

OUR financial and strategic analysis of 100 retailers from 11 retail subsectors demonstrates how recent customer experience trends—including an individualized, increasingly digitized, and complexified shopping experience led by the buyer rather than the seller—are compounding a margin crisis that was already playing out before the pandemic. Welcome to the era of consumer-to-business.

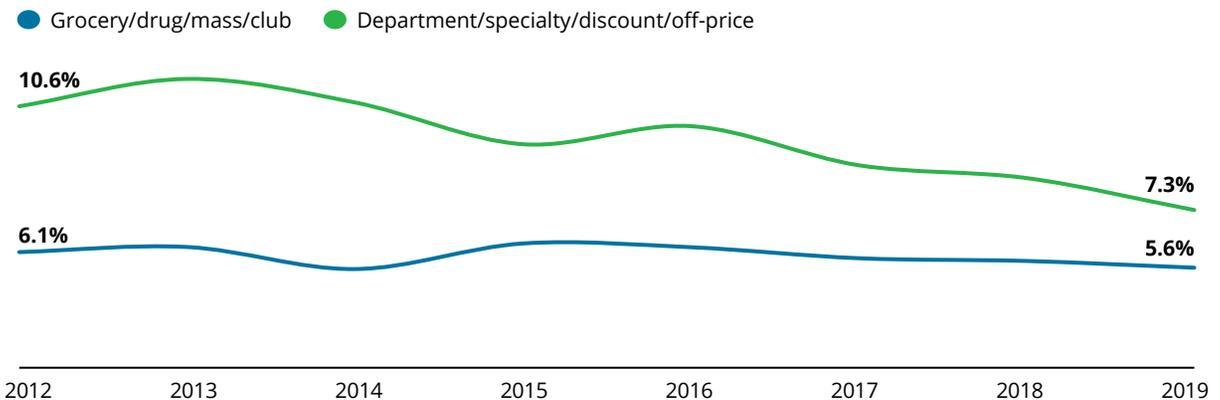
### How should retailers adapt?

Here are three steps retailers can take to embrace it.

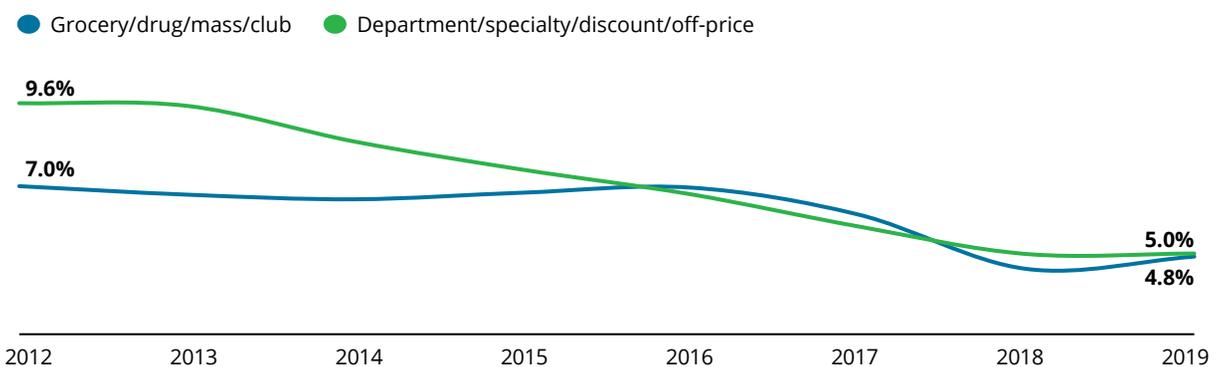
- 1. Remove friction.** Make shopping easier by offering various purchasing formats, such as text, livestream, social media, and web as well as fulfillment options like “buy online, pick up in store.”
- 2. Redefine service.** Treat consumers like merchants in their own right: Offer more thorough product descriptions. Expand return options, potentially including other retail partners.
- 3. Organize your operations by customer segment.** Create a designated customer management team for each segment, charged with owning that segment’s data and smoothing their experience across touch points.

For more of Deloitte’s insights on the consumer-to-business model, read [The retail profitability paradox](#) published by *MIT Sloan Management Review*.

Median EBITDA margin (%)



Median return on assets (%)



Notes: 1. Analysis considers data of ~100 companies over the analysis period. 2. Department/specialty/discount/off-price also includes other discretionary items such as apparel and accessory stores, building materials, hardware, garden supply, home furniture, and furnishings. 3. COGS% and SG&A% refer to median COGS as a percentage of revenue and median SG&A as a percentage of revenue, respectively.

Sources: CapIQ; Thomson Refinitiv Eikon; Deloitte analysis.

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Rodney R. Sides is vice chairman with Deloitte LLP and leads the US Retail & Distribution practice. He is responsible for driving key sector initiatives that include original research, talent development, and strategies that guide retailers as they navigate uncertainty, compete globally, and improve performance and profitability. Sides has more than 25 years of experience in store operations, supply chain, procurement, back-office operations, and IT.

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The future of retail is in consumers' hands

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