

RETAIL

Foot traffic took a hit with Omicron, but recovery continues

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Omicron has been impacting visit rates since the end of the holiday season. Image credit: Placer.ai

By KATIE TAMOLA

Retailers and consumers continue to show resilience in the COVID-19 pandemic, despite the challenges spurred by the Omicron variant.

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According to new recovery **data** from Placer.ai, bricks-and-mortar foot traffic in January and February saw more significant year-over-two-year declines during the Omicron wave than drop-offs associated with the Delta variant. With the future remaining unclear, luxury retailers are being called to continue fostering both their in-person and ecommerce offerings, showcasing a blend of options that can reach any consumer with any shopping preference.

"The present and future of retail is about maximizing the combination of online and offline channels," said Ethan Chernofsky, vice president of marketing at **Placer.ai**, Tel Aviv. "The luxury brands that best leverage the unique benefits of each to create a better and more holistic experience for the customer will be the ones that succeed."

The report is based on data through Feb. 14.

Hope for recovery

Over the summer, physical retailers recovered due to a combination of declining cases, renewed demand and vaccinations.

Visit strength continued through July and early August 2021, until the Delta variant ultimately hindered the surge, pushing visits back-to-back year-over-two-year declines by late August and September.



Brands are continuing to show resilience as several experts believe recovery will continue. Image credit: Bloomingdale's

While Delta's period of impact lasted about a month with more limited declines and weekly visits quickly bouncing back by October, the Omicron variant proved even more significant.

Omicron has been impacting visit rates since the end of the holiday season, and the y-o-2y visit declines in January and February have been sizably larger than anything seen during Delta.

In-person visits to restaurants have also been directly impacted by Omicron, with the variant causing the y-o-2y gap to revert to rates from early 2021. This is indicative that Omicron could have hit the dining sector harder than the Delta variant or any other COVID-19-related setback in 2021.

Omicron also vastly impacted people returning to offices for in-person work, with the variant reflecting January weekly y-o-2y visit gaps surpassing 50 percent throughout the month.



The in-store experience is paramount to affluent shoppers. Image credit: Nordstrom

Although it is clear that the Omicron variant has had vast impacts, Placer.ai found that February 2022 visits are indicative of a significant recovery brewing across various retail segments, including offices in New York.

"The luxury retail sector has seen a tremendous rebound in demand, and as hospitality benefits from the continued recovery, those segments should expect a similar experience," Mr. Chernofsky said.

Bouncing back

Luxury retail continues to show resilience and growth, from individual brands landing record sales to in-person visits increasing.

According to U.S. department store chain Nordstrom, suburban stores continued to perform stronger than urban stores in the fourth quarter and locations in the southern markets outperformed the northern markets by 7 percentage points. Full-year revenue for the fiscal year 2021, including retail sales and credit card revenues, increased 38 percent compared to 2020 ([see story](#)).

Suburban retail continues to thrive as luxury brands and retailers work to expand their presences in these areas.

Returning to work in person could also prove beneficial for brands as consumers who do so seem more willing to travel to shop.

According to The Psychology of Store Selection report from advertising solution company Emodo, working in-office can have benefits for brands as consumers are willing to travel 10.5 miles when leaving work versus only 7.4

miles when leaving from home. Brands must also appeal to consumers with varying sentiments towards shopping and adjust their strategies accordingly ([see story](#)).

"Visits for luxury stores will increase this year," Mr. Chernofsky said. "The key will center around the ability of specific retailers, restaurants, and hotels to effectively embrace the luxury experience.

"Those that do, while leveraging digital and physical channels in harmony, will be most likely to enjoy a rapid recovery and better long-term trajectory."

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