

RETAIL

How retail continues to adapt to the post-COVID world

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Some retailers are having difficulties meeting consumer demand. Image credit: National Retail Federation

By SARAH RAMIREZ

The 2020 holiday season may have given retailers a glimpse of what to expect in what is predicted to be another disruptive year.

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Speakers from Coresight Research and analytics platform Placer.ai shared their 2021 retail predictions during a session at the National Retail Federation's Big Show on Jan. 19. While many retailers have innovated their businesses in response to the COVID-19 pandemic, the recovery will likely be uneven as the fallout continues.

"Stores are in some ways more than stores; they are this area in the community that brings people together," said Deborah Weinswig, CEO/founder at [Coresight Research](#), New York. "As we continue to transition through 2021, we'll see what the future store looks like and how the online impacts the offline."

Malls of the future

With cases of COVID-19 surging across the United States, the holiday shopping season relied more on ecommerce than in-store transactions ([see story](#)).

This also meant that retailers, particularly mass-market brands, did not see crowds of doorbusters on Black Friday.

As Ms. Weinswig explained, while consumers did visit stores or malls during the holiday weekend, capacity restrictions led to longer lines as consumers waited to shop. As a result, retailers had difficulties processing all the foot traffic and serving consumers.

Even with COVID-19 vaccinations being deployed and an end in sight to the pandemic, the economic consequences will reverberate in the coming years.



Malls have to reinvent and differentiate themselves, and outdoor malls have an advantage. Image credit: Bal Harbour Shops

As retailers realize they are able to be successful online and shift their strategies, they are reducing and reevaluating their physical footprints. According to Ms. Weinswig, some stores are now being used as "micro-fulfillment centers" or pickup locations.

Some retailers may also move away from the flagship model as consumers leave cities for suburban communities.

This may give large, suburban malls another opportunity to pivot and attract new tenants and shoppers. Some thoughtful adaptations may include adding fitness centers, new restaurant concepts, coworking spaces or even art exhibits to recreate urban environments in suburban settings.

"Reinvention is going to be so important because it's going to allow malls to differentiate themselves as opposed to following the same kind of 'we've seen this before' model," said Ethan Chernofsky, vice president of marketing at [Placer.ai](#), Los Altos, CA. "There's so much opportunity in the mall space I think it's one of the sectors that's going to do surprisingly well in 2021, and hopefully beyond."

Additionally, if retailers have fewer locations, malls will be able to further differentiate themselves as destinations for a specific type of consumer rather than offering a nearly identical experience from a nearby shopping center.

Already, outdoor malls are showing signs of a stronger recovery as some shoppers remain wary of spending too much time browsing indoors. Some of these locations are also benefitting from a more diverse tenant mix, for instance having traditional grocery stores next to apparel retailers.



Retail corridors in cities may have a more uphill recovery. Image credit: Fifth Avenue Association

Brands that have relied on outposts in urban corridors will likely struggle until affluent workers return to nearby office space. According to Placer.ai location data, office visits in the U.S. were still down about 80 percent in November and December 2020.

Another potential long-term impact on retail may be the change in consumers' daily routines. With so many people working remotely, consumers are no longer in the same habit of picking up their morning coffee or visiting an upscale boutique during their lunch breaks.

"When COVID comes to end will have huge implications on whose seasonality gets impacted," Mr. Chernofsky said.

Luxury adapts

High-end retailers and brands are also trying different strategies to meet these new challenges, particularly as many

feel they have upped their ecommerce tactics.

For instance, LVMH-owned beauty retailer Sephora is entering a long-term strategic partnership with department store chain Kohl's to grow its footprint across the United States.

The omnichannel partnership will launch in fall 2021, with Sephora establishing an in-store presence at hundreds of Kohl's locations and becoming the exclusive beauty partner for Kohls.com. This will allow Sephora to leverage Kohl's wide-reaching customer base to make inroads in many smaller markets where the cosmetics retailer does not have a physical presence ([see story](#)).

In another move, department store chain Saks Fifth Avenue is focusing on unique experiences, which had successfully engaged shoppers pre-pandemic. Multibrand retailers such as Saks and Nordstrom have additional hurdles to recovering since these stores rely on more vendors and supply chains to stay stocked.

Most recently, Saks Fifth Avenue has unveiled the Barneys at Saks experience on the fifth floor of its New York flagship store.

With a focus on exploration and discovery, Barneys at Saks offers a wide range of emerging designers as well as familiar labels. To celebrate the launch, Barneys at Saks is featuring merchandise across multiple categories, including women's and men's ready-to-wear as well as handbags and accessories, providing customers a holistic approach to shopping at Saks ([see story](#)).

Such upscale experiences cannot effectively be replicated online, making in-store shopping a desirable experience.

"I do think there's still this opportunity to create what's fantasy in the department store space," Coresight Research's Ms. Weinswig said.

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