Local Stores Observatory

Q1 2021 - Quantitative part

Google Market Insights

Scope and methodology

Quant investigation

To provide quantitative KPIs in order to track the local stores economic situation and recovery over time in 3 additional waves in 2021

> Phone B2B survey

French local stores (from 1 to 19 employees as per INSEE definition)
500 local stores keepers
Fieldwork from March 8th to March 22nd 2021
20 min questionnaire
Quotas & weighting : Representative sample of relevant business branches
Only BtoC clients
Regional breakdown: Parisian region, North West, North East, South West and South East

Activities studied:

Artisans, merchants, small services companies (shops on stalls and markets, bakeries / pastry shops, hairdressing, general food stores / mini-markets, butchers / delicatessens, pharmacies, beauty care, garden center, florists)

HORECA: Hotels, restaurants and bars

Franchises – excluding hypermarkets (clothing, optical and photography, footwear, perfume and beauty products, sale of sporting and leisure goods, supermarkets, leather goods and travel, DIY)

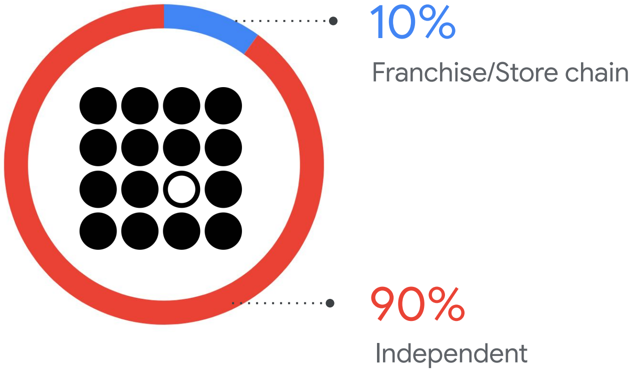
Reminder of the study schedule in the crisis context

Sample overview

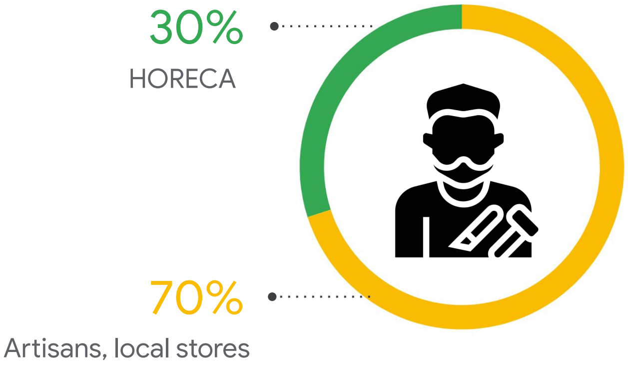
Proprietary + Confidential

Sample overview and quotas

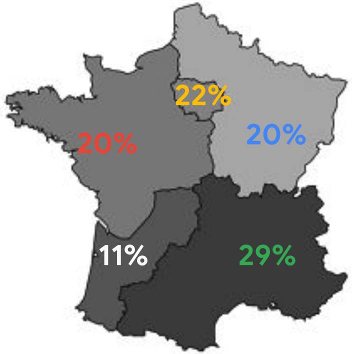
Business status



Nature of business



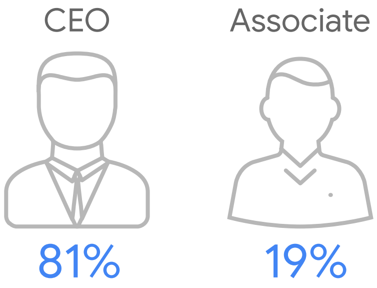
Region of establishment



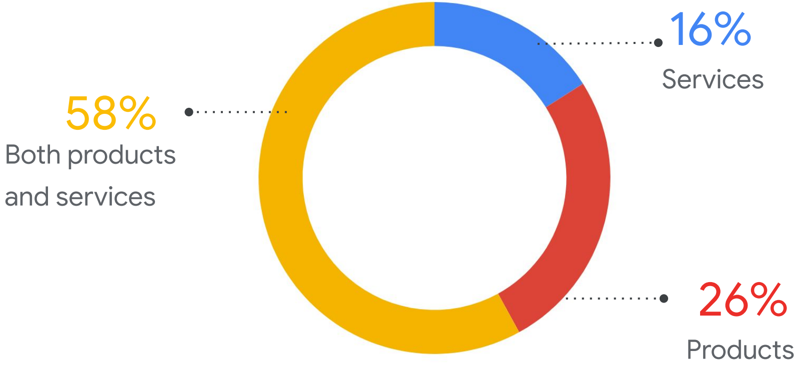
Total Base: 501 / S5 : Your activity is...? / S4 : what is your main activity ? / S7 : you business was launched ... / S6 : please confirm you ZIP code.

Respondents’ profile

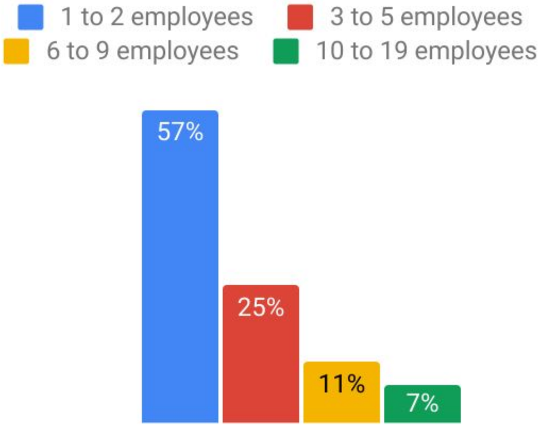
Respondents’ position



Products or services?



Number of employees



Total base: 501 / S1 : What position do you have in your company ? S2 : Including yourself, how many employees work in your company ? S8 : what does you business propose ? single answer

Line of business

Restaurant

21%

Pharmacy

9%

Hairdressing salon

9%

Hotel

6%

Grocery Store

6%

Tobacco Shop

5%

Clothing Shop

5%

Real-Estate Agency

4%

Bakery

4%

Caterer/butcher: 3%, Bars: 3%, Optician: 3%, Beauty institute: 2%, Furniture: 1%, Gardener: 1%, Insurance: 1%, Handyman: 1%, Laundry: 1%, Wines: 1%, Sportshop: 1%, Other < 1% : 13%

Total base: 501 / S4 : what does your main activity consist in ? open-ended

State of mind facing the crisis

Proprietary + Confidential

Losses forecast in 2020 are still important but optimism is coming back, except for HORECA

State of mind facing the crisis

Health crisis has **strongly impacted** the local stores' turnover in 2020: 59% of them have suffered from a loss (-8 pts vs. Q4 2020). Their losses are still **significant**: 38% on average and over 50% for nearly 1/5 of them. HORECA are even more impacted than the others: 49% of loss on average for them (+4 pts).

However, **optimism is gaining ground**: 74% of local stores feel confident about their business future (+21 pts vs. Q4 2020) and "only" 40% discouraged (-18 pts).

Despite a **decreasing trend**, 48% of local stores are still facing an **important level of stress** (-8 pts vs. Q4 2020), except for HORECA which are more struggling (54%).

In the meantime, **support is decreasing** compared to the end of 2020: whereas 44% benefit from material or financial assistance or exemption of charges (-16 pts vs. Q4 2020), 78% of HORECA are still **under drip-feed**.

While decreasing, a significant part of local stores is still “administratively closed”

HORECA are still particularly striked, with no prospect of reopening

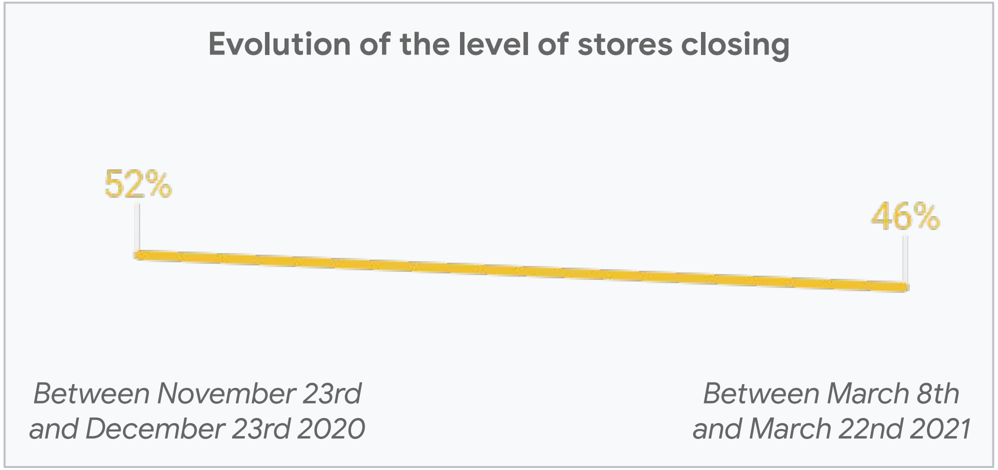
Closed local stores

46% HORECA: **74%**

(-6 pts vs. Q4 2020)

of local stores were **closed** between March 8th and March 22nd 2021

Reminder: 3rd partial national lockdown April 3rd until May 3rd



Total base : 501 / Q1. Is your business currently closed as required by the last government instructions, as part of the fight against the spread of COVID 19 ? single answer

2020 average losses are really important...

for those which had to fully close, notably HORECA

Average losses forecast in 2020

Average loss = **38%**

(+1 pt vs. Q4 2020)

HORECA: **49%** (+4 pts vs. Q4 2020)

Evolution of the average losses

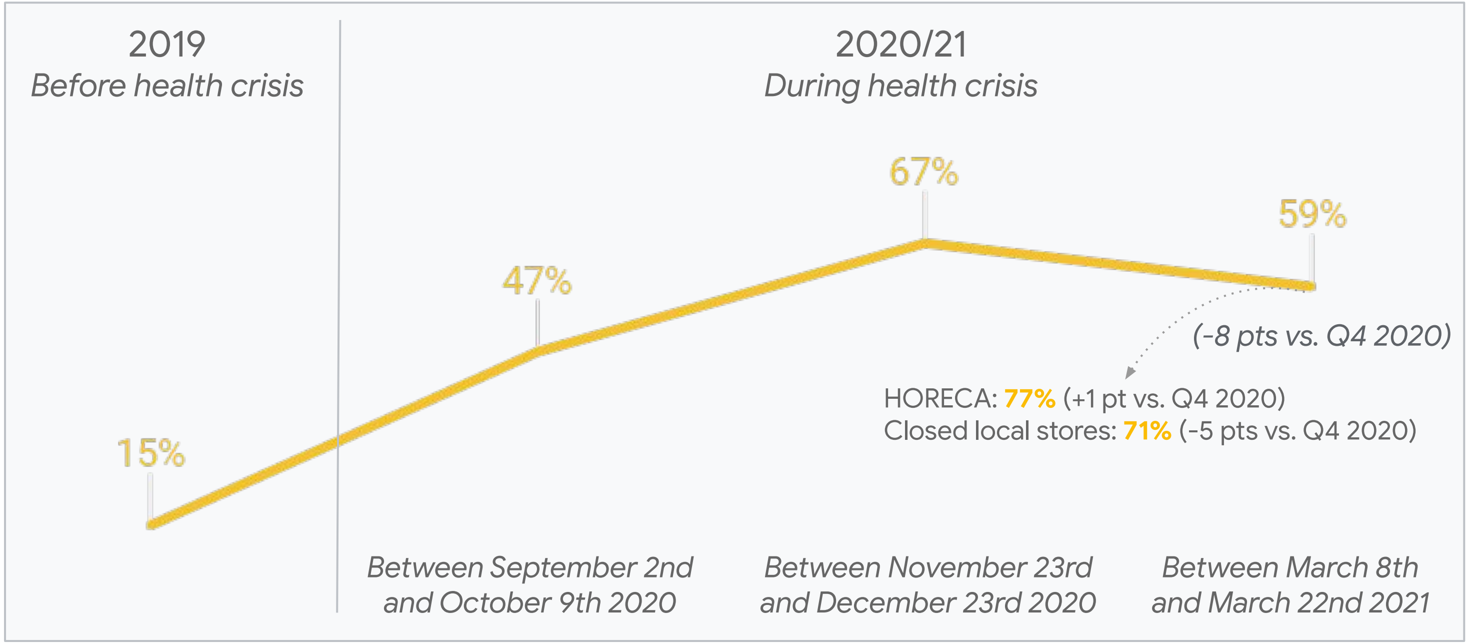
Total base: 501 / Q2. After this crisis, do you expect your 2020 turnover to be impacted by ...

... but, with time, share of stores forecasting losses is falling

Most of local stores expect their 2020 turnover to drop, despite less pessimism in Q1 2021

Evolution of the share of local stores expecting losses in 2020

estimated by local stores interviewed:



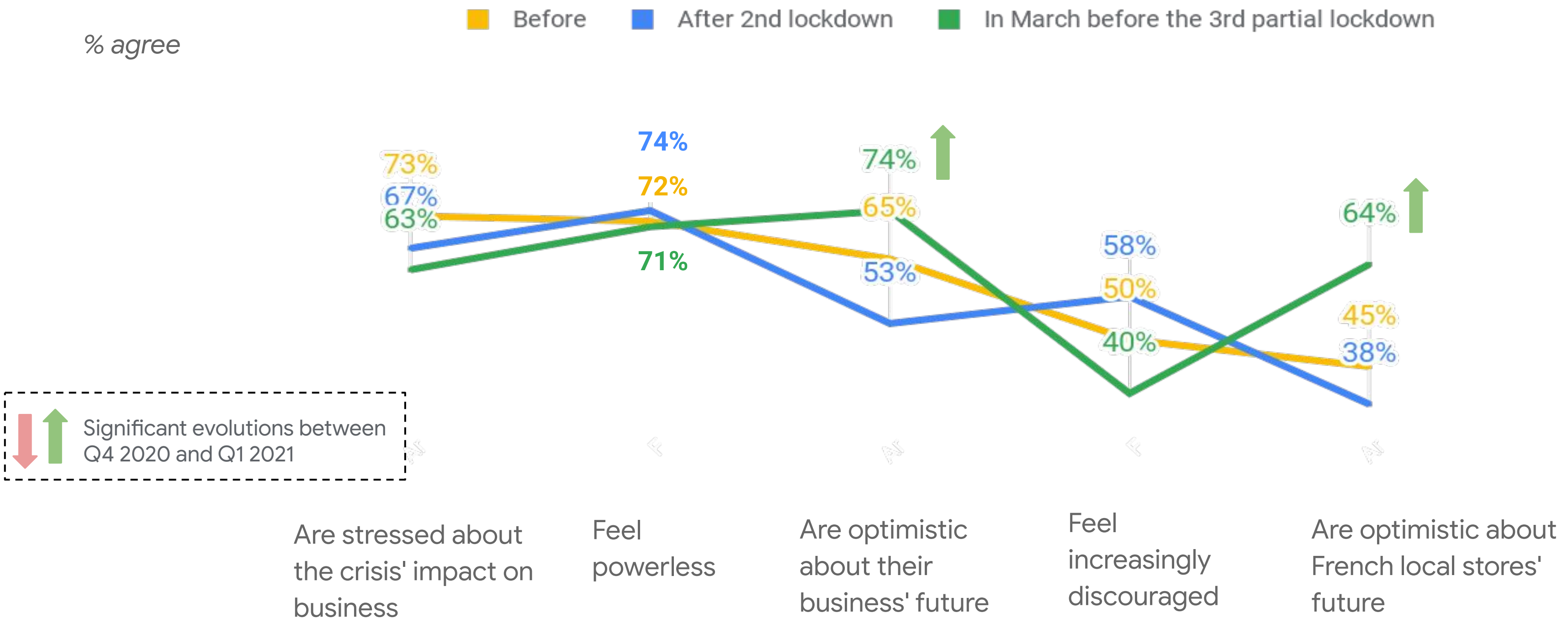
Q: In 2020, what kind of turnover do you expect ?
Source: Results on the local stores of less than 20 employees coming from a study conducted by Ipsos among French companies in sep/oct 2020

Optimism is gaining ground between 2nd and 3rd lockdown

Less local stores are stressed about the crisis's impact on business

State of mind

% agree

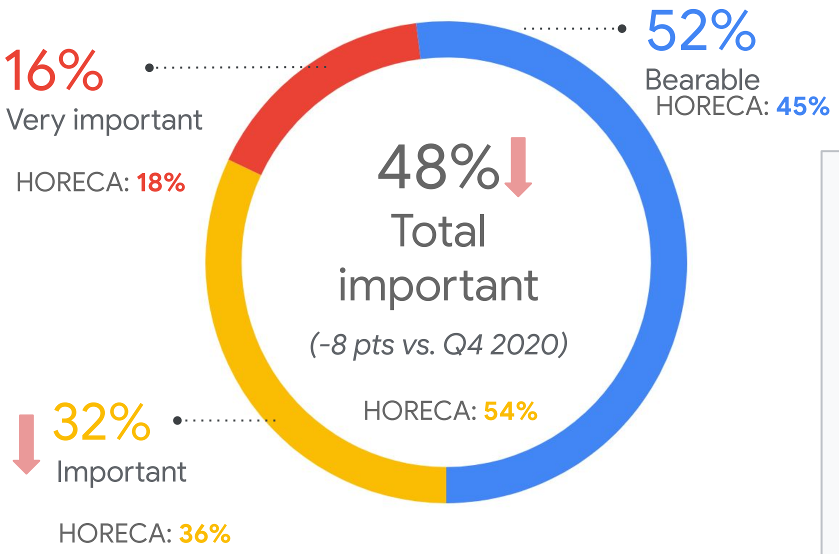


Total base: 501 / Q3. To what extent do you agree with the following statements ? « Before the announcement of the implementation of a second lockdown to help face the sanitary crisis due to coronavirus … » // Q3BIS. To what extent do you agree with the following statements? « Since the announcement of the implementation of a second lockdown to help face the sanitary crisis due to coronavirus » single answer

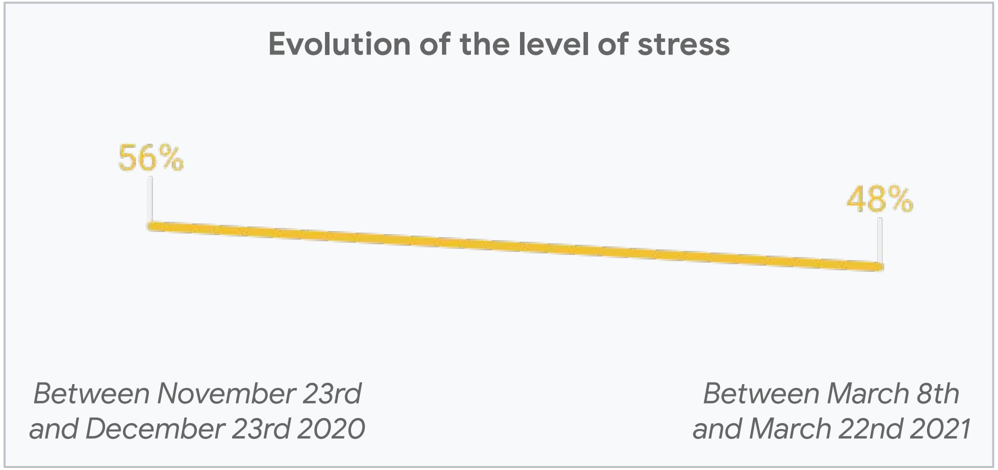
Local stores' level of stress remains high but is decreasing

HORECA sector is still struggling though

Level of stress due to the crisis



Significant evolutions between Q4 2020 and Q1 2021

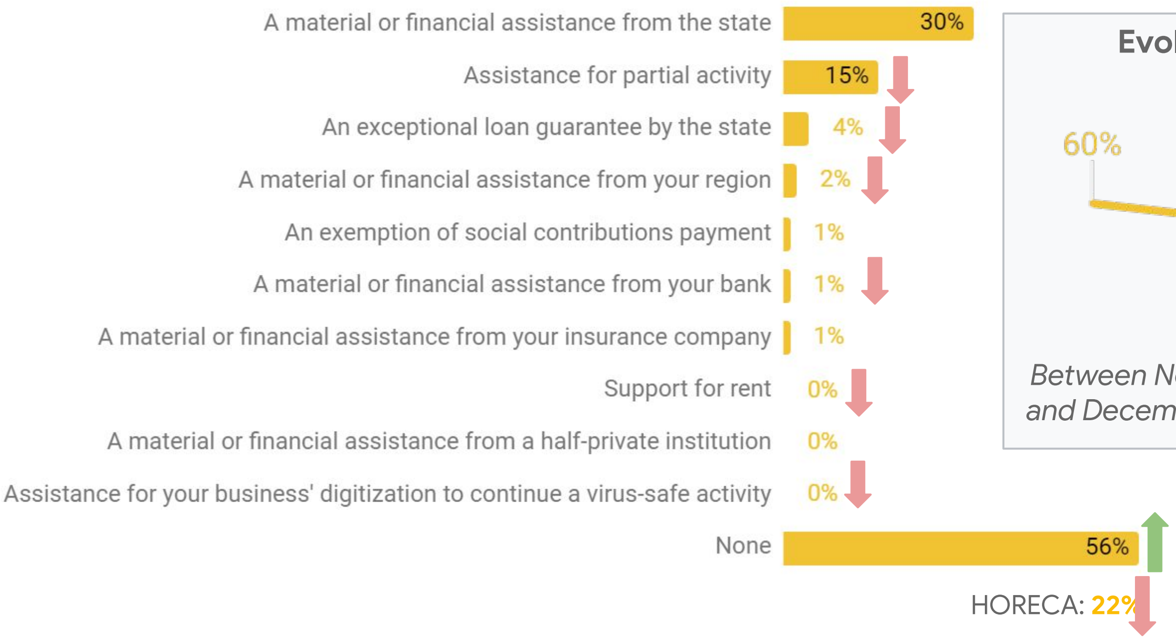


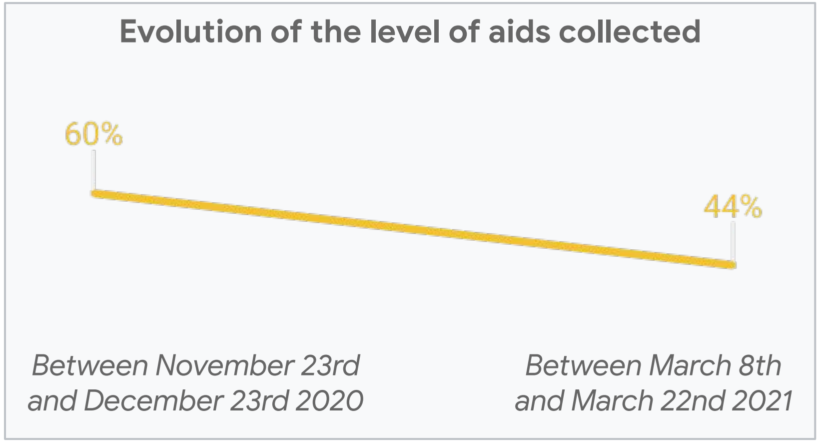
Base : Declared being stressed by the crisis: 314 / Q4. Today, what is your stress level ? single answer

Financial support is clearly decreasing, except for HORECA

Only **44%** of the local stores benefit from material or financial assistance or exemption from charges (-16 pts vs. Q4 2020) ; **78%** of HORECA (+5 pts) are still under drip-feed

Financial or material aids collected





Significant evolutions between Q4 2020 and Q1 2021

Total base: 501 / Q6. What kind of support do you currently benefit to face the crisis? multiple answers - total > 100%

Google Market Insights

Degree of digitization

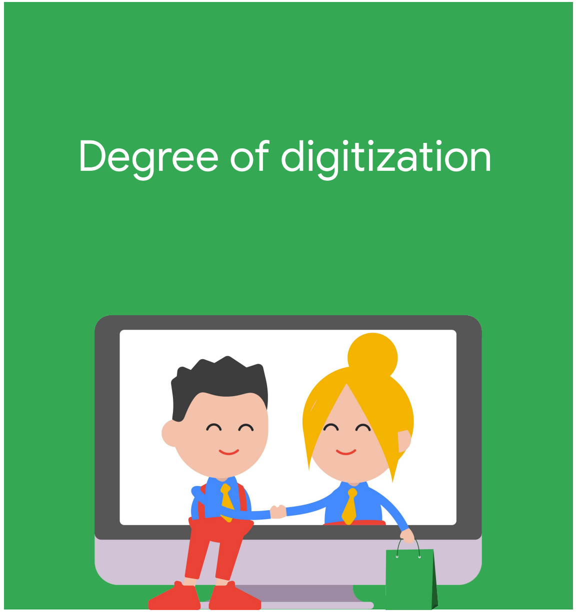
Proprietary + Confidential

Local shops still need to gain more digital maturity but the key role of digital is standing out…

Degree of digitization

- Even more local shops see digital as a way to have more visibility on the Internet (68%, +14 pts vs. Q4 2020), a key lever considering the current crisis and their crucial priority to remain visible and maintain the client relationship.
- A large majority think a presence on Internet is essential for their business' visibility and 7 out 10 consider digital as essential to go through the crisis
- HORECA professionals are more aware than other local shops of the role of digital as an "anti-crisis shield". Particularly impacted by the crisis, more and more of them are convinced that digital is essential to maintain their activity
- Local stores are still "light users", but - again - HORECA show an increasing usage of digital tools (27% use 5 to 7 digital tools), especially visibility ones

... as well as its benefits



Over one third of local shops use more digital communication and online visibility tools than they used to: an upward trend compared to the end of 2020. Again, more HORECA professionals use these kinds of tools (40% vs 27%)

As already observed, digital solutions galvanize local stores' business. Among storekeepers who set up at least one action, benefits on their business are clearly identified and tend to increase compared to the end of 2020. For instance, 7 out of 10 benefit of an increase of their website traffic - for 14% of them (+7 pts), more than 10% - thanks to its optimization

Regarding the distribution channel, local stores still bet on e-commerce, especially franchise believing more than the others in online sales

Digital remains the best way to gain visibility

Significant evolutions between Q4 2020 and Q1 2021

Definition of digital: It is a way to…

Have **more visibility** on the **internet**

68%

+14 pts vs. Q4 2020

Give more **information** about your **activity** to your **clients**

35%

-6 pts vs. Q4 2020

Develop **new online services** (take-away, curbside pick-up, menus via QR code, contactless payment)

14%

-14 pts vs. Q4 2020

Monitor your activity daily using adapted tools

12%

-4 pts vs. Q4 2020

Extend your **customer base** beyond regulars

7%

-15 pts vs. Q4 2020

Better **manage stocks**

5%

-4 pts vs. Q4 2020

Backup all **the data** linked to your structure and clients on a **secured network**

3%

-8 pts vs. Q4 2020

Manage your **fixed charges** better

1%

-6 pts vs. Q4 2020

Google Market Insights

Total base: 501 / Q6BIS. How would you define "digital", and how digital tools could possibly be useful in your business ? multiple answers - total > 100%

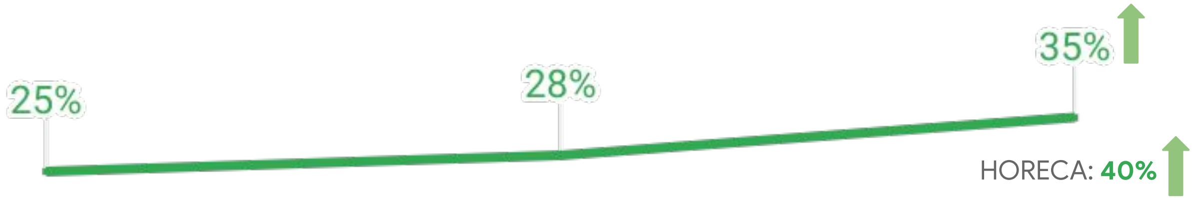
An increasing use of digital tools since the beginning of the health crisis, especially among HORECA

The 3rd lockdown could also reinforce this positive digitization trend

Use of digital tools since the beginning of the health crisis

Significant evolutions between Q4 2020 and Q1 2021

% of local stores which implemented **more digital tools** than they used to before the crisis:



estimated by local stores interviewed:

Between September 2nd and October 9th 2020

ACSEL

Between November 23rd and December 23rd 2020

Between March 8th and March 22nd 2021

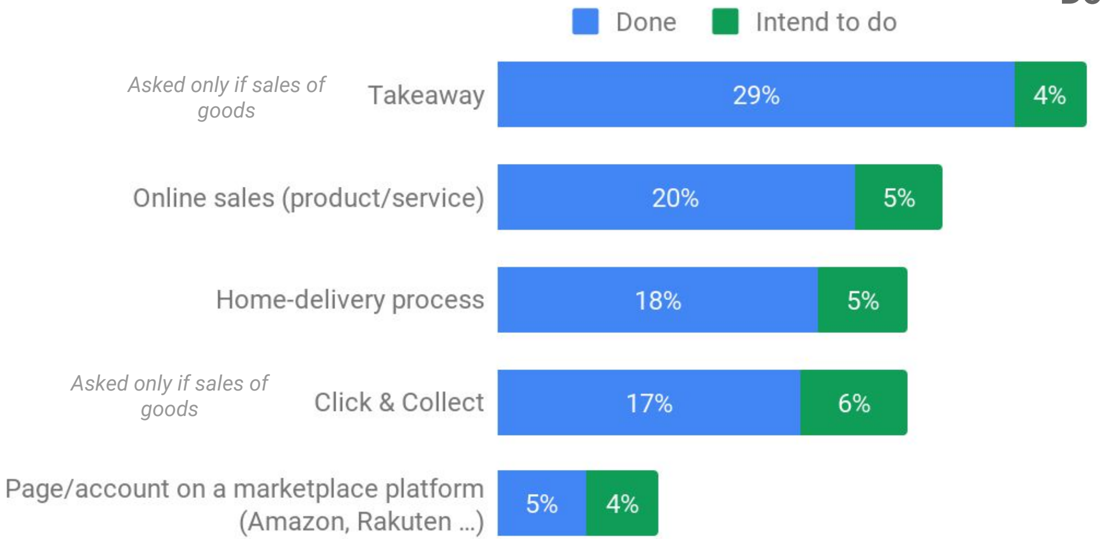
Q: In 2020, what kind of turnover do you expect ?
Source: Results on the local stores of less than 20 employees coming from a study conducted by Ipsos on SMBs in France in sep/oct 2020

Local stores still bet on online sales channels

More than half of franchise have already implemented or plan to set up E-commerce solutions, especially online sales

Significant evolutions between Q4 2020 and Q1 2021

Intention to set-up digital sales solutions



Total
Done or intention (vs. Q4 2020)

33% *(+7 pts)* HORECA: **60%**

25% *(+6 pts)* Franchise: **48%**

23% *(+1 pt)*

23% *(+1 pt)*

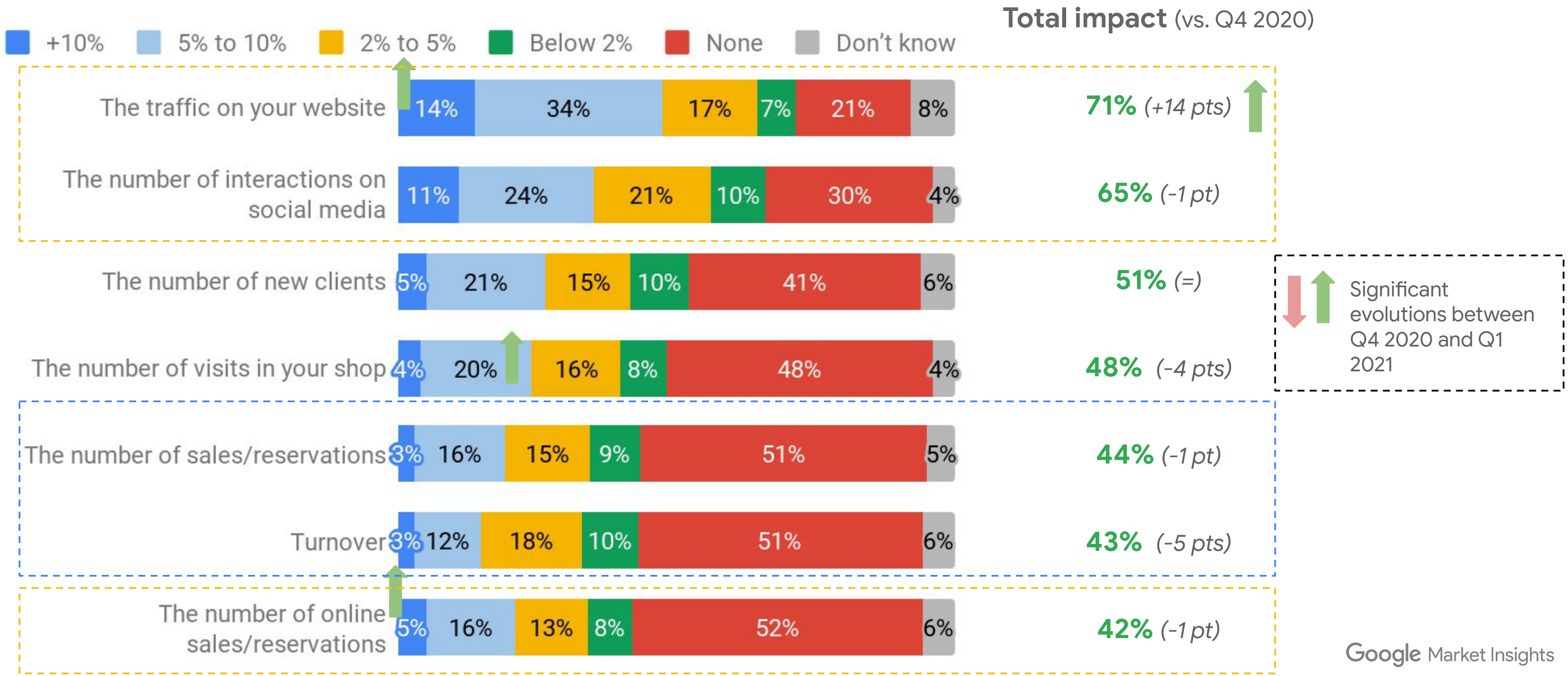
9% *(+2 pts)*

Total base : 501 / Q14 : In terms of sales channels, what actions have you already operated or do you intend to operate ? single answer per line

An increasing positive impact of digital on online traffic

62% measured an impact on online traffic (+1 pt vs. Q4 2020) // 53% on their sales (-1 pt)

Impact of the use of digital tools on business

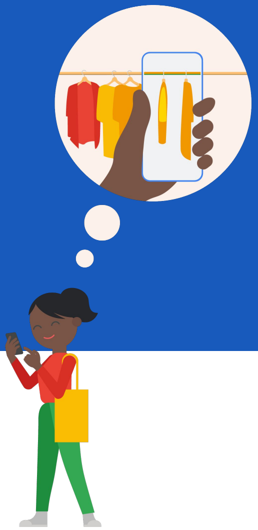


Base Has set-up at least one digital communication action: 395 / Q13. Since this crisis' beginning, what impact did this/these actions have had on .... / single answer per line

Google digital workshops

Google digital workshops have a “part to play”

Google digital
workshops

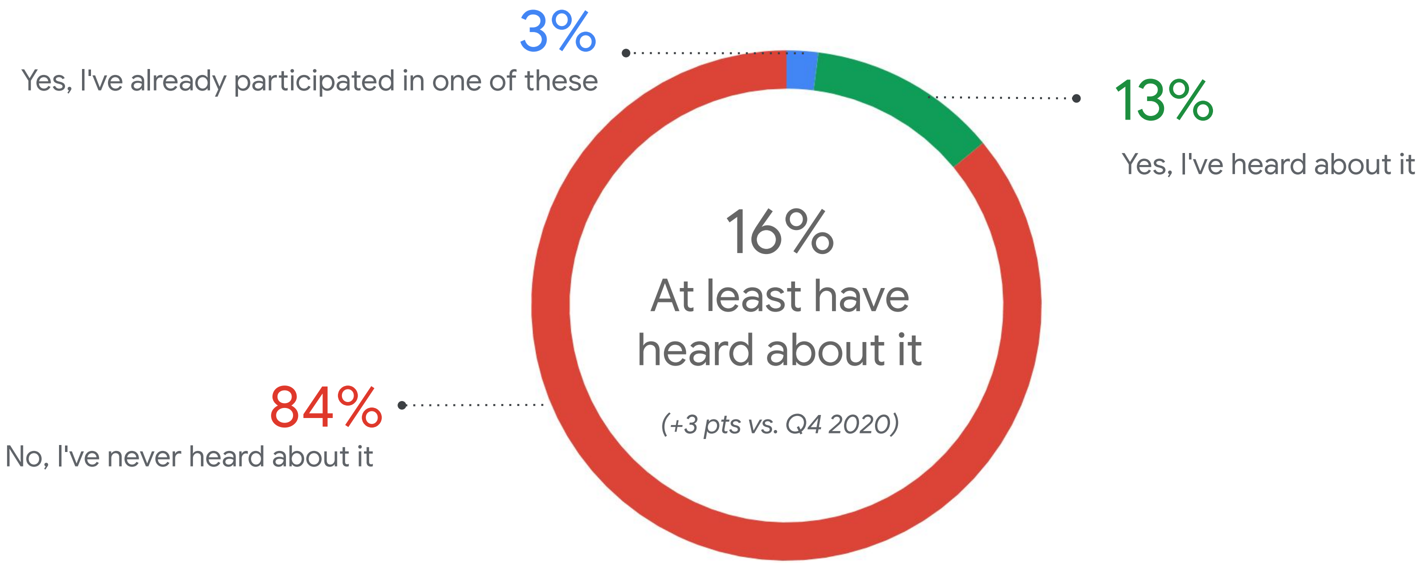


- Google digital workshops are still scarcely known: only 13% storekeepers have already heard about it and only 3% have already participated in one of these.
- However, some could be interested in participating to Google digital workshops, especially those dedicated to help them to launch an online business (51%) or to help users to find their business on Internet (45%) or to promote their activity via online Ads (30%)

Proprietary + Confidential

Google digital workshops are still not well known, despite a slight increase compared to 2020

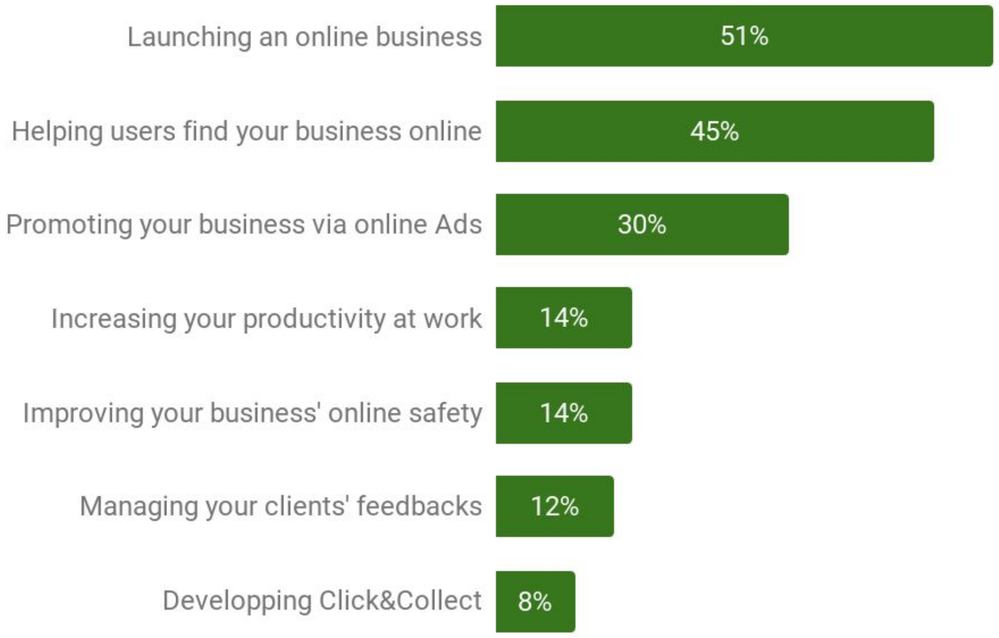
Google digital workshops awareness



Total base 501 /Q26. Google proposes a serie of "Digital workshops" where you can learn about several topics (launching an online business, how to get your business found online, promoting your business via online ads ...). These workshops are available on "Ateliers Numériques" YouTube channel, also on a dedicated website and in many regional partners (as Chambers of commerce and industry). Did you know these workshops exist ? single answer

Entrepreneurship & visibility workshops get the highest interest rates

Interest for Google digital workshops topics (spontaneous)

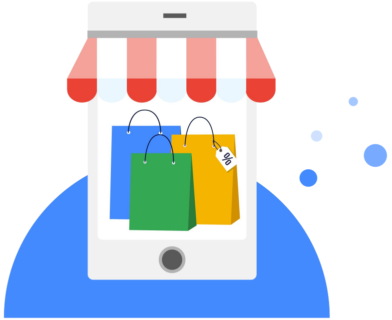


Base : interested in at least 1 workshop (74) /Q27. What types of workshops might interest you ? (Wave 1 : single answer / Wave 2 : open-ended question)

Conclusion

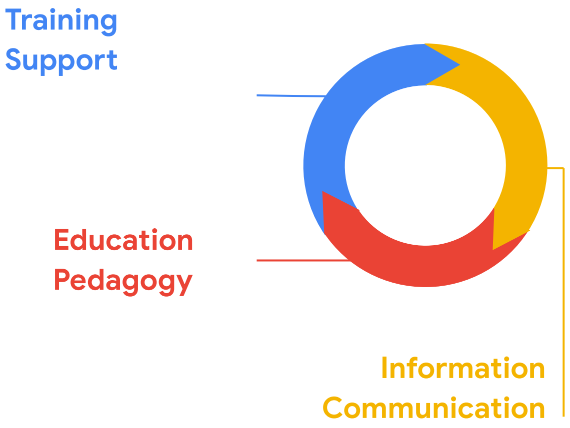
1 While level of stress, financial losses and stores closure are decreasing since 2020, covid crisis is still striking local stores with **full force, especially HORECA**

2 If local shops are still not quite **digitally mature**, they are getting **more and more equipped throughout the crisis**, particularly HORECA and franchises



3 Pillars for a good relation with local stores: highlighting tools **added value** and planting **ideas**

4 Digital workshops have gained some **awareness** since the end of 2020 but need to be **promoted**



Thank You