RETAIL

# Pandemic pivot lessons from outside the luxury sphere

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*K-pop girl group Blackpink for sportswear brand Adidas. Image credit: Adidas*

By SARAH RAMIREZ

Luxury labels can learn from how mass-market brands pivoted after the COVID-19 pandemic upended the ecommerce and retail businesses.



During a session at the Michigan Fashion Media Summit on March 9, speakers from different brands spoke on the opportunities that sprung from the start of the pandemic. The pandemic has changed consumer shopping behaviors, and brands have responded with creativity and new digital tactics.

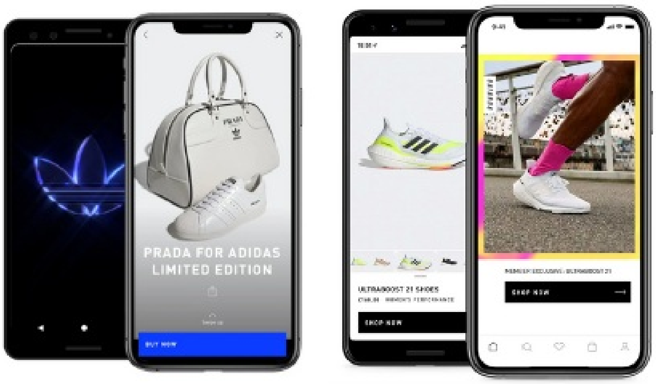
"Many retailers, if not pivoted, doubled-down on ecommerce and digital fluency," said Alison Meyer, industry marketing director at Afterpay. "We've seen a huge acceleration of ecommerce growth."

Digital connections

Following the adoption of broadband internet, COVID-19 was the second mass accelerant of ecommerce, argues Scott Zalaznik, senior vice president of digital at German sportswear brand Adidas.

Once lockdowns and stay-at-home orders began, brands in the fashion and retail sector faced different challenges in leveraging digital tools to engage with consumers.

For instance, Adidas enlisted its athlete and celebrity partners to record their at-home workouts and the footage was then incorporated in the brand's #hometeam campaign. Adidas also introduced rewards and social incentives to encourage consumers to share their home workout milestones on the brand's mobile app.




*Adidas has several mobile apps, focusing on shopping, training and more. Image credit: Adidas*

While shoppers turned to athleisure while quarantining at home, more fashion-forward companies had other obstacles and opportunities.

Installment payment platform Afterpay saw growth as millennial and Gen Z shoppers, who are typically credit-adverse, ended up embracing the flexibility of payment installments over a short period amid economic uncertainty.

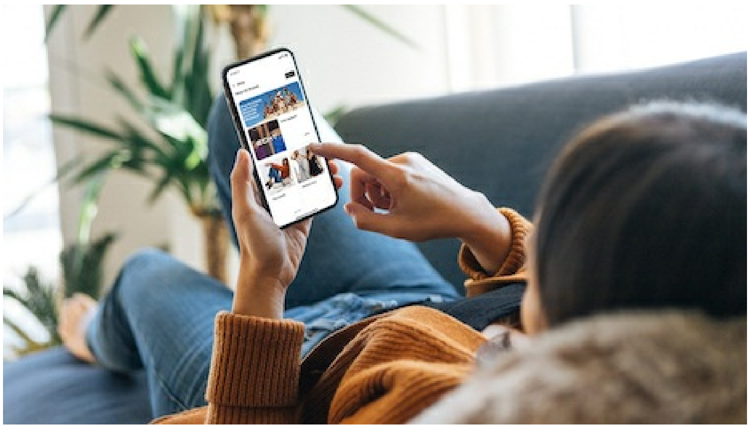
The artificial intelligence shopping mobile application The Yes was originally set to launch on March 25, according to CEO and cofounder Julie Bornstein. The app, which prompts users with "yes/no" questions to personalize a virtual storefront, eventually launched in May.

"[The pandemic] gave us the chance to really have a little more time to build the product and improve the algorithm and learn what customers liked," Ms. Bornstein said. "It feels like it was almost like a beta period, in some ways."

Ms. Bornstein also explained that The Yes would not have been viable a few years earlier, since the platform relies on AI technology as well as a robust ecommerce infrastructure with a large product assortment.

Afterpay's Ms. Meyer also believes that physical and digital retail will continue to use technology to become even more omnichannel. She pointed to the emerging popularity of digital fashion for gamers and other tech offerings from top brands.

To improve the synergy between digital and physical, Mr. Zalaznik encouraged brands to remove friction from the customer experience. He identified mobile as a way to unlock digital experiences as well as more engaging physical experiences.



*Buy-now-pay-later makes large purchases more accessible for younger consumers. Image credit: Afterpay*

Social commerce, or seamlessly purchasing products found through social platforms such as Instagram or TikTok, is another avenue likely primed for growth, particularly among younger consumers. To succeed, brands and retailers will need to use what they know about consumers to offer relevant recommendations to continue building credibility and loyalty.

"It's not about pouring money to grow it fast and grow it quick," Ms. Meyer said. "It's let's create a long term strategy to make sure that we're retaining this customer and continuing to develop a relationship with them."

Ecommerce survival

Luxury brands and retailers are reevaluating their own digital and ecommerce strategies.

Earlier this month, the owner of department store chain Saks Fifth Avenue revealed it is establishing the retailer's ecommerce business as a standalone entity, signaling an evolution in consumers' shopping preferences.

According to Hudson's Bay Company, the newly-split Saks the ecommerce business and SFA the physical retailer will operate separately, but continue a symbiotic relationship. The separation, however, allows HBC to more strategically invest in its different offerings as the luxury retail sector navigates exponential ecommerce growth amid a challenging climate for bricks-and-mortar stores (see story).

Outside of retail, Rmy Martin's Louis XIII is introducing an immersive online boutique, as upscale digital offerings become vital for premium wine and spirits brands looking to engage with consumers.

Through the new redesign, consumers in the United States will be able to buy the Cognac directly from the Louis XIII site for the first time. As live events, travel and dining have been severely curtailed during the COVID-19 pandemic, consumers are now turning to ecommerce platforms to purchase and experiment with different premium spirits (see story).

The willingness to experiment will help brands identify what works best to reach changing consumers.

"Whether it's inside your company or amongst your partners, I think it's that collaborative spirit and that failing fast' mentality that is really what is separating the ones that will win versus not," Mr. Zalaznik said.