests the Boomer demographic does not trust ratings and reviews on websites due to the ability to cherry-pick the positive feedback only. Therefore, we are proposing that there will be two feedback initiatives built into the website:
    - An '**ease of use**' score that will not be visible to the customer once the feedback is provided. The feedback will be such that businesses do not fear the review being public. The ease-of-use scoring will be a medium for Revive & Connect – Hunter to provide feedback to the business and offer suggestions for improvements.
    - A '**commonly purchased items**' tally for each particular site. This element is based the Boomer demographic having more trust in '**word-of-mouth**'.

FIGURE 8: OPERATIONAL OVERVIEW/CUSTOMER MAP



Educational Materials – The Customer

Existing initiatives such as Be Connected seek to educate over 50s on digital literacy, with a broad-based approach and emphasis on face to face. A key feature of the Be Connected service is an App targeted at younger generations called "Get Started". Our initiative would seek to replicate the principles of this app but at a local level, while also being built-in to the same website/app where the businesses are listed.

Our initiative would utilise existing online and offline channels that our guiding coalition already use to communicate with their respective communities. A series of hard and softcopy information packs and videos would be used in the education process for the customer.

Educational Materials – The Business

A series of educational materials will be developed to address the need for omni-channel access for customers, and the best way to encourage Baby Boomers to change their perception of buying online or click-and-collect. Educational materials will be developed in line with existing initiatives and support will be provided by local digital media firms.

Marketing Materials

To maximise the reach of Revive & Connect – Hunter we are proposing to utilitise the following marketing mediums:

- TV Advertising: advertising during timeslots suitable to the demographic and use of trusted faces
- Local Radio: Baby Boomer population are still engaged with radio
- Partnered advertising: leveraging our stakeholders existing advertising channels and co-branding campaigns
- Social media: Baby Boomers use Facebook more than any other social media platform
- Youtube
- Stickers & signage: similar to the COVID-Safe display that stores currently utilise to signify the business has signed up to the initiative

Each medium will be tailored to the Baby Boomer demographic's specific needs – **larger font size**, **simple messages** and use of **easy-to-read** bullet-points, use of **trusted faces** and brands, support with a physical contact point. Word of mouth will also be an important channel for communicating our vision and purpose. This means we will also need to target younger generations, primarily through social media, with tailored messages to ensure they can promote the program to older demographics. This concept is similar to the Be Connected 'Get Started' app. Word of mouth will also be suited to the 'late-adopter' characteristics of the Baby Boomer demographic.

Pilot Program and Testing

During the initial testing phase of the product, we propose that we will roll-out a pilot program within a target LGA that has a strong demographic match (eg Lake Macquarie – see Appendix 3). Our trial process for the program will follow the below steps:

1. **Alpha rollout** will be a low-risk initial release. We will release to our committee members and close partners. We believe that this feedback will be considered the most rigorous one as the product's functionality can be scrutinised to all possible extent.
2. **Beta rollout/**restricted release: We will be targeting a release to a restricted user base. This restricted group will be users from a specific LGA and the primary purpose behind rolling out the program in a restricted manner will be that we get to test every aspect of our program prior to gradual and full rollout.
3. **Gradual rollout** will be quite similar to beta rollout but just to a gradually increasing user base. After Beta rollout and any changes that are implemented from the beta rollout, we will be rolling out the program 1 LGA at a time spaced 1 week apart. Rolling out through this method will reduce the risks of things like server crashes due to a large number of requests, etc.
4. **Full rollout** will be where will be engaging the wider Hunter community via mass media.

Communicate the vision and purpose of the initiative

The strategy will be to utilise every vehicle possible to communicate the purpose of the initiative. To achieve the objectives of Revive & Connect – Hunter we need to teach new behaviours, reinforce the need and urgency to act, establish trust, and communicate the benefits of participating.

Empower others to act on the vision

The proposal requires competitive forces within the market to be disregarded, with a priority for cooperation. Big Business has already taken steps to pivot their service offering towards omni-channel, as Baby Boomers begin to trial online purchases such as groceries, food delivery, and other low risk purchases. We will seek to empower others to act within our guiding coalition to create urgency for small retailers and their consumers. By encouraging stakeholders to act on the vision, we will have a greater chance of reaching the desired outcomes.

Phase 2: Development and Implementation

Develop tangible milestones and celebrate short term wins

At the heart of the initiative is the desire to create and reinforce change. Together with our stakeholder group, we will roll-out the product, education materials and key messages to the target audience. As our proposal is asking people to change their ways, our milestones and progress will be centred on change management ideology:

1. **Communicate why the problem needs to be addressed**: most people are reluctant to alter their habits. *What worked in the past is good enough*. In the absence of a dire threat, it is *okay to keep doing what I'm already doing.*
2. **Obtain buy-in from businesses and consumers**: calls for change, sacrifice, and self-discipline are met with cynicism, skepticism, and knee-jerk resistance
3. **Be realistic in what we want to achieve and how long it will take**: Baby Boomers are late adopters to the digital world and have typically not had their consumption interrupted. They may foresee a world that looks similar to the past, without realising things might be a little different. Materials will be tailored to ensure they are not overwhelming, and progress will be incremental.
4. **Prevent backsliding**: customers and businesses reverting to old habits will be one of our greatest risks. We will seek to address backsliding by utilising **incentives** and a series of **nudges**. By offering stores assistance in reconfiguring their layout to optimise for click-and-collect, we are already promoting omni-channel to those who are going in-store to purchase. They will see the change, and with adequate buy-in, the store owner/staff could suggest that '*more customers are buying online now*' as a simple nudge. Incentives such as free delivery for your first order may also be utilised, along with follow up discount offers (from the store) to promote repeat purchases. To create a habit, an individual needs to experience a level of repetition (e.g. repeat purchases).

Addressing barriers through learning and incentives

During the implementation phase, we propose the use of nudges and incentives as discussed previously. They cover both the business and consumer to tackle the current barriers to digital adoption:

- *I'm worried about security*: the consumer will have the ability to be guided all the way through to payment.
- *Don't see the point of paying for delivery*: **offer free delivery on the first order** through one of the member websites.
- *Worried about clothing or footwear not fitting*: educating the consumer on where to find returns policies and cover the returns process in learning materials.
- *My store can't handle click-and-collect*: offering a **cash-back style microgrant** to co-fund a store to reconfigure their layout to optimise for click-and-collect.

Phase 3: Refinement

Until new behaviours are embedded in social norms and shared values, they are subject to degradation as soon as the pressure for change is removed.

Consolidate improvements and produce more change

All platforms will be underpinned by a feedback loop to measure success and adapt to the needs of the user. The website will contain features where the customer can identify suits with low ease-of-use scores and Revive & Connect – Hunter will assist the businesses in improving their offering.

Emphasise behaviour

To promote the stickiness of new behaviours we will emphasise and promote the activities using stories on how far we've come. Examples include:

- *During the recent increase in e-commerce deliveries, we surpassed the prior 10 years in 8 weeks.*
- *Telemedicine grew 10x in 15 days during the onset of the pandemic.*
- *Online entertainment experienced growth equivalent to the prior 7 years in just 5 months (e.g. Disney Plus).*

All of these factors promote the idea to the Boomer generation that digital is accelerating at a rapid pace.

Provide a path forward

The path forward will be customer and business based, driven by the feedback loop. The platform will be highly interactive and have analytics to promote learning. This principle is similar to how Netflix utilise viewer trends to tailor film production to suit their tastes. We will also offer and encourage micro-grants to businesses to reconfigure their store layout for click and collect. The need to reconfigure will be identified in the on-boarding process by asking a series of questions around 'whether your physical store is optimised for in-store browsing, or click-and-collect, or both'

Phase 4: Normalise the innovation

Normalise the changing environment

The pace of change and digital adoption is accelerating. Historically, new technology such as an automobile may have taken 50 years or more to teach adoption and affordability. More recently, Facebook took less than 8 years to have 1 billion users, with the first 500 million users taking 6 years, and the next 500 million taking just 2. The goal of our initiative will be to create and reinforce change, and in time, normalise change. As Baby Boomers get older and older, innovation will continue to occur. The long-run goal of Revive & Connect – Hunter is to continue to roll out new education programs and adapt with changing retail channels and consumer behaviour.

Key Risks

The key risks to the implementation plan are outlined in Table 1

TABLE 1: KEY RISKS TO THE PROPOSAL

Description	Consequence	Likelihood	Mitigation
If we were not able to receive the government grant, then we do not have sufficient funds to develop the platform and pay the businesses	HIGH	MEDIUM	Go Digital Government Grant is available
If we are not able to sign up businesses, then we have nothing to offer (lack of support)	HIGH	LOW	Already sign up our 2750 customers automatically and it's up to the business to opt out
Customer loses trust and confidence, bad experience using the flatform or business website	HIGH	MEDIUM	Provide customer service to deal with negative experiences
Core system is not available	HIGH	LOW	Ensure you have a contracted IT expert on call to deal with any issues
Unauthorised access to the system - Cyber risk	HIGH	LOW	Ensure the platform is secure and managed an IT expert
Grant funds are insufficient to sustain the business platform	MEDIUM	LOW	Having a budget in place to allocate the funds accordingly. If current grant money runs out, apply for other grants to assist
Problem solves itself	LOW	MEDIUM	This would be a great outcome for all local businesses

Project Budget & Feasibility

Project Budget

Summary

TABLE 2: BUDGET SUMMARY

Grant amount	**$ 3,000,000**
Expenditure	
Item	**Cost ($)**
Upfront Website & App Development	$750,000
Upfront Marketing	$500,000
Ongoing Maintenance & Advertising	$1,100,000
Ongoing Incentive Program	$650,000
Ongoing Staff Costs	$300,000
Total	**$3,000,000**

Budget Breakdown

Website and App Development

- Website build: **$250,000** (fully integrated website with learning materials)
- App development: **$250,000** (integrated with website and learning materials)
- Analytics platform: **$250,000** (build of analytics tool to monitor consumer behaviour trends)

Marketing

- Traditional Media (radio, print, TV): **$350,000**
- Social media and digital: **$100,000**
- Information packs & graphic design: **$10,000**
- Stickers: **$10,000**
- Co-funded advertising with partners: **$30,000**

Ongoing costs

Ongoing costs are based on an initial period of 2 years.

Website and App Maintenance

- Server hosting: **$5,000**
- Ongoing developer costs: **$95,000**
- Software subscriptions: **$100,000**
- Analytics software: **$100,000**
- Ongoing advertising: **$500,000**
- Staff Costs: **$300,000**

Incentive Program

- Free delivery incentive: **$150,000** (10,000 orders at an average of $15)
- Store reconfiguration co-funding: **$250,000** (100 stores at an average of $2500)
- Website development co-funding: **$250,000** (100 stores at an average of $2500)

Economic Impact

The financial feasibility of our proposal is based around economic impact. Our proposal will ensure that grant funds to develop the website, app, and training/marketing materials will stay within the Hunter region. ABS Economic Multipliers suggest that this money along will generate a flow on contribution to the local economy. For example**, $1000 contributed** to the 'Information media and telecommunications' sector would generate a **$1662 contribution to the local economy** and $2647 to the NSW economy. This multiplier effect on its own enables feasibility but does not address the problem we are addressing.

The objective of the proposal is to generate retail sales for local businesses but customers who would not traditionally shop online and may not have shopped during lockdown. The retail sector in the Hunter employs 13% of the workforce as at August 2021, up from 9.9% pre-pandemic (ABS, 2021)

Where we are directly addressing the problems specific to the retail sector, we expect to see greater economic impact due to the higher multiplier in the industry. For example, **$1000 spent in the Retail sector would generate $2029 in output for the local economy**. When you put cash in the pockets of small retailers, they can use this to pay staff, purchase more stock, or advertise their product. Each of these touch points, assuming they occur within the region, will have a strong flow on effect. When you expand the **$1000** in the Retail sector across **all of NSW**, ABS multipliers indicate a **$2758** increase in output.

Although feasibility is typically assessed at a financial level, we must also consider the social impact of our initiative. The United Nation's Social Development Goals are intended to ensure new economic development occurs in a sustainable manner.

FIGURE 9: UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Our initiative has the potential to address:

- **Good health and wellbeing**: reducing the stress of not understanding how to do simple online shopping. Improving the feeling of community and enhancing mental health.
- **Gender equality**: ensuring that both men and women are given training, as the Understanding Digital Behaviours of Older Australians study suggested women are more likely to have lower levels of digital literacy.

- **Decent work and economic growth**: as discussed above, our program should have broader economic impact.
- **Industry innovation and infrastructure**: our program addresses a channel of retail sales that already exists, but we believe our method of tackling the problem is innovative.
- **Reduced inequality**: this is at the core of our program.
- **Responsible consumption and production**: we have the chance to promote sustainable retailing through our education program (e.g. sustainable packaging).
- **Partnerships for the goals**: our message to our founding coalition will be to tackle the problem in a sustainable manner.

Conclusions on why we should act now

We are entering the world where physical and digital will no longer be too far apart. There may not be a physical world or digital world in retail, rather a completely connected one. As technology continues to evolve, those businesses and consumers who are not ready will be left behind. While foot traffic was lower during the pandemic, it is possible that it may never recover, and it may not need to. Being able to maximise the value of each trip is going to be incredibly important. The customer experience will be more focused on purpose where a customer visiting a physical store will be doing so for a specific reason.

Big business will always be ahead of the game, simply due to resources. A small institution can spend $30m on going digital while a larger business might be able to spend $1 billion. At the very small end of town it might be easier to just do nothing and revert to '*what we've always done*'. Hearing a friend or family member say they '*just haven't shopped*' since lockdowns were introduced is not due to restrictions, it's due to their choices. Our initiative aims to influence that choice, create and reinforce change, and ensure no one gets left behind.

Only if retailers stop thinking like retailers will they truly innovate.

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Appendix 1: The Grant

The grant we are applying for is: **Empowering Business To Go Digital – up to $3M**

The objectives of the program grant are to:

1. establish a financially self-sustaining non-government organisation (NGO), or leverage an existing NGO, to increase small business awareness and adoption of digital technology, in line with the recommendations of the Small Business Digital Taskforce Report
2. establish a website that will draw together existing digital resources from across government and the private sector, providing a one-stop-shop in empowering a digitised society
3. improve information sharing between businesses, government, industry associations and the small business commissioners.

The intended outcomes of the program grant are:

1. increased accessibility of small business digital information
2. increase small business awareness and adoption of digital technology
3. improved small business digital capability and productivity.

Criteria / Who and what we are –

1. Business Collective - Hunter champions projects and initiatives creating an online platform to encourage and educate local businesses to increase their digital literacy and confidence to trade online.
2. Diversifying local businesses and promoting collaboration with service providers, local councils, business chambers and other NGOs to provide education and support.
3. Encourage current online shoppers to use this new platform and provide word of mouth to potential new users who are yet to shop online due to specific reasons, particularly the demographic of baby boomers who are late adopters of online shopping.
4. Creating a safe environment where users can shop and support local businesses.
   [Resilience, rebuild, communities at work, innovation]

Business Collective - Hunter supports projects and initiatives will use the funds to help with the initial start-up costs, supporting local businesses to create an online website if they haven't established one already, change in shop design and layout to allow for a better click and co incentives/cash backs for both consumer and seller to entice them to shop local (in the initial phases), maintenance and upkeep of the websites and apps and initial advertising to get the word out around the new online platform.

Appendix 2: Team Profiles

Holly Ibbotson

Holly is an Operations Planner – Coal Delivery Scheduler for Hunter Valley Coal Chain Coordinator. Holly is a senior member of a team that oversees the world's biggest coal export operation where she conducts all the planning and scheduling for the world's largest and most complex coal chain. With a keen passion for sport, Holly is competitive and has that drive for excellence and must succeed at a high level. With her expertise in logistics, drive to succeed and ties within the local community through work, sport, and volunteer work Holly will endeavour to ensure that local businesses and consumers create better partnerships within the community.

Sharni Campbell

Sharni is the founder and Director of a local recruitment and consulting business. Sharni is also a co-founder and board member of the Hunter Diversity & Inclusion Collective. With a passion for creating a diverse, sustainable and innovative Hunter Region, Sharni is able to apply her knowledge and understanding of people & culture, employment and organisational psychology as well as the fundamentals of creating inclusive and diverse organisations and communities to the project.

Being the recipient of the 2020 HunterNet Networking award, Sharni's deep network within the region will be leveraged to create meaningful and impactful partnerships within the region.

Paul Wallace

Paul is the NSW Underground Field Service Co-Ordinator at Ampcontrol. Paul is an Accomplished and passionate leader of a highly skilled field service team, Comprising of Hazardous area technicians, Documentation and Compliance Auditor's that assist with operations and statutory compliance interests throughout the NSW underground mining sector. A positive thinker with strong organizational and prioritization abilities. A career background of a technician with a solid history of achievement in Electrical, Refrigeration and Hazardous Area Mining Equipment. Paul is also a proud Novocastrian of 51yrs who has witnessed his town progress and succeed throughout the years and would love to see this continue.

Nick Ryan

Nick has an experienced background in engineering, major tender submission and project execution. This incorporates overseeing the process from technical evaluation through to project implementation. We will be utilising Nick's skills within the team to assist and evaluate grant application process, feasibility/technical evaluation and the project implementation.

Being a born and bred Novocastrian, Nick has always felt a strong sense of connection with the community and this is why Nick wants to engage and assist our community to not only recover from the difficult times but to thrive.

Chris Soanes

Chris is an industry experienced maintenance leader who has a passion for leading teams in delivering quality maintenance services. With an appetite for new ideas and attracted to new challenges, Chris thrives in a change-oriented environment and loves drawing a team together to achieve a common goal. With a foundation in engineering and asset management, Chris has focused his career on developing authentic leadership to build high performing teams that realise peak level outcomes.

Chris is not a Novocastrian local, however over the last 10 years is proud to say that he now calls Newcastle home. With interests in getting outside to the beach and bush, Chris loves to see the strong community connection continue to grow despite the challenges that the region has seen over the past 18 months.

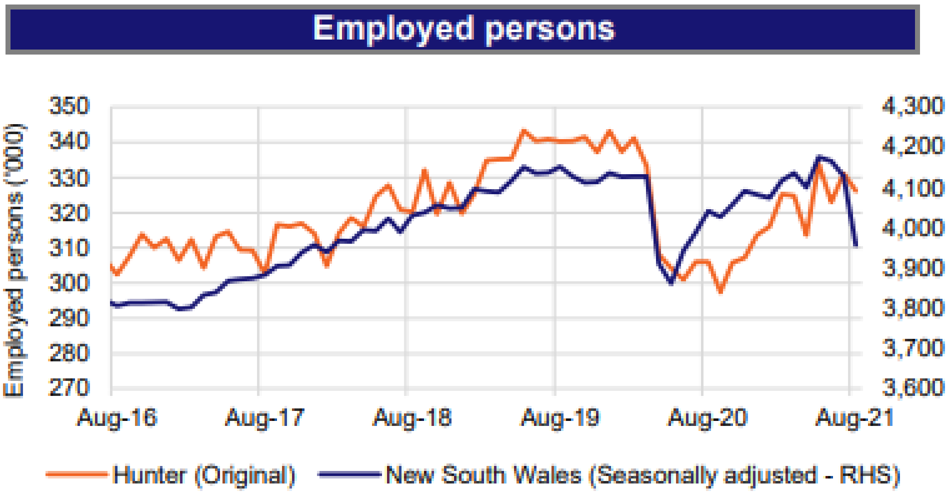
Christian Pynsent

Christian is an experienced financial professional, currently working for the Port of Newcastle. The role involves evaluating new projects and analysing feasibility. Previously, Christian has worked in the banking industry with a Treasury role at a local bank, and Institutional Markets experience at the Reserve Bank of Australia.

Christian was born in the Hunter region and has seen the area progress and thrive over the last 20 years. Having grown up in a more rural setting, Christian has appreciation for all areas of the region and how their social fabric differs. Christian has firm beliefs that when a community, organisation, or government is facing challenges, the best thing to do is start simple and think outside the box – 'always ask why!'.

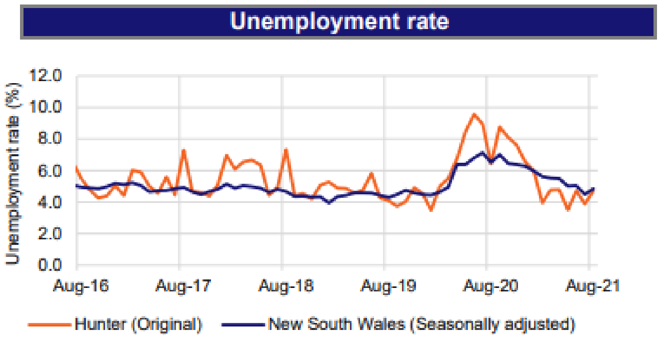
Appendix 3: Detailed Market Analysis

The Hunter Region in NSW is Australia's largest regional economy, with a Gross Regional Product of more than $55 billion per year. The region encompasses 9 LGAs (exc Mid-North Coast) with a total population of over 700,000 and a workforce of 280,000. Prior to COVID, the region had an estimated 322,000 jobs, projected to increase to 384,000 by 2036. The NSW government recognises the Hunter as the leading regional economy in Australia.



Source: ABS, Labour Force Survey, Aug-21

Source: ABS, Labour Force Survey, Detailed, four quarter averages, Aug-21 quarter



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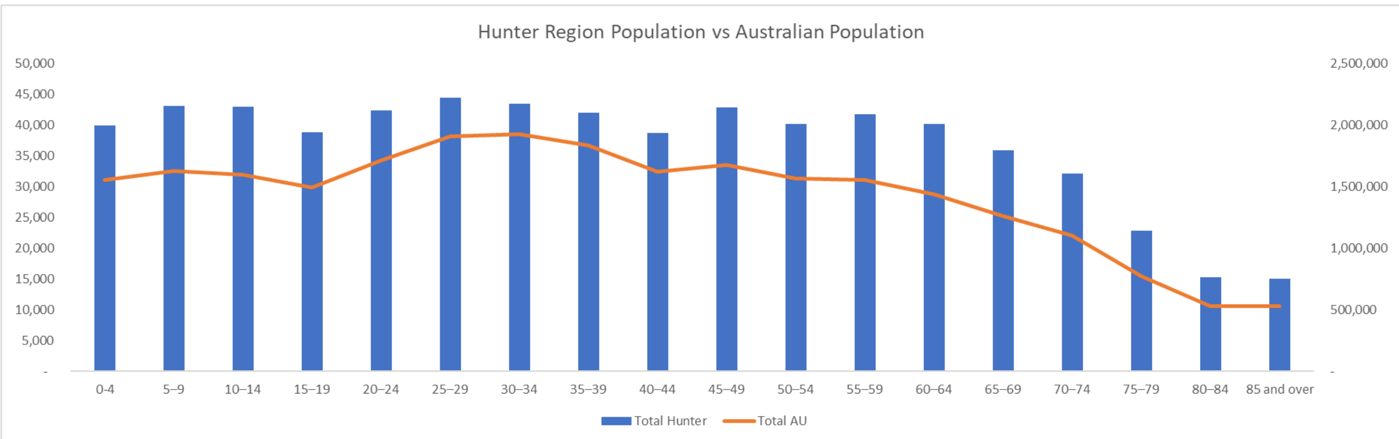
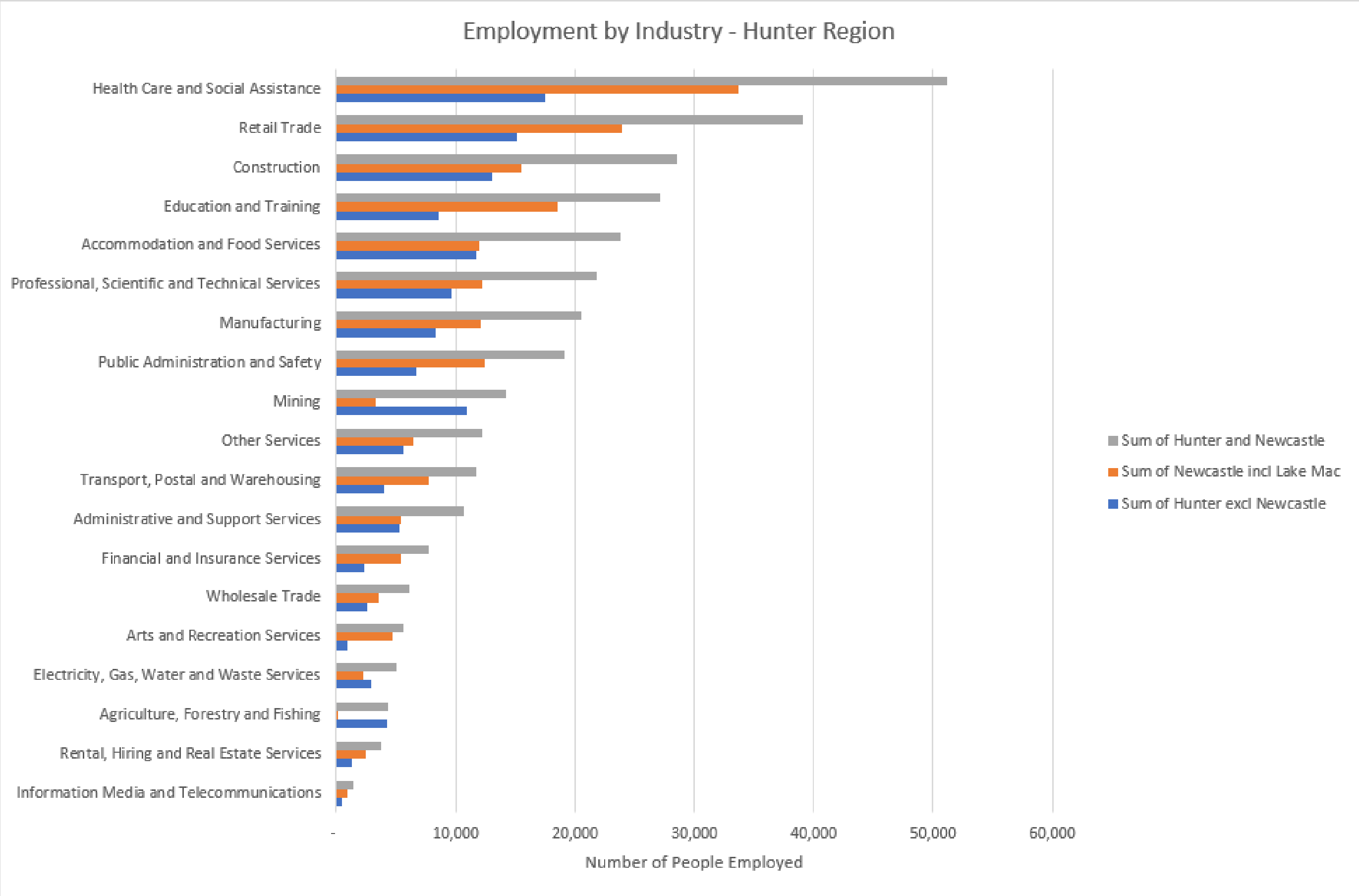


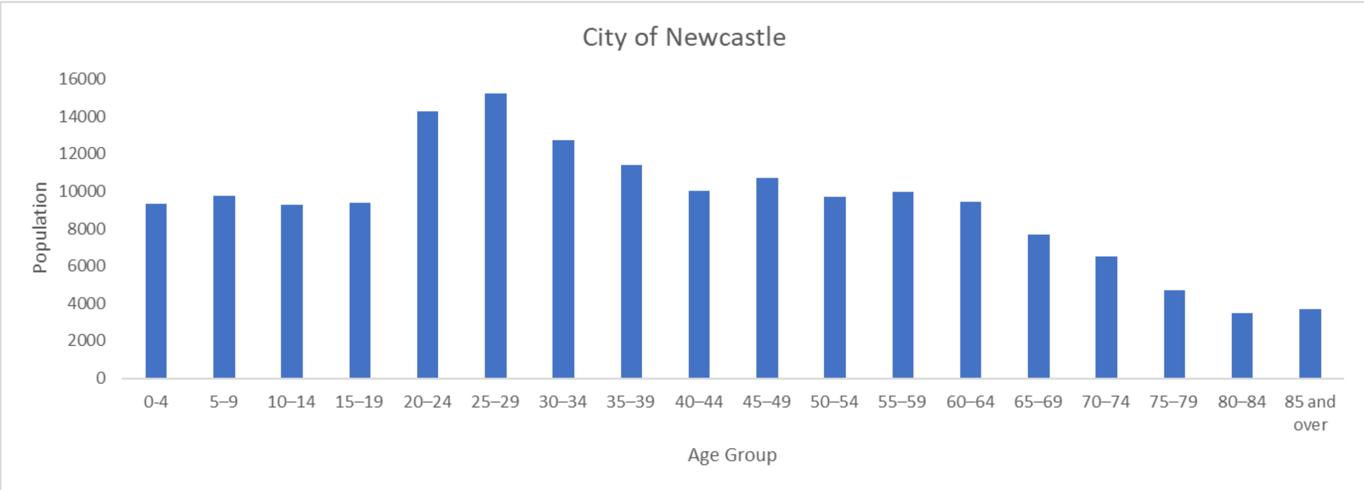
Data provided by Labour Market Information Portal shows that Health Care and Social Assistance is the largest employer in the Hunter Region, employing 51,200 people (16% of the region). This is followed closely by Retail trade at 39,100 people (12% of the region). Both of these industries are the first and second biggest employer in their respective regions, Newcastle including Lake Macquarie and Hunter excluding Newcastle.

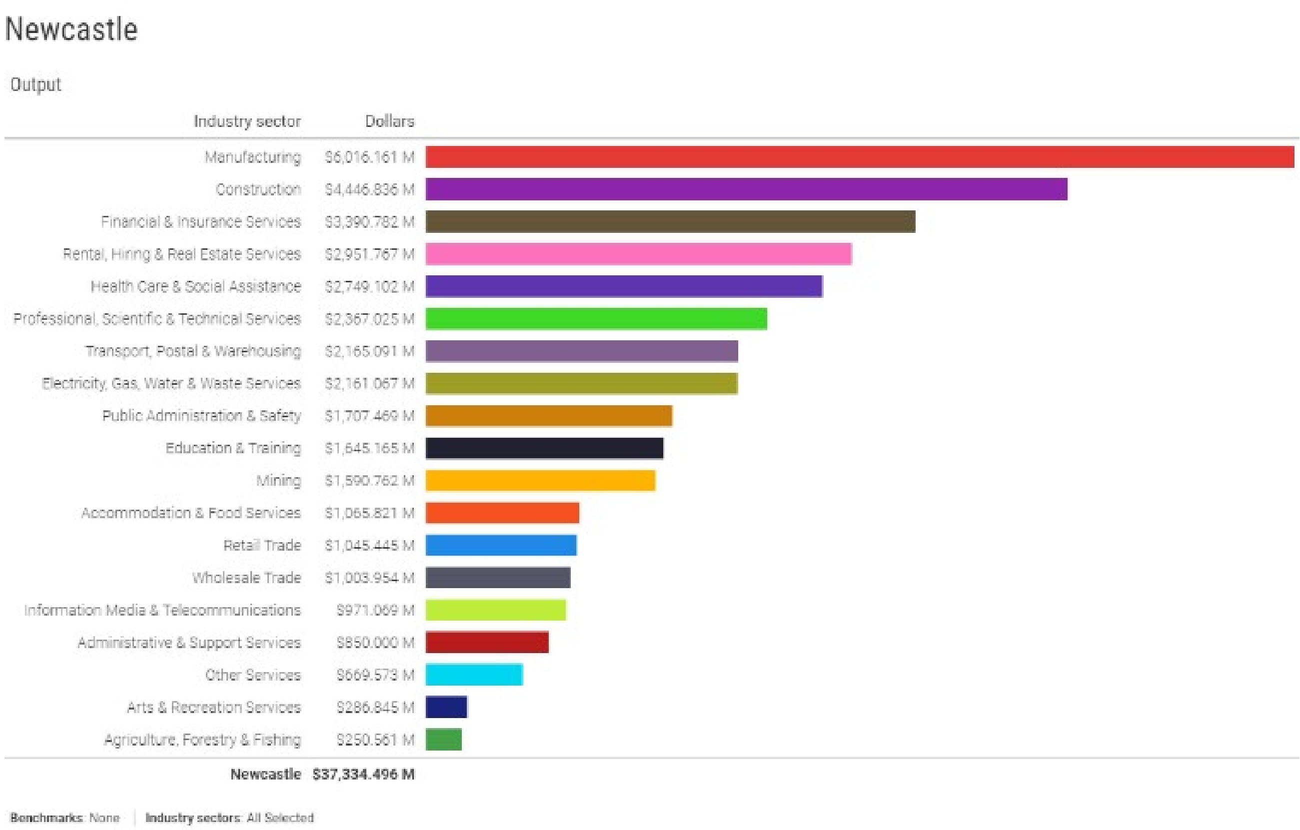


City of Newcastle

The Newcastle economy supports an estimated 102,800 jobs, representing 36.60% of the 280,855 people working in Hunter Region, 3.06% of the 3,358,119 people working in New South Wales, and 0.96% of the 10,683,322 people working in Australia. In Newcastle, the locality of Newcastle - Cooks Hill contains the highest number of jobs.

The Newcastle economy generates an estimated $37.334 billion in output. Newcastle represents 31.7% of the $117.735 billion output generated in Hunter Region, 3% of the $1.263 trillion output generated in New South Wales, and 0.9% of the $4.018 trillion output generated in Australia. The largest contributor to annual economic output in Newcastle is Manufacturing, which represents 16.11 percent of total output. The area in Newcastle generating the most output is Newcastle - Cooks Hill, and the largest industry here is Financial & Insurance Services.

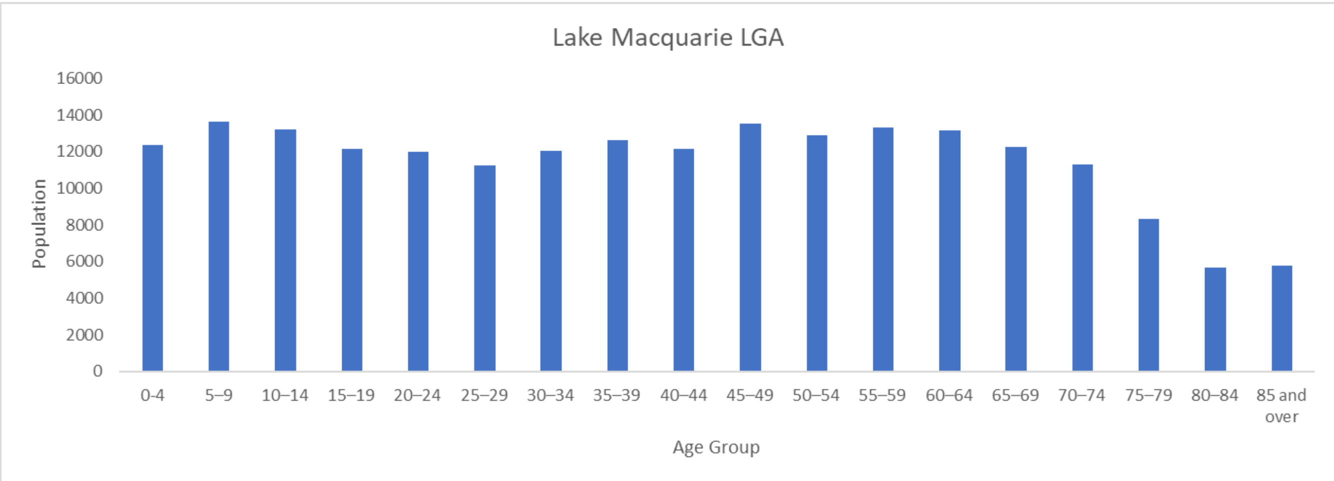


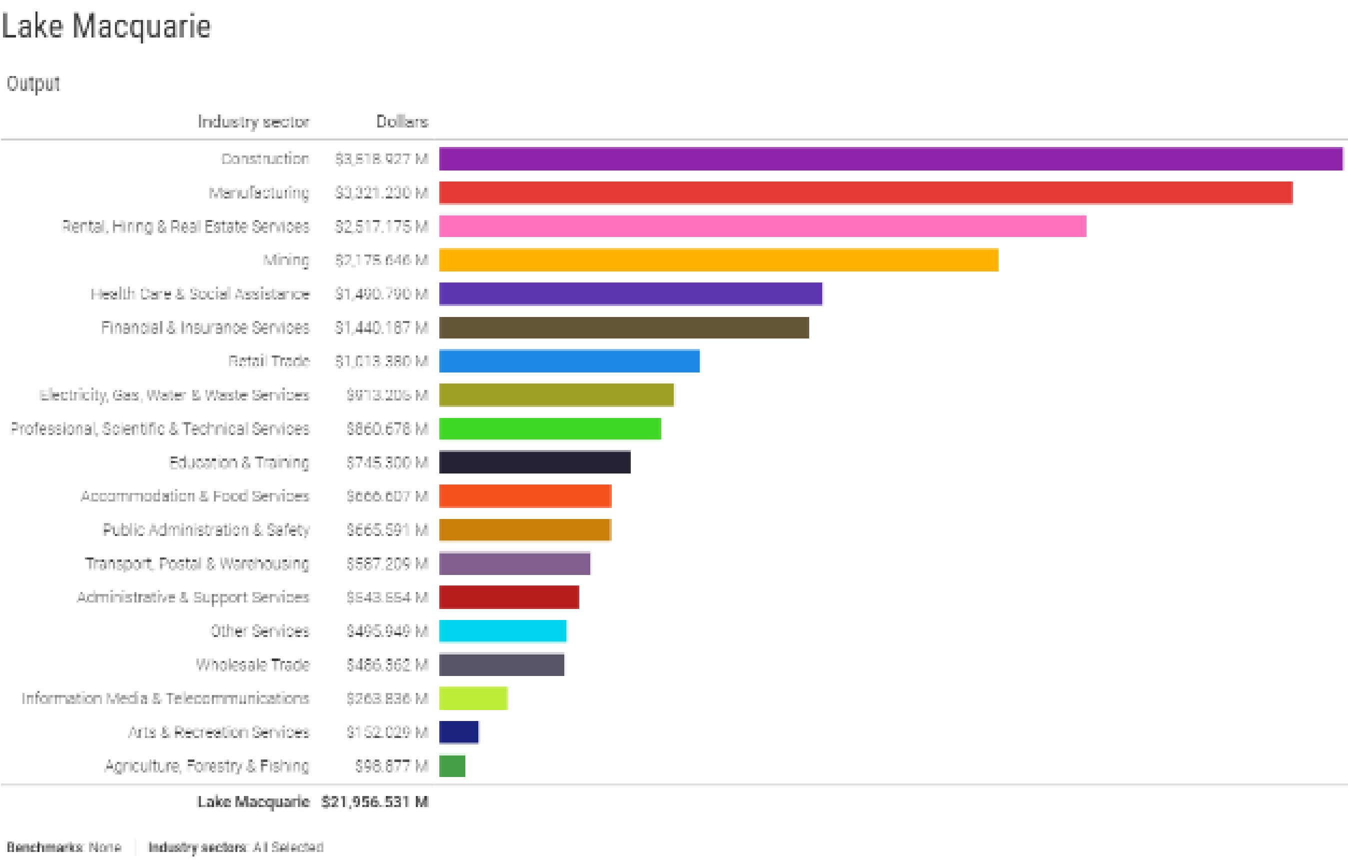


Lake Macquarie City Council

The Lake Macquarie economy supports an estimated 61,601 jobs, representing 21.93% of the 280,855 people working in Hunter Region, 1.83% of the 3,358,119 people working in New South Wales, and 0.58% of the 10,683,322 people working in Australia. In Lake Macquarie, the locality of Charlestown - Dudley contains the highest number of jobs.

The Lake Macquarie economy generates an estimated $21.957 billion in output. Lake Macquarie represents 18.6% of the $117.735 billion output generated in Hunter Region, 1.7% of the $1.263 trillion output generated in New South Wales, and 0.5% of the $4.018 trillion output generated in Australia. The largest contributor to annual economic output in Lake Macquarie is Construction, which represents 16.03 percent of total output. The area in Lake Macquarie generating the most output is Glendale - Cardiff - Hillsborough, and the largest industry here is Manufacturing.

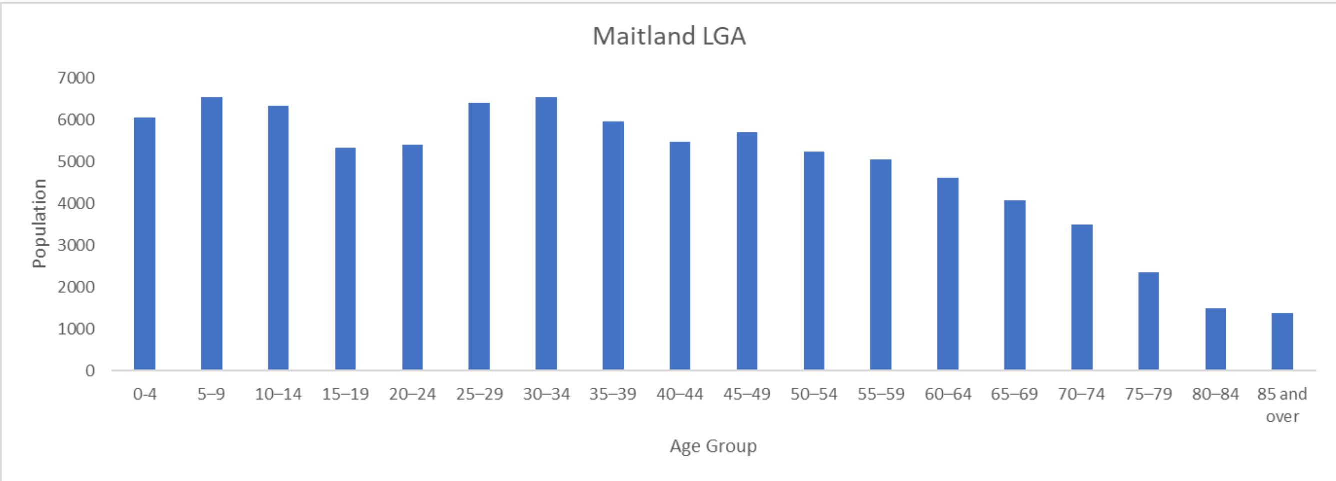


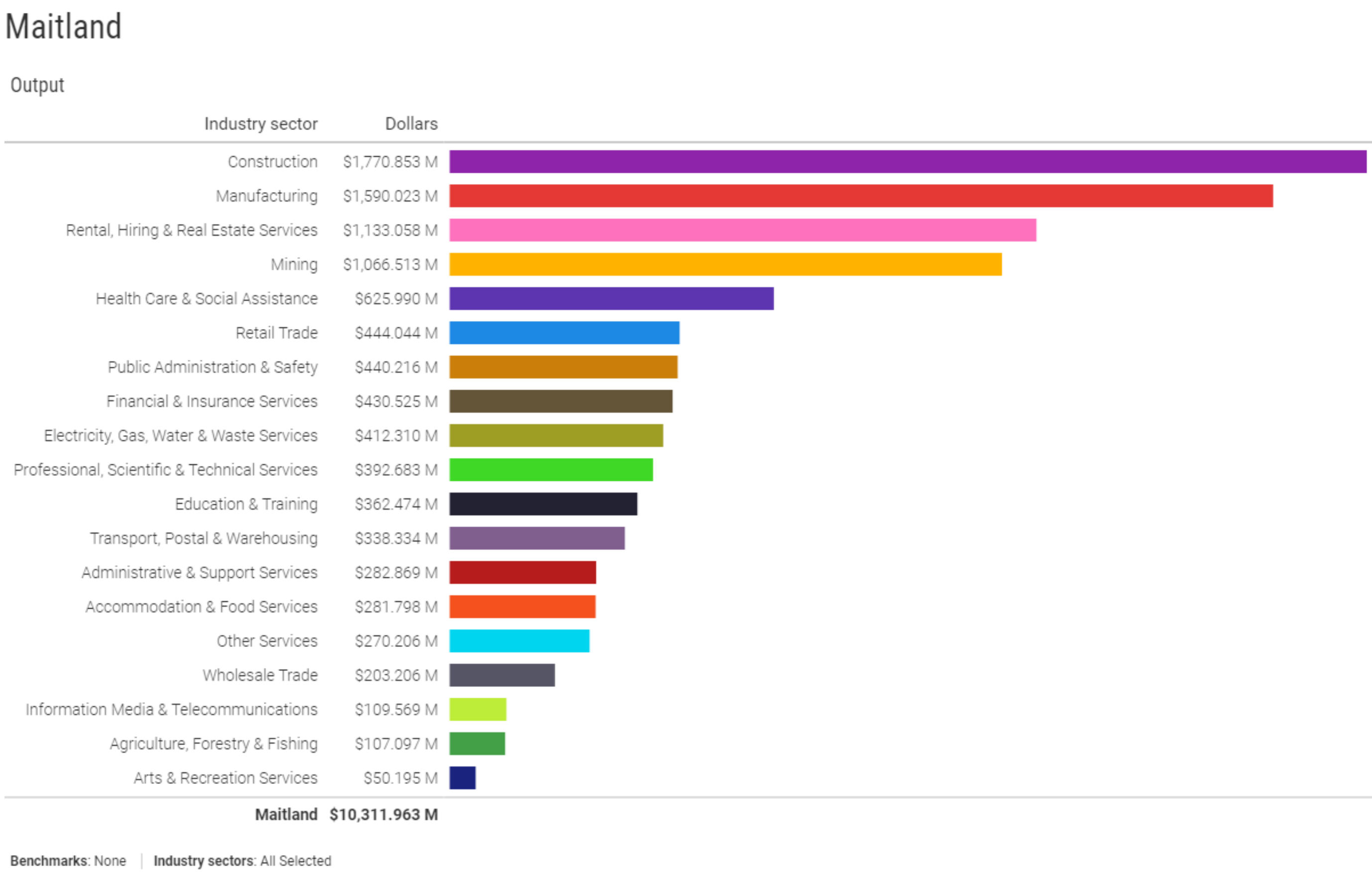


Maitland City Council

The Maitland economy supports an estimated 28,318 jobs, representing 10.08% of the 280,855 people working in Hunter Region, 0.84% of the 3,358,119 people working in New South Wales, and 0.27% of the 10,683,322 people working in Australia. In Maitland, the centre of the region contains the highest number of jobs.

The Maitland economy generates an estimated $10.312 billion in output. Maitland represents 8.8% of the $117.735 billion output generated in Hunter Region, 0.8% of the $1.263 trillion output generated in New South Wales, and 0.3% of the $4.018 trillion output generated in Australia. The largest contributor to annual economic output in Maitland is Construction, which represents 17.17 percent of total output. The area in Maitland generating the most output is Maitland - West, and the largest industry here is Manufacturing.

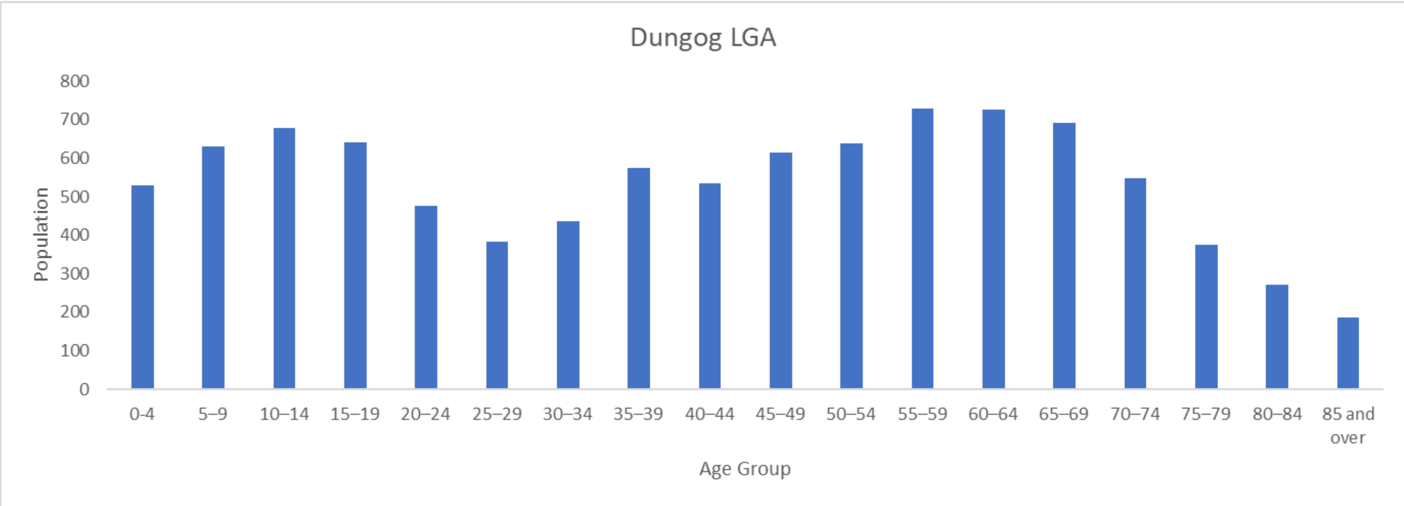


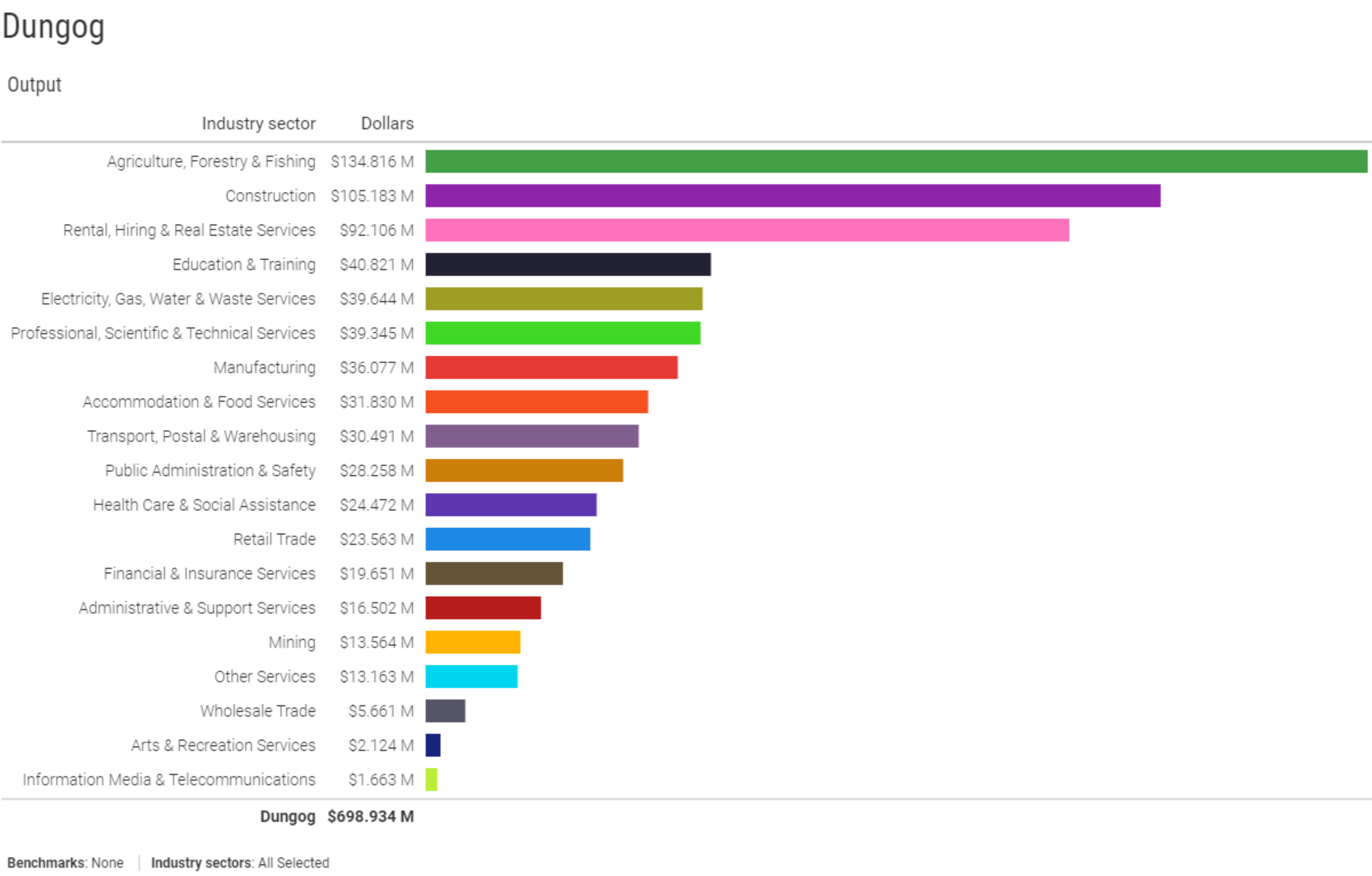


Dungog Shire Council

The Dungog economy supports an estimated 2,202 jobs, representing 0.78% of the 280,855 people working in Hunter Region, 0.07% of the 3,358,119 people working in New South Wales, and 0.02% of the 10,683,322 people working in Australia. In Dungog, the centre of the region contains the highest number of jobs.

The Dungog economy generates an estimated $698.934 million in output. Dungog represents 0.6% of the $110.813 billion output generated in Hunter Region, 0.1% of the $1.226 trillion output generated in New South Wales, and 0% of the $3.883 trillion output generated in Australia. The largest contributor to annual economic output in Dungog is Agriculture, Forestry & Fishing, which represents 19.29 percent of total output. The area in Dungog generating the most output is the centre of the region, and the largest industry here is Construction.

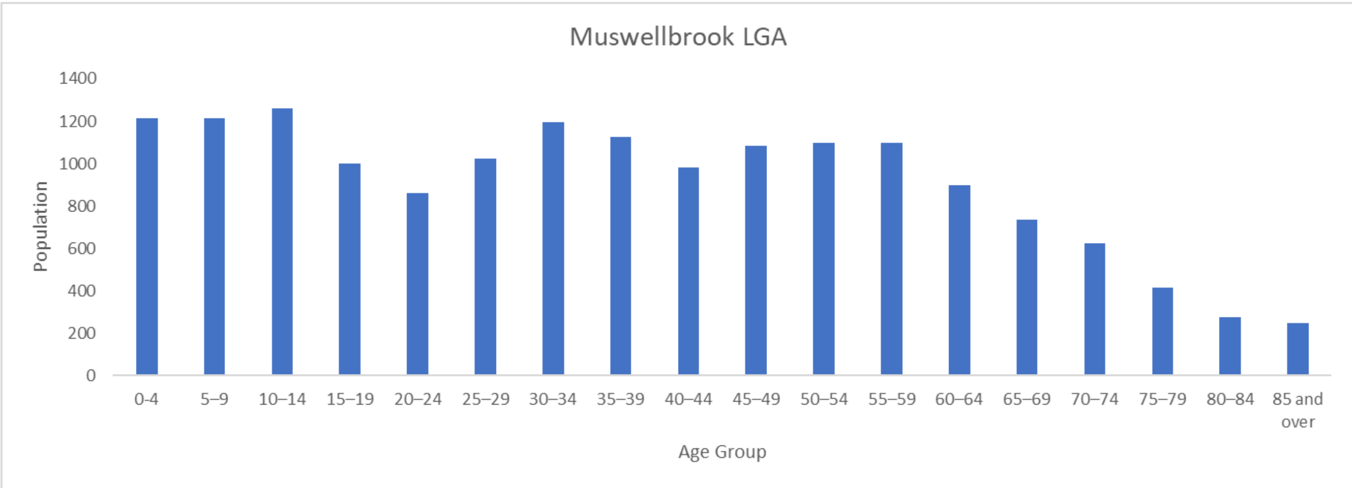


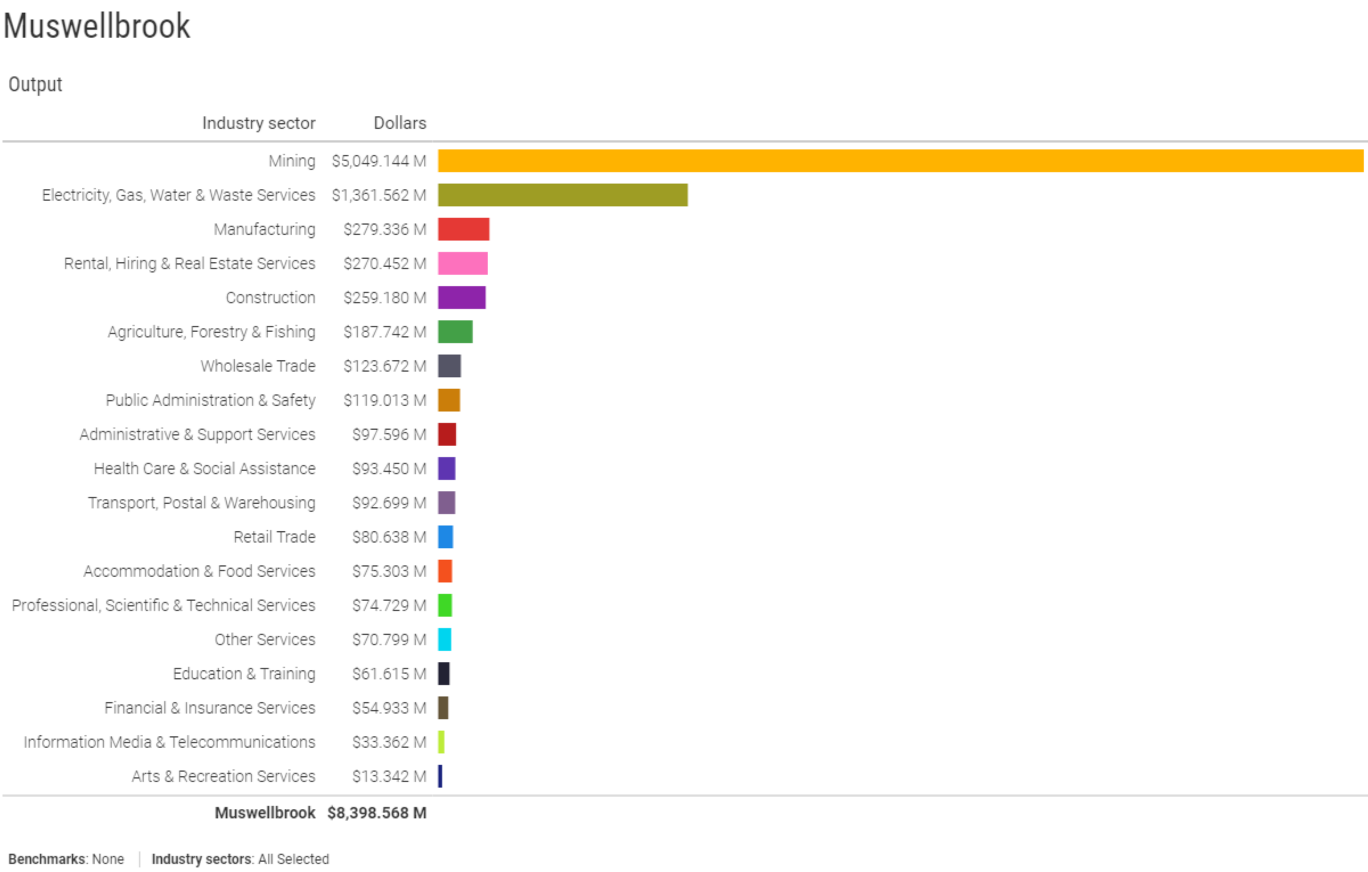


Muswellbrook Shire Council

The Muswellbrook economy supports an estimated 10,017 jobs, representing 3.57% of the 280,855 people working in Hunter Region, 0.30% of the 3,358,119 people working in New South Wales, and 0.09% of the 10,683,322 people working in Australia. In Muswellbrook, the centre of the region contains the highest number of jobs.

The Muswellbrook economy generates an estimated $8.399 billion in output. Muswellbrook represents 7.1% of the $117.735 billion output generated in Hunter Region, 0.7% of the $1.263 trillion output generated in New South Wales, and 0.2% of the $4.018 trillion output generated in Australia. The largest contributor to annual economic output in Muswellbrook is Mining, which represents 60.12 percent of total output. The area in Muswellbrook generating the most output is the centre of the region, and the largest industry here is Mining.

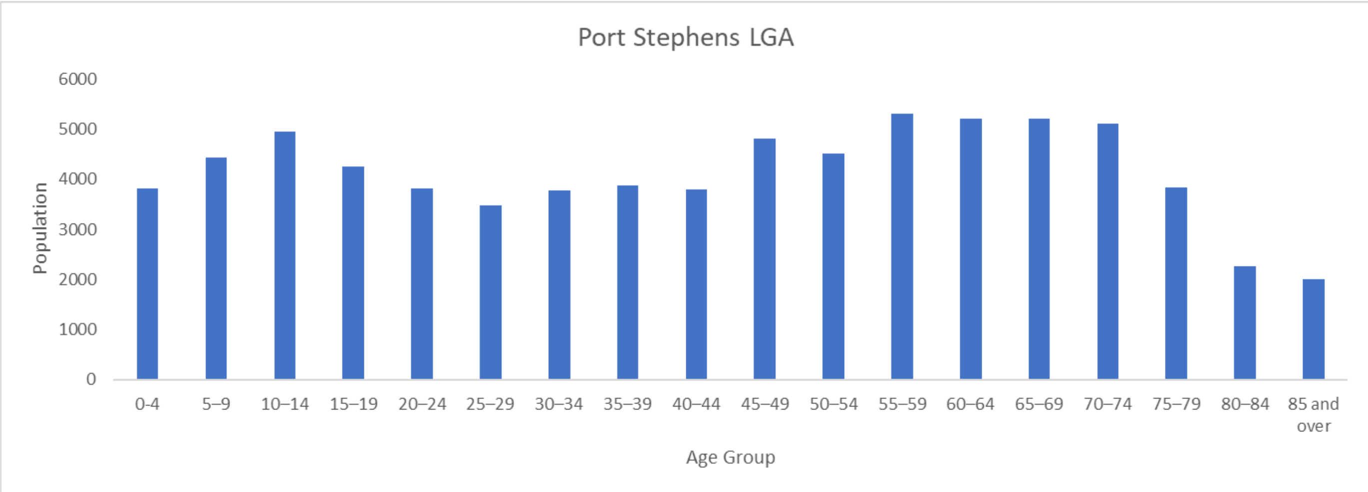


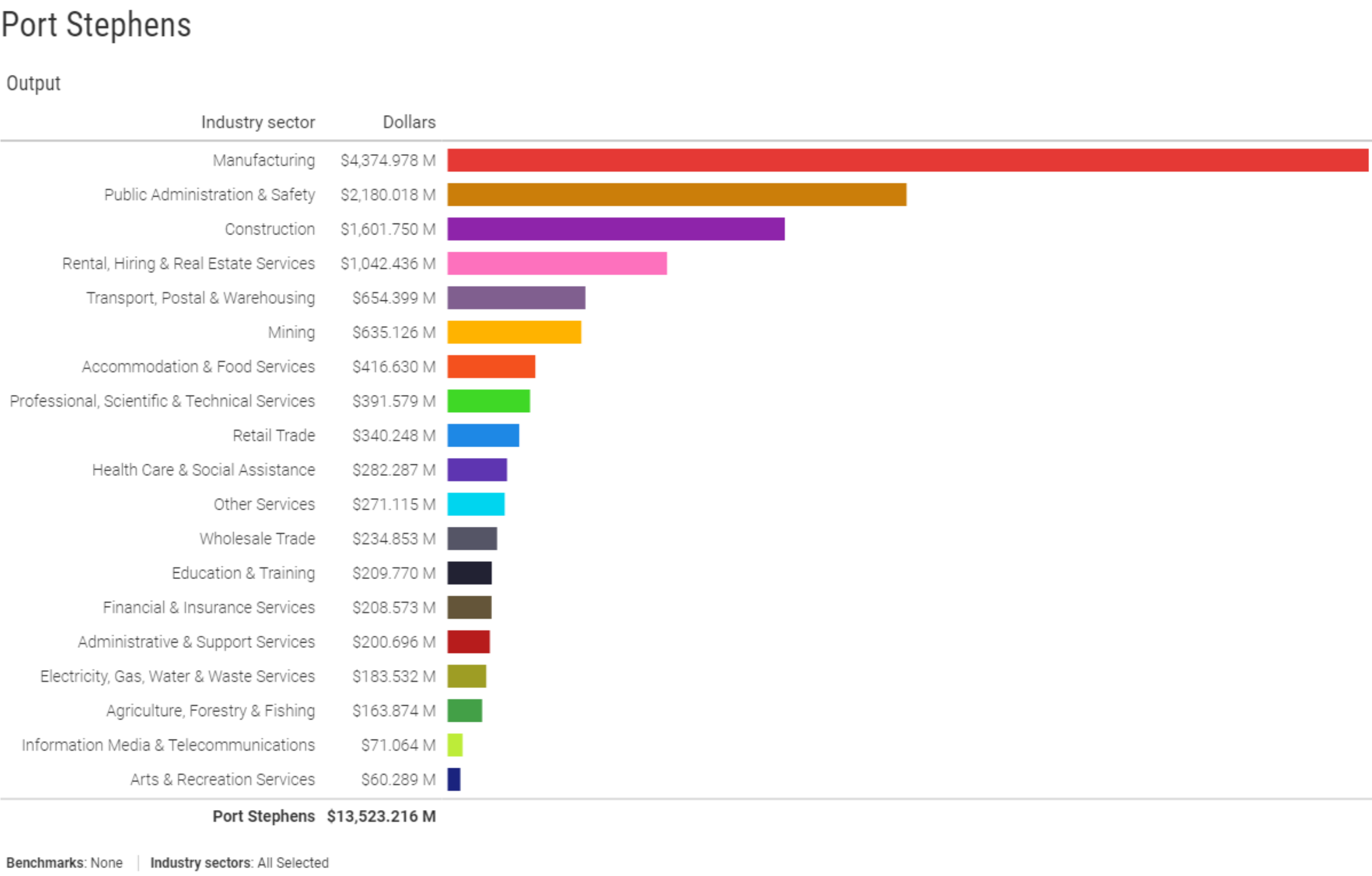


Port Stephens Council

The Port Stephens economy generates an estimated $13.523 billion in output. Port Stephens represents 11.5% of the $117.735 billion output generated in Hunter Region, 1.1% of the $1.263 trillion output generated in New South Wales, and 0.3% of the $4.018 trillion output generated in Australia. The largest contributor to annual economic output in Port Stephens is Manufacturing, which represents 32.35 percent of total output. The area in Port Stephens generating the most output is Raymond Terrace, and the largest industry here is Manufacturing

The Port Stephens economy supports an estimated 27,346 jobs, representing 9.74% of the 280,855 people working in Hunter Region, 0.81% of the 3,358,119 people working in New South Wales, and 0.26% of the 10,683,322 people working in Australia. In Port Stephens, the locality of Raymond Terrace contains the highest number of jobs.

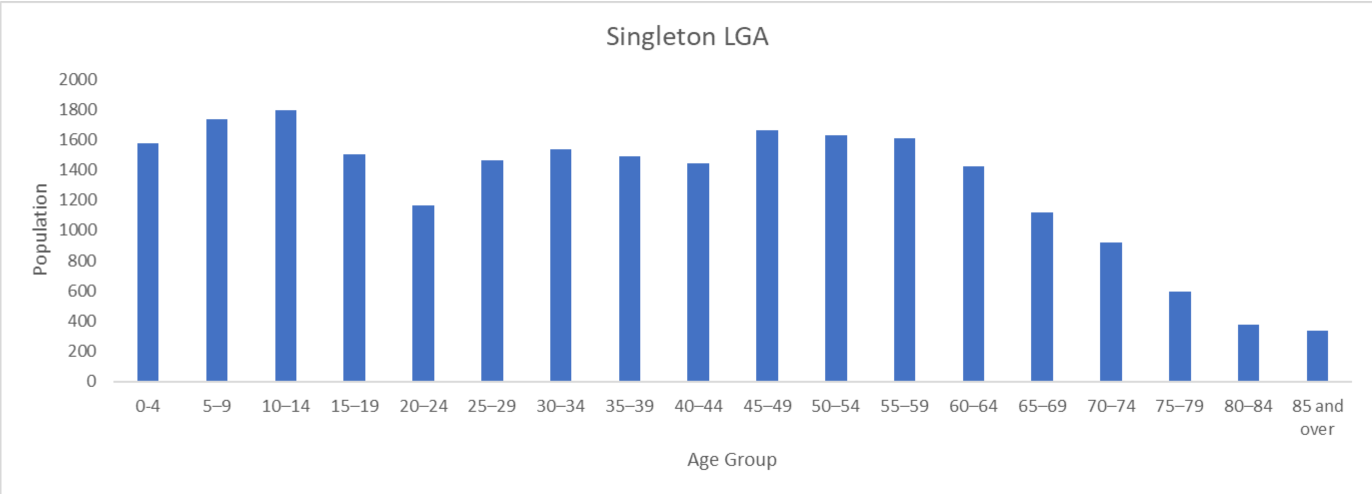


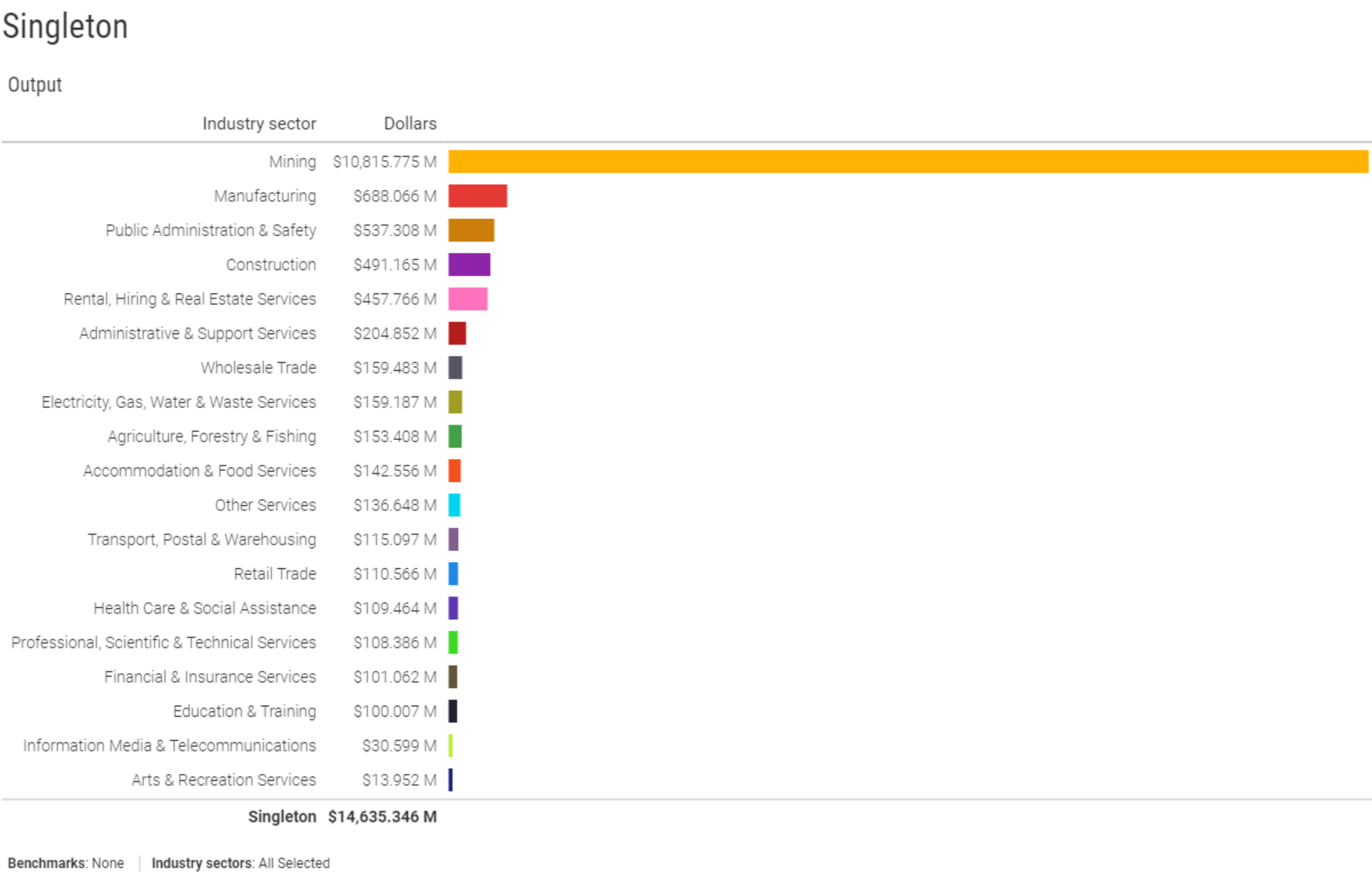


Singleton Council

The Singleton economy supports an estimated 16,325 jobs, representing 5.81% of the 280,855 people working in Hunter Region, 0.49% of the 3,358,119 people working in New South Wales, and 0.15% of the 10,683,322 people working in Australia. In Singleton, the centre of the region contains the highest number of jobs.

The Singleton economy generates an estimated $14.635 billion in output. Singleton represents 12.4% of the $117.735 billion output generated in Hunter Region, 1.2% of the $1.263 trillion output generated in New South Wales, and 0.4% of the $4.018 trillion output generated in Australia. The largest contributor to annual economic output in Singleton is Mining, which represents 73.90 percent of total output. The area in Singleton generating the most output is Singleton Region, and the largest industry here is Mining.

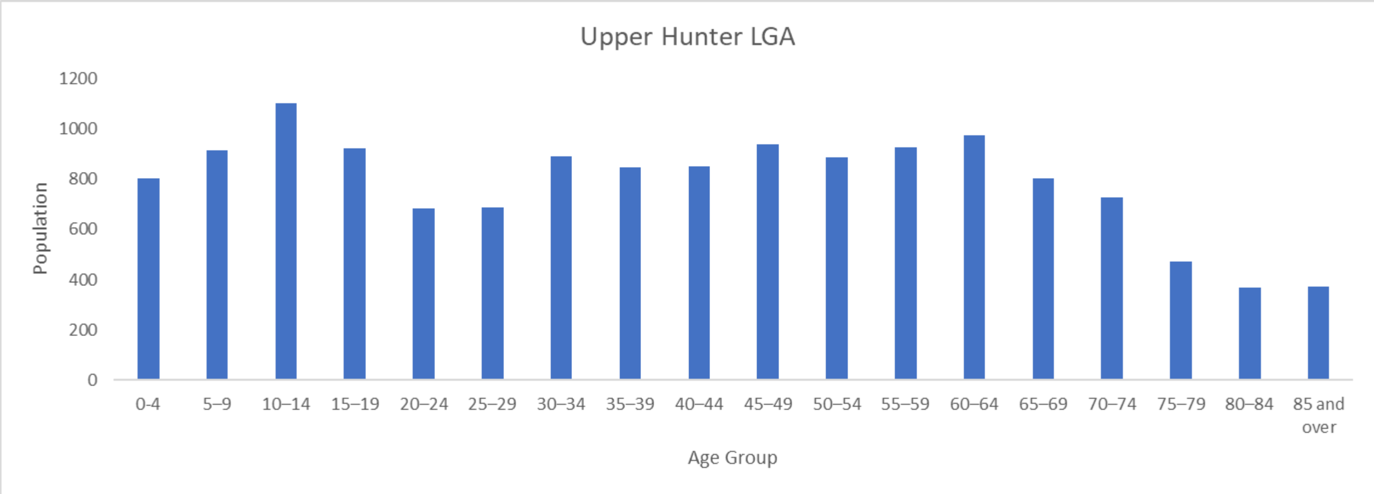


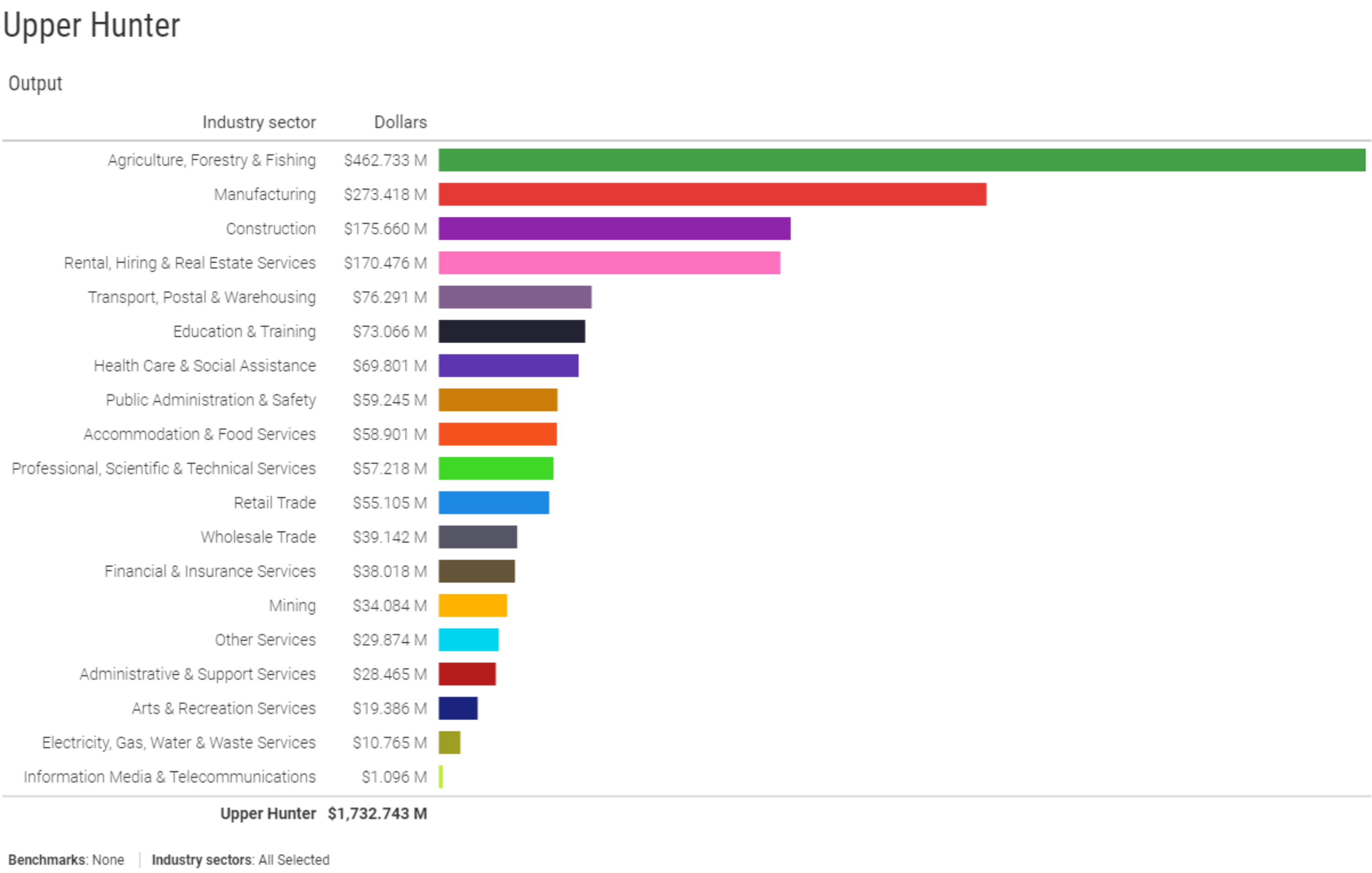


Upper Hunter Shire Council

The Upper Hunter economy supports an estimated 5,260 jobs, representing 1.87% of the 280,855 people working in Hunter Region, 0.16% of the 3,358,119 people working in New South Wales, and 0.05% of the 10,683,322 people working in Australia. In Upper Hunter, the locality of Scone contains the highest number of jobs.

The Upper Hunter economy generates an estimated $1.733 billion in output. Upper Hunter represents 1.5% of the $117.735 billion output generated in Hunter Region, 0.1% of the $1.263 trillion output generated in New South Wales, and 0% of the $4.018 trillion output generated in Australia. The largest contributor to annual economic output in Upper Hunter is Agriculture, Forestry & Fishing, which represents 26.71 percent of total output. The area in Upper Hunter generating the most output is Scone, and the largest industry here is Manufacturing.

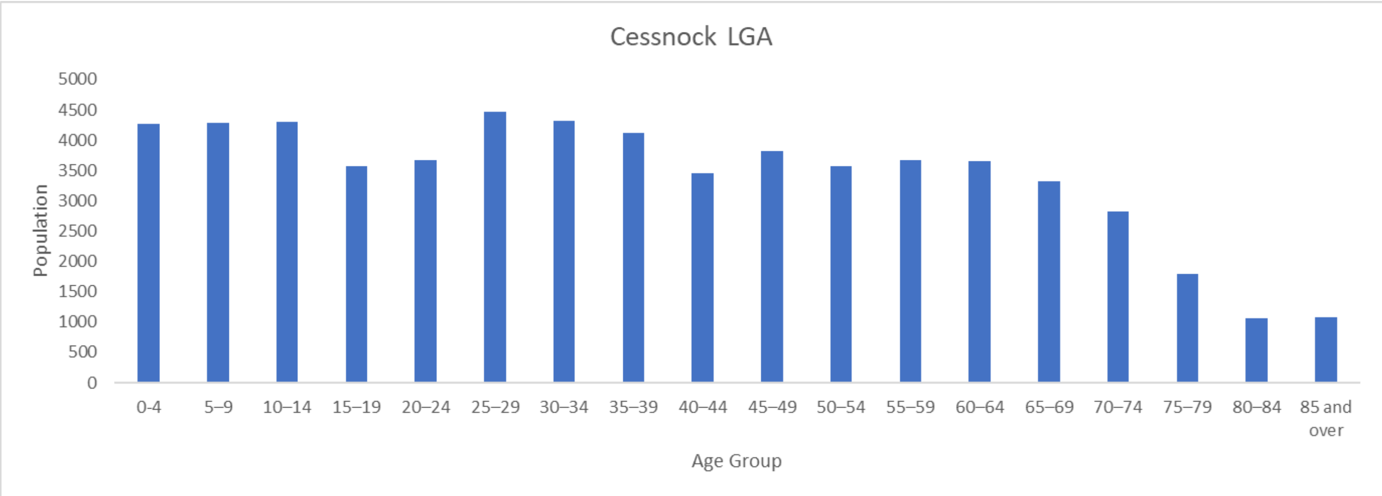


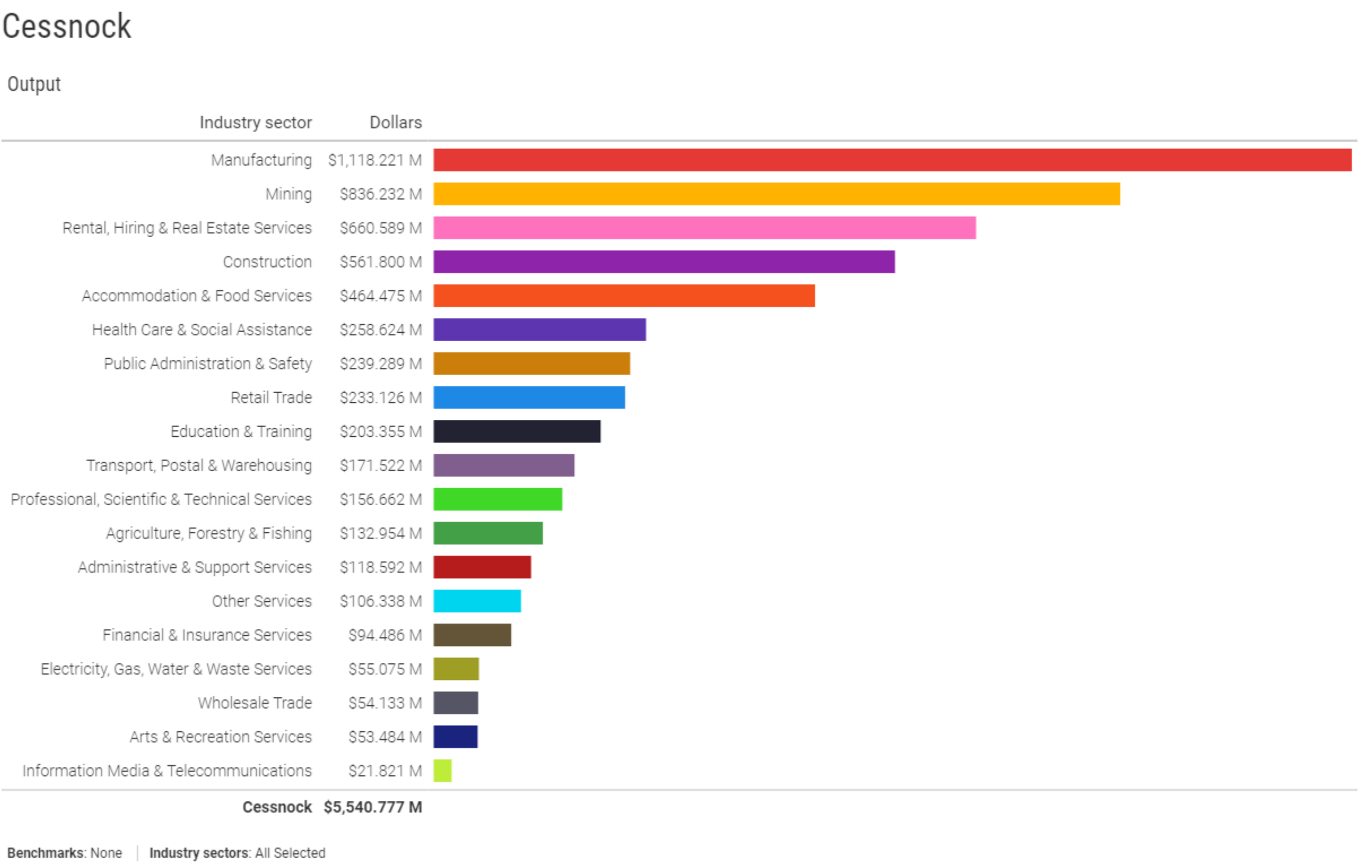


Cessnock City Council

The Cessnock economy supports an estimated 15,494 jobs, representing 5.52% of the 280,855 people working in Hunter Region, 0.46% of the 3,358,119 people working in New South Wales, and 0.15% of the 10,683,322 people working in Australia. In Cessnock, the centre of the region contains the highest number of jobs.

The Cessnock economy generates an estimated $5.541 billion in output. Cessnock represents 4.7% of the $117.735 billion output generated in Hunter Region, 0.4% of the $1.263 trillion output generated in New South Wales, and 0.1% of the $4.018 trillion output generated in Australia. The largest contributor to annual economic output in Cessnock is Manufacturing, which represents 20.18 percent of total output. The area in Cessnock generating the most output is the centre of the region, and the largest industry here is Rental, Hiring & Real Estate Services.

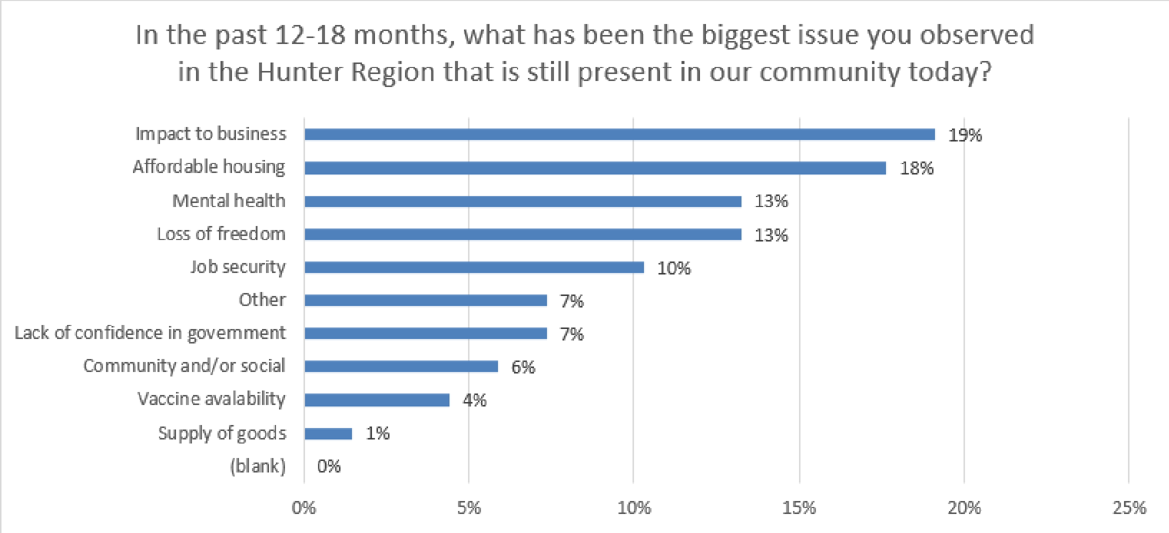


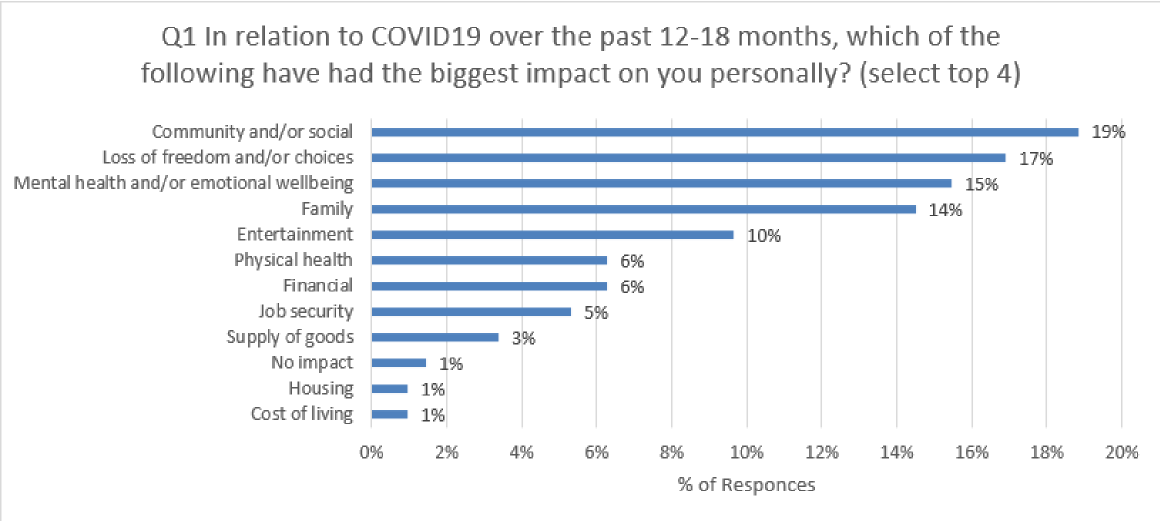


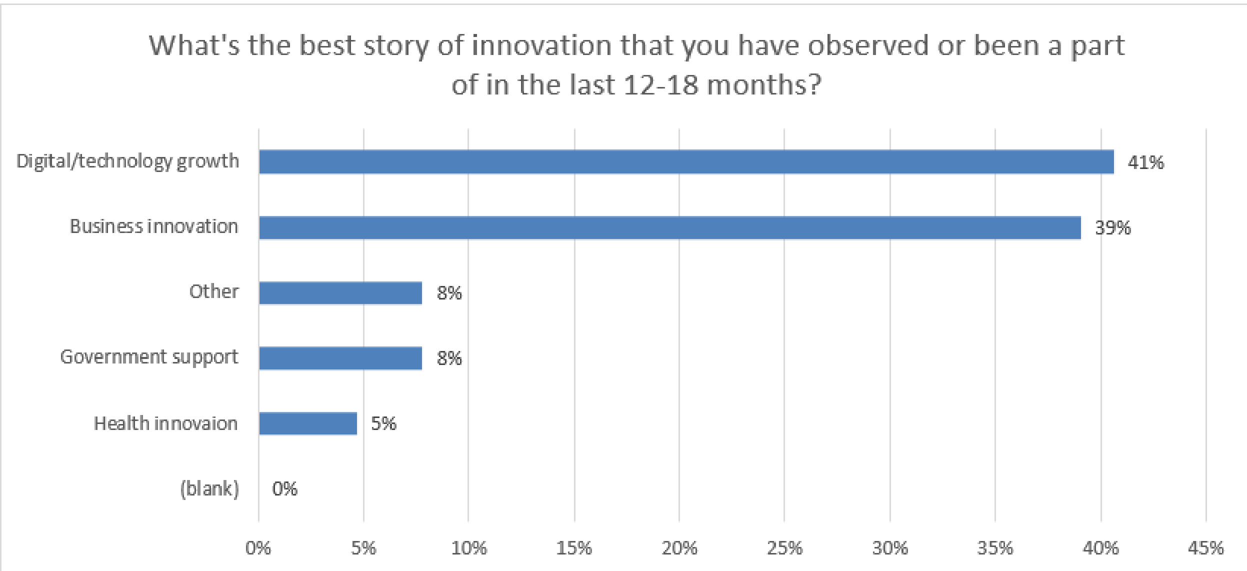
Appendix 4: Research we conducted

Survey Data

73 people within the Hunter region completed a survey to gain insight into the leading impacts and challenges faced by our community due to the pandemic.







In-depth interviews

Interview 1

Name: Tim Owen

Position: Chair, Hunter Defence Taskforce

Date: 12 August 2021

Topics: Projects of importance, Federal and Local Government investment and priorities, the power of a cooperative, the power of diversity amongst the local economy for small to medium businesses.

Interview 2

Name: Annie Jiang

Position: Founder, Go-Circular

Date: 19 August 2021

Topics: Principles and benefits of Doughnut Economics, Circular Economy principles and benefits – socially and economically, funding and applying for grants, matters of importance within the region.

Interview 3

Name: Karla Notman

Position: Employment Facilitator Hunter Region, Department of Education, Skills and Employment

Date: 26 August 2021

Topics: Overview of matters of importance in the skills and education space within the Hunter Region, impacts of COVID-19 on small businesses in particular (e.g. retail and hospitality brain drain effect and the loss of talent and skills due to lockdowns and volatility), the future of the workforce, funding and investment.

Interview 4

Name: Samantha Martin-Williams

Position: Non-Executive Director, Chair Remuneration & Culture, Former CEO, Contributor to Forbes

Date: 10 August 2021

Topics: Adapting to change and utilising opportunities that arise due to the pandemic. Benefits to businesses and the economy by moving towards a more sustainable energy source.

Interview 5

Name: Bob Pynsent

Position: Mayor – Cessnock City Council, Chair – Hunter Joint Organisation, Board – Westpac Rescue Helicopter

Date: 18 August 2021

Topics: Channels for ensuring initiatives gain reach across the Hunter Region. Tips on grant submissions and dealing with Government entities. Importance of Economic Development

Local Business Owner – Story

A local boutique Business owner that sells high end women's fashion and accessories in the city of Newcastle has been struggling financially and mentally due to the impact COVID-19 had on her business being closed. Unfortunately, the business owner wasn't trading online and purely relied on walk in traffic and direct shop purchases. With over $100K of stock just sitting in the shop, this situation was becoming very stressful and the owner wasn’t sure what to do. She believed that her customers wouldn’t purchase products online as they prefer the whole shopping experience due to the nature of her business. One of our members was discussing our business idea with the owner around getting her and the business setup online and giving it a crack to see if this would help ease some of the stresses. Pointing her in the right direction around getting her products photographed, setting up social media profiles and a website, this would allow her to connect with her customers and go from zero sales during the last few months to potentially multiple sales where she can provide a click and collect option or delivery. The business owner was extremely grateful for the discussion and providing the guidance and support required to get online.

Appendix 5: Additional Consumer Behaviour Information

Online shopping intent for nonessential categories is strongest for millennials and high-income earners.

Expected change in online shopping per category over the next 2 weeks[1]
Net intent[2]

Net intent[2]: <-20, -20, -10, 1, 10, 20+

Essential ↓ Non-essential	US overall	Generational[3]				Income		
	Net intent[2]	Gen Z	Millennials	Gen X	Boomers	<$50K	$50K–$100K	>$100K
Groceries	1	-3	9	4	-4	-9	0	14
Household supplies	0	0	8	3	-6	-9	-2	14
Personal-care products	1	-5	8	3	-5	-6	-1	12
Food takeout & delivery	3	15	8	4	-8	-7	0	17
Snacks	-4	-8	1	-1	-8	-13	-4	8
OTC medicine	0	-15	0	-4	-8	-10	-7	5
Vitamins/supplements	0	0	9	7	-2	-7	6	16
Entertainment at home	16	26	26	20	1	6	14	28
Books/magazines/newspapers	10	-1	18	16	-4	-9	13	25
Consumer electronics	-3	-1	12	-1	-20	-22	-1	14
Tobacco	0	-21[4]	0	3	-7[4]	-16	-4	28
Non-food child products	7	N/A[5]	11	9	N/A[5]	N/A[5]	2	17
Skin care & makeup	0	-2	6	4	-12	-10	-4	14
Alcohol	-7	-34[4]	-4	-3	-10	-20	-12	8
Fitness & wellness	1	-7	0	9	-16	-21	-8	16
Footwear	-4	14	6	-2	-17	-19	-2	9
Apparel	3	26	8	-2	-12	-8	3	16

[1]Q: *And where do you expect you'll buy these categories? Tell us if you will shop in the following places more, about the same, or less in the next 2 weeks. Please note, if you don't buy in one of these places today and won't in next 2 weeks, please select "N/A."* (Did not ask this question for categories not shown.)
[2]Net intent is calculated by subtracting the % of respondents stating they expect to decrease online shopping frequency from the % of respondents stating they expect to increase online shopping frequency.
[3]Generational data refers to the weighted average of McKinsey & Company COVID-19 US Consumer Pulse Survey 6/15–6/21/2020, n = 2,006, and 6/1–6/7/2020, n = 1,966.
[4]Low sample (75–100).
[5]Insufficient sample (<75).
Source: McKinsey & Company COVID-19 US Consumer Pulse Survey 6/15–6/21/2020, n = 2,006, sampled and weighted to match the US general population 18+ years

McKinsey & Company

Availability, convenience, and value are the strongest drivers of new brand purchases.

Reason for trying a new brand in the past 3 months[1]
% of respondents selecting reason in top 3

[1]Q: *You mentioned you tried a new/different brand than what you normally buy. What was the main reason that drove this decision? Select up to 3.* "Brand" includes different/new brand, private-label/store brand.
Source: McKinsey & Company COVID-19 US Consumer Pulse Survey 6/15–6/21/2020, n = 2,006, sampled and weighted to match the US general population 18+ years

McKinsey & Company

AUSTRALIA – WAVE 03 – JULY 2nd-5th, 2020

EXHIBIT 3 | CONSUMERS WENT BACK TO PHYSICAL STORES FOR PARTICULAR CATEGORIES, OR TO TREAT THEMSELVES

Note: Question text: "As soon as restrictions eased, what were the top 3 reasons of spending more on the category in the stores?"
Sources: BCG Covid-19 Consumer Sentiment Survey, JULY 2-5, 2020 (N = 1,220 AUS), unweighted; representative within ±3% of census demographics

AUSTRALIA –WAVE 03–JULY 2nd-5th, 2020

EXHIBIT 7 | SPENDING INTENTIONS CONTINUE TO TREND POSITIVELY

1. Only common categories across 3 waves considered
Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?";
Sources: BCG Covid-19 Consumer Sentiment Survey, April, May 21–26, JUL 2-52020 (N = 3,315 AUS, unweighted; representative within ±3% of census demographics

AUSTRALIA –WAVE 03–JULY 2nd-5th, 2020

EXHIBIT 8 | 6 UNIQUE CONSUMER SEGMENTS EMERGE

	Segment names	Traditionalist females	Traditional male baby boomers	Smart deal seeking males	Confident online male shoppers	Smart deal seeking Gen-X females	Millennial females
	Segment size	20%	18%	16%	14%	16%	15%
Demographics	Digital opportunity						
	Gender						
	1. Age	83% Baby boomers+ 17% Gen Z/Millennials	100% Baby boomers+	50% Gen-Z /Millennials 37% Gen-X 13% Baby Boomers+	49% Gen-Z/ Millennials 51% Baby Boomers+	7% Gen-Z 92% Gen-X 1% Baby boomers+	7% Gen-Z 92% Millennials 1% Baby Boomers+
Digital	Other than major cities	29%	30%	16%	17%	16%	20%
	First time digital buyers	4%	6%	20%	7%	5%	17%
	Non-digital buyers	23%	20%	12%	8%	14%	8%
	Future intention to purchase "more" digitally	5%	1%	87%	0%	26%	42%
	Future intention to purchase same as Covid-19	54%	78%	0%	94%	60%	54%
Behavior	Comfort with technology						
	Deal seeking attitude						
	Excitement with online shopping						
	Preference to in-store shopping						

1. Gen-Z – 18 to 25 year old, Millennials – 26 to 34 year old, Gen-X 36 to 51 year old, Baby boomers + 52 year old & more
Note: Question text: "Please tell me which of the below statements do you associate yourself with?"; Exploratory research – 10 in-depth-interviews
Sources: BCG Covid-19 Consumer Sentiment Survey, JULY 2-5, 2020 (N = 1,220 AUS), unweighted; representative within ±3% of census demographics

AUSTRALIA –WAVE 03–JULY 2nd-5th, 2020

EXHIBIT 9 | TRADITIONALIST MALE BABY BOOMER

Jacob

Male, 65 year old

Retired, on pension and Super

Interests: gardening, driving

SHIFT IN BEHAVIOUR DUE TO COVID-19

During Covid-19, Jacob stopped going out for a walk, shopping, eating-out

An otherwise in-store shopper, Jacob ordered regular groceries online from large supermarket chains

DIGITAL PURCHASE EXPERIENCE

Poor quality fruit

High delivery charges

Time consuming to locate items online

EXPECTATIONS

- No delivery fees
- Easy-to-understand digital interface
- More variety with clear information
- Promise to keep my personal information secure

QUOTE

"Online saved me the effort of going all the way into the store. It was a wise choice in this situation. However, it's a compromise on quality and price."

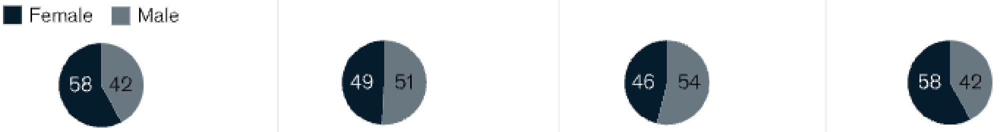
"I would prefer to go to stores to buy fresh food & beverages as I need to check the products before buying. But I can buy other essentials online, so long as they don't have a threshold of minimum total for free delivery."

Sources: BCG Covid-19 Consumer Sentiment exploratory research (n=10 in-depth interviews)

The impact is not the same for everyone.

Consumer segment profiles, % share of population

Making ends meet	Optimistic but cautious	Stable and consistent	Income in jeopardy
20%	**30%**	**26%**	**24%**
Living week to week prior to COVID-19 with government assistance or in low-wage jobs	Financially secure but worried about the health and the economy	Employed and minimally affected by the pandemic	Feeling a major impact on finances due to job or income loss
Expected change in income is minimal	91% made no adjustments to rent or mortgage costs	Affluent before the onset of COVID-19 and little has changed during the crisis	61% have experienced a drop in income, and 37% are expecting a further decline
Low income	Skews low to middle income	Skews affluent	Skews low to middle to high income



Age, %

	Making ends meet	Optimistic but cautious	Stable and consistent	Income in jeopardy
Gen Z	1	1		10
Millennials	11	17	30	33
Gen X	32	22	39	40
Boomers	56	60	31	17

Source: McKinsey & Company COVID-19 Australia Consumer Pulse Survey 6/19–6/21/2020, n = 799; sampled and weighted to match Australia's general population 18+ years; Level 3 restriction implications

McKinsey & Company