

# Global Restructuring: Retail & Consumer



Globally, COVID-19 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 nothing 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:

- economic volatility impacted by historic inflationary pressure, rising interest rates and concerns regarding the short-term outlook for the economy leading to a decline in consumer confidence
- shifting demographics/consumer expectations such as Brand Purpose and ESG becoming the new *ticket to play*
- ongoing staff shortages, particularly seasonal employees, during key periods of the retail calendar
- global competitors with disruptive business models (e.g.; platforms and direct to consumer via social)
- consumer demand for speed, efficiency and a seamless retail experience, accelerated by new technologies, and
- 'experiential retail' including the optimization/repurposing of store portfolios.

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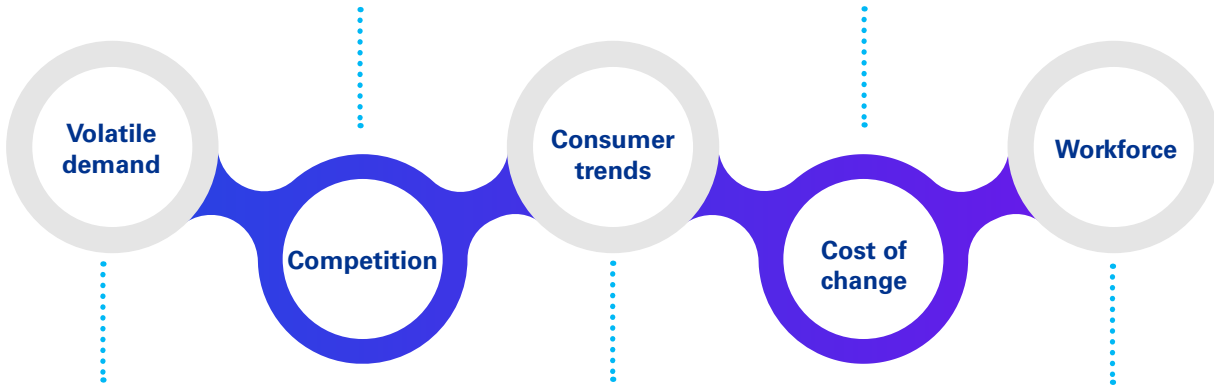
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## Current issues facing the sector

Growth of online marketplaces, platforms and e-tailers impacting store performance in certain sub-sectors.

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.



Driven by a variety of economic factors including: inflationary pressure, rising interests rates and the shift to working from home, leading to the decline in consumer confidence.

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 Great Resignation' has bough workforce issues to the forefront with many retailers experiencing staff shortages requiring significant investment in recruiting and retaining employees.

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

## Why KPMG?

Senior, highly experienced team	Sector expertise	Trusted, Big 4 brand	History of successful outcomes	Quick, effective and efficient
<ul style="list-style-type: none"> <li>We have extensive experience working for retail and consumer brands, lenders and other stakeholders.</li> <li>We bring a deep understanding of the sector and various stakeholder interests, mindset and risk appetite.</li> </ul>	<ul style="list-style-type: none"> <li>We have a team of subject matter experts who have operated and advised retail businesses.</li> <li>We are able to quickly identify sector specific issues and how these will impact stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>We are not an 'insolvency' firm.</li> <li>Our global multi-disciplinary practice allows us to operate discretely reducing the prospect of media attention and/or speculation by customers/employees or third party stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>We have a track record of delivering successful outcomes for our clients leveraging our operational and financial restructuring expertise.</li> </ul>	<ul style="list-style-type: none"> <li>Our experience means we have a well-established approach of working with stakeholders across the retail sector.</li> <li>We often operate with small agile teams ready to hit the ground running.</li> </ul>

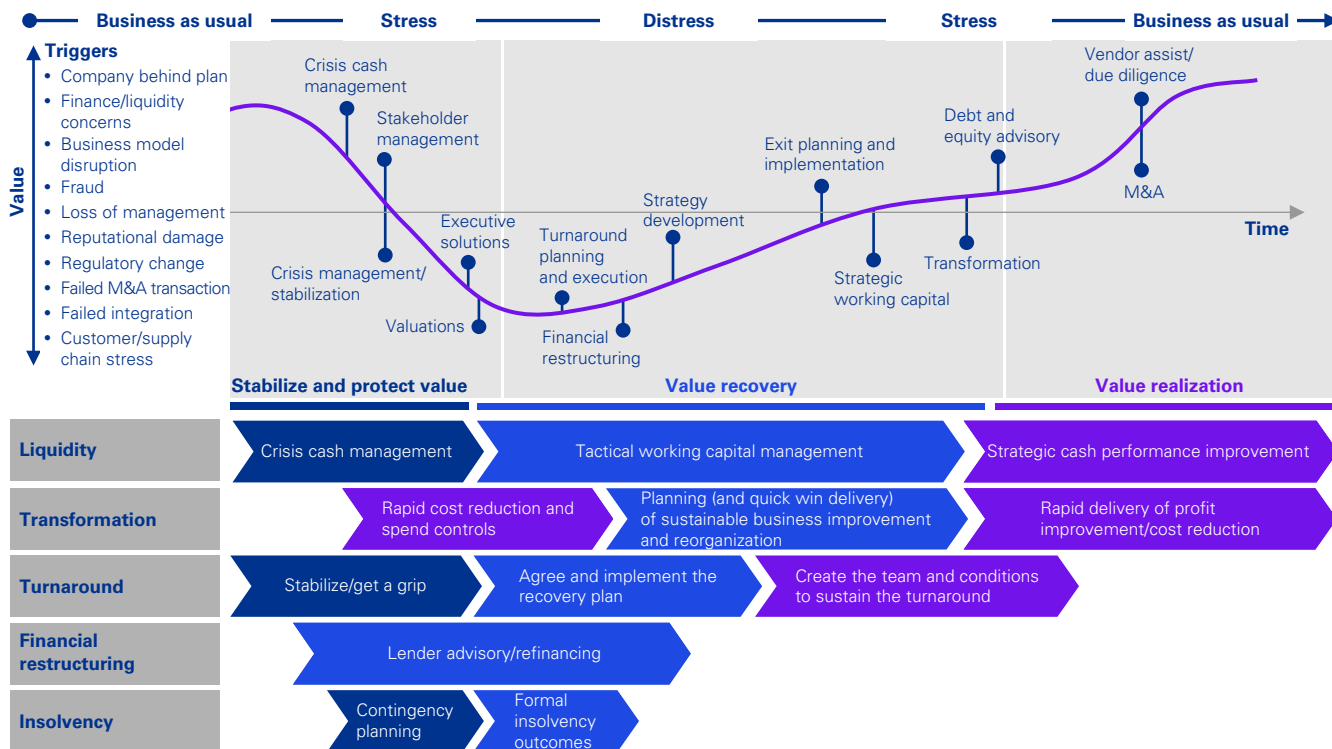
KPMG Global Retail Restructuring professionals bring *best of breed* expertise to retailers and consumer brands needing support in developing a turnaround strategy or financial restructuring when under stress.

KPMG's Retail 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 & divestments and debt advisory.

KPMG's 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.

## We work with clients across the business and value cycle with solutions bespoke to their unique circumstances.



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