

Brazilian Suppliers and Retailers Battling COVID-19 Agree That Collaboration Is a Necessity for Recovery

Between April 7 and 9, 2020, Advantage Brazil surveyed 60 Senior Leaders from 50 Suppliers and Retailers in Supermarket, Drugstore, Cash & Carry and Wholesale channels. Respondents were asked about the impact of the crisis on their business partnerships and its effects on performance in the short and long-term.

“Collaboration has never been so important and has become a competitive advantage for players that will survive this crisis.”

– Brazilian Retailer

The Crisis Landscape in Brazil:

In just a few days, Brazil's economy was pushed back from the 21st century to the challenges of an economy in wartime, with radically changing lifestyle and consumption habits. A lack of crisis preparation highlighted several areas of weakness within businesses' operating models. Given the volatility of this new environment for suppliers and retailers alike, strategy was overshadowed by urgency.

Findings in Favour of Collaboration:



of respondents observed an **improvement in their business partnerships** during the crisis; particularly impacting the following relationship areas:

- ✓ Readiness to resolve issues
- ✓ Constant communication
- ✓ Focus on critical subjects
- ✓ Quick response times



of respondents reported that the partnering companies who provided the best collaboration during the crisis were among those within the **top performance tier in the annual Advantage Report™** program.

Challenges Imposed by a Lack of Collaboration:

40% of respondents stated **'information sharing'** as *"something that would have made all the difference if it were in place prior to COVID"*.

Companies immediately felt the impact of **not having crisis management plans and contingency teams** in place during the first few days of the crisis.

Significant demand shifts, production, transport and delivery capacity represent daily challenges for all players in getting products onto shelves.

Future Considerations for Partners to Achieve Successful Recovery:

- 1) **View consumer spending (share of wallet) holistically** – this provides a broader assessment of shoppers' capability to consume post-crisis given individuals' loss of income.
- 2) **Develop joint strategies by category, channel, and store format** - this crisis requires a full revision of JBPs and renewed strategic alignment. Operationally, additional metrics will be necessary for more intense collaboration across all areas and levels.
- 3) While nearly all respondents expect the growth of e-commerce opportunities, it is important **not to divert the focus from physical stores** that are and will remain the largest share of business by far.