

RETAIL

Pandemic showed us where we could improve: Hugo Boss COO

September 24, 2021



Sales associates maintained consumer relationships during the pandemic. Image credit: Hugo Boss

By SARAH RAMIREZ

The COVID-19 pandemic has forced brands to adapt their retail models, from operations to customer communications and talent retention.

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During the **Financial Times "Future of Retail" virtual conference** on Sept. 21, retail leaders reviewed how they have shifted their operating models during the era of lockdowns and uncertainty. From talent to consumers, brands will have to embrace flexibility to remain agile.

"The pandemic has shown where we could do much better in the future," said Heiko Schfer, chief operating officer at **Hugo Boss**, Stuttgart, Germany.

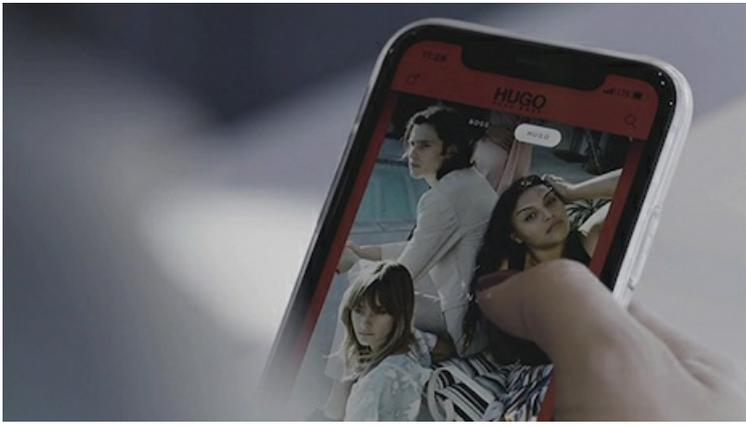
"We had to adjust our retail operations, practices and models basically in three specific ways to better cope with the pandemic-driven changes in consumer preferences and behavior."

The session was moderated by Patricia Nilsson, consumer industries reporter at *Financial Times*.

Changing processes

According to Mr. Schfer, COVID-19 forced Hugo Boss to focus on ecommerce investment, consumer outreach and supply chain flexibility.

The German fashion house maintains three different ecommerce models: owned-domains, marketplaces and wholesale. These investments were critical to make up for missing bricks-and-mortar revenue, and Hugo Boss plans to continue growing the share of online sales as part of its total sales.



Hugo Boss has increased its investments in ecommerce. Image credit: Hugo Boss

As a luxury label, Hugo Boss typically sees shoppers making less frequent purchases with high average ticket costs. Service is an essential part of this high-end experience, and store associates turned to video calls through WhatsApp and WeChat to drive purchase decisions, which were already originating through smartphones.

At the height of lockdowns, associates were also helping with fulfillment, using goods available at closed stores.

"Store staff members were basically delivering goods using their bicycle to consumers at home," Mr. Schfer said.

Hugo Boss also strengthened its supply chain, expanding capacity at production facilities in Italy and Turkey. Additionally, the brand has increased digital production to become more responsive to changing market trends as an entity.

Even direct-to-consumer, digital native brands such as home furnishings marketplace have had to make operational changes during the pandemic.

According to [Made.com](https://www.made.com)'s chief operating officer Nicola Thompson, the brand has streamlined the internal approval processes and improved data integration to better respond to market volatility. More flexible budgets have also made it easier for Made to reallocate resources when necessary.

"Flexibility has probably been one of the key things that we've built into how we operate on a day-to-day basis," Ms. Thompson said.

Ms. Thompson also believes it is important for brands to be honest with customers about the challenges and volatility they have faced.



Customer communications have become more transparent and empathetic. Image credit: Made.com

"Transparency comes through customer communications, right through to even advertising," Ms. Thompson said.

"We've kind of lost that need for this very highly polished and perfection [in advertising]," she said. "I think that makes businesses seem a lot more real, and a lot more engaged with their customers."

Workplace challenges

COVID-19 has also forced brands to rethink their approach to workplace culture, specifically remote and hybrid work formats.

Both Mr. Schfer and Ms. Thompson agreed that traditional working models will not return, though they were hesitant

to embrace fully remote work styles due to impacts on organic collaboration between employees.

"At least for us, my feeling is, it's super important to have the coffee talk or hallway conversations and all of that is usually not [happening] if people work remotely completely," Mr. Schfer said. "It's an important way of having to have the social glue, the bonding that you need in the company."

According to a 2020 report from Boston Consulting Group, three-quarters of employees self-report being able to maintain or improve their productivity on individual tasks when they shifted to working from home during COVID-related lockdowns. Factors including workplace tools and social connectivity played a role in how well employees adapted to the sudden shift to virtual workplaces ([see story](#)).

Remote work grants individuals more economic and behavioral freedom, allowing them to live anywhere and increase productivity. As the desire for workday flexibility increases, however, brands and retailers must examine how this change in daily behavior will affect their businesses ([see story](#)).

Hiring and career development have also become complicated due to more limited face time resulting from hybrid and remote work.

"I think a lot of that comes back to your culture, about creating an organization that supports an ongoing learning culture," Ms. Thompson said.

"In the end, talent and people are our most important corporate assets," said Hugo Boss' Mr. Schfer. "You need to be a bit more flexible where you build up talent."

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