

COVID-19 INDUSTRY ANALYSIS



NAVIGATING THE RECOVERY LANDSCAPE

POST COVID-19

Fashion & Luxury Retail Industry

CEO's Note

NAVIGATING PAST THE COVID-19 PANDEMIC

At a time of extreme uncertainty facing retail right now, fashion retail is re-assessing priorities. While in some cases the uncertainty and impact on cashflows resulted in an instant freeze of new investment, others have seized this opportunity to re-imagine the future. Big technology players with stashes of Venture Capital funding have used this as an opportunity to gain further ground.

Facebook is capitalising on social selling, following the success of the likes of WeChat. Amazon dominance through impeccable logistics and fulfillment has proven more impactful on winning market share than once thought. In the middle of a pandemic, not only has it managed to keep operations running at full throttle but it also started breaking through into designer fashion, traditionally seen as its weak spot.

Shopify saw subscription revenue increase by 34%, fuelled by the shift to online. In this fast paced environment, standing still is going backwards, so we decided to put this whitepaper together to celebrate the best real world examples of innovation in the industry and help retailers navigate this landscape. With a relentless focus on ROI, our goal is to showcase the best use of technology to shift the focus from discount to a value mindset in the areas of brick and mortar and online.



We see AI, Loyalty, Conversational Commerce, Live Streaming and Agent Whisperer Tech for Customer Services as mature technologies with numerous best practice examples to learn from and drive ROI. AR and VR have gained significant traction during this period.

While some might not be as mature as others, this landscape is one to keep an eye on as choosing the right experience at the right time is likely to create breakthrough moments. We'd love to hear what technologies you are adopting and how you are innovating during this time, so join the conversation on LinkedIn @Intelistyle.

Kostas Koukoravas
CEO



Overview

INTRODUCTION & EXECUTIVE SUMMARY

The current focus of Fashion & Luxury Retail executives is crisis management and survival strategies to compensate for the vast damage caused by the Covid19 Pandemic and Lockdown.

Yet, as the Global Economy is reopening with the lift of Lockdown measures, the industry focus needs to shift quickly towards re-imagining what **The Shopping Journey of The Future** will become and invest in core innovations that will allow retailers to stay competitive in this re-defined territory.

With revenues hit hard, the first course of action will be identifying and investing in cost-effective and scalable technologies that can be integrated to address operations across multiple areas of the value chain.

The Top 3 areas of business that require immediate attention are:

Revisiting the added value propositions that will secure retailers from resorting to discounts

Revamping online retail touchpoints to stay competitive in an increasingly crowded landscape

Re-building the brick and mortar experience

VALUE PROPOSITION

Exceptional complimentary services pre, post and during the shopping journey will be employed as 'added value' to a retailer's baseline proposition.

Instead of competing on price, retailers who compete on value to justify full-price will emerge stronger and retrieve the revenue lost to the Covid 19 Pandemic.

ONLINE

The majority of consumers from all demographics will keep online as their primary shopping channel through recovery and further Post-Pandemic.

A robust, hyper-personalised digital proposition across multiple touchpoints and devices will become the core differentiator.

IN STORE

The physical stores will be repurposed as contactless experience and collection hubs.

A seamless connection to digital brand touchpoints will be utilised to introduce a single shopping journey that merges online and physical. The key is optimising and adding value to the customer's time in store.

Innovation has been scaling operations across the entire fashion value chain - and it is here to stay



Sources: McKinsey & Company · BCG · Statista

01.

MEET
YOUR

**POST-COVID
CONSUMERS**

02.

UNDERSTANDING
THE

**POST-COVID
VALUE CHAIN**

03.

~~THE DISCOUNT~~

**VALUE
MINDSET**

04.

THE BREAKTHROUGH
OF

**ONLINE
RETAIL**

05.

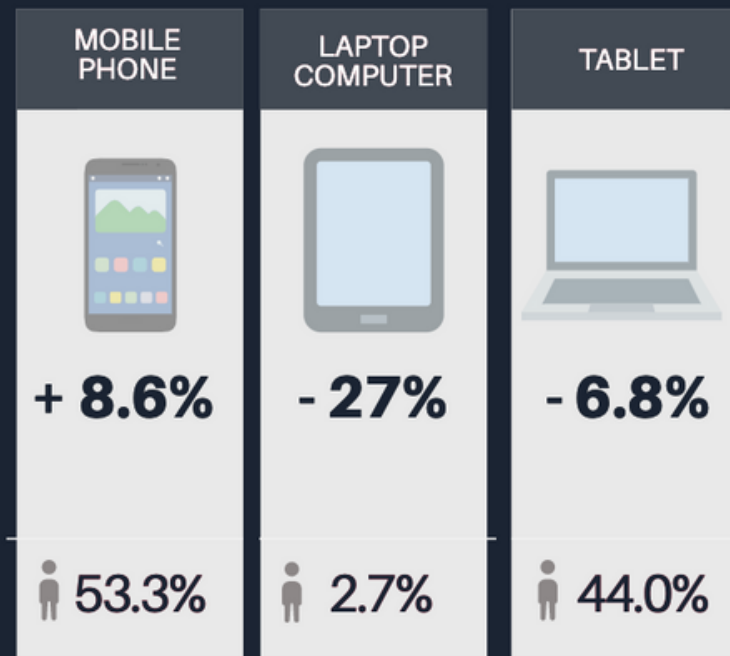
THE RE-VISAGE
OF

**BRICK
AND
MORTAR**

Shifting

Devices Used For Online Shopping

Statcounter, December 2018 to December 2019



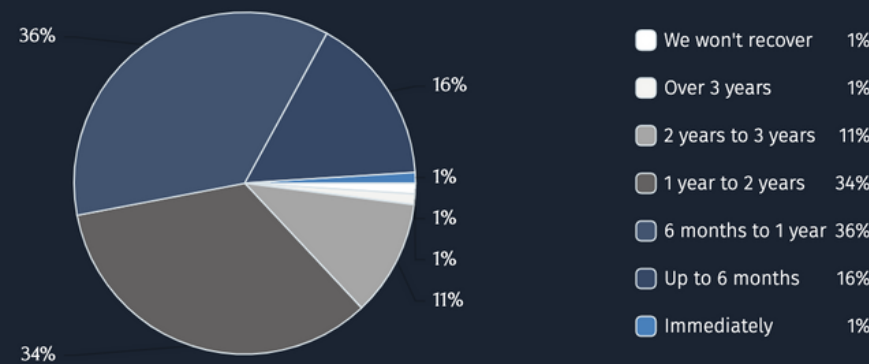
Most Popular Online Activities



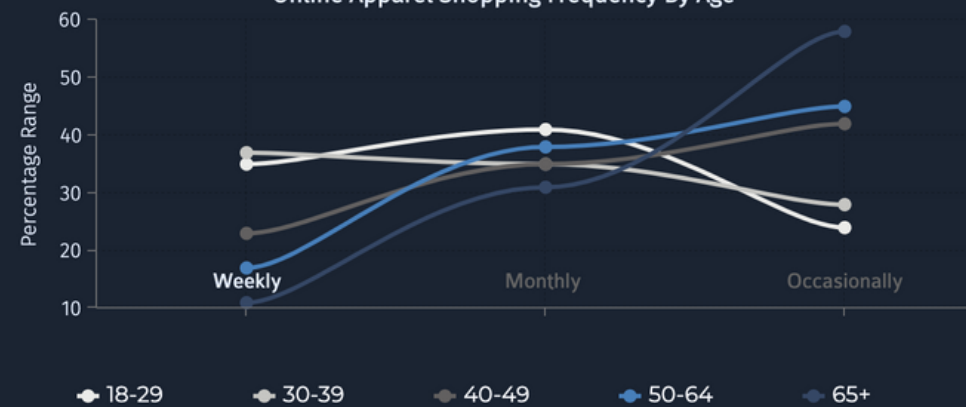
	TRAFFIC VOLUME	BASKET SIZE
Lockdown	-88 %	-23 %
First Week of Reopening	-46 %	-21 %

Consumption

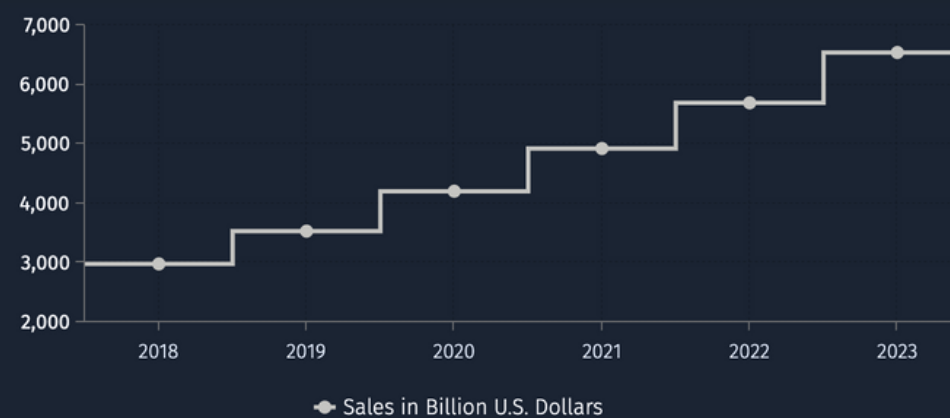
How Long Global Consumers Think Recovery Will Take



Online Apparel Shopping Frequency By Age

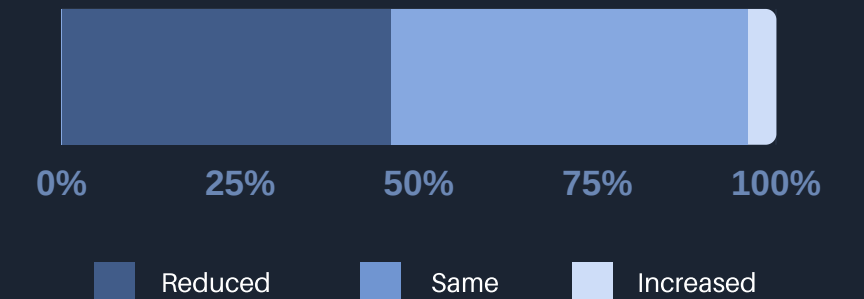


Online Retail Growth Projection

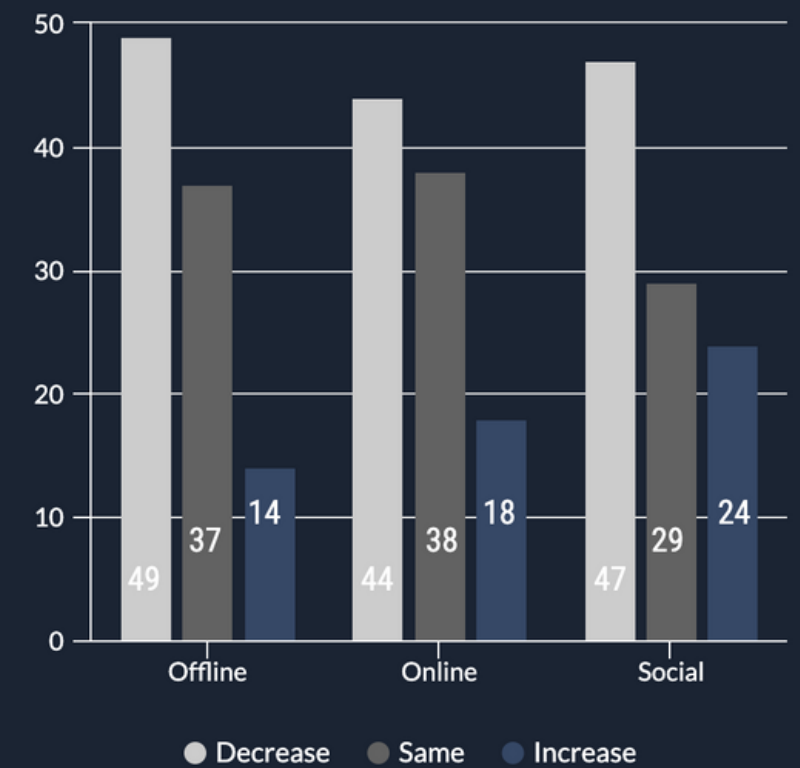


Indicators

COVID-19 Impact On Consumer Income



How Consumers Want To Shop For Fashion Post-COVID



+ 24%
Popularity of
SOCIAL COMMERCE

01.

MEET
YOUR

POST-COVID
CONSUMERS

02.

UNDERSTANDING
THE

POST-COVID
VALUE CHAIN

03.

~~THE DISCOUNT~~

VALUE
MINDSET

04.

THE BREAKTHROUGH
OF

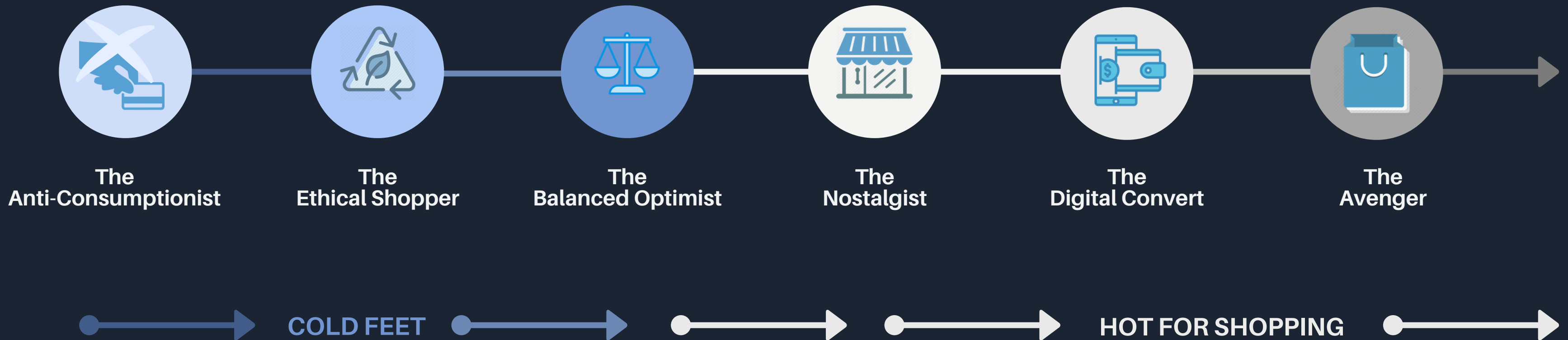
ONLINE
RETAIL

05.

THE RE-VISAGE
OF

BRICK
AND
MORTAR

FASHION SPENDING READINESS SCALE





The Anti-Consumptionist

Less product - Lower transaction value

Will cut down on non-essential shopping significantly

Drop some existing brands - will not be open to trying new ones

Serious drop in disposable income or drastic change of driving

Might be open to rental propositions for special occasions

Mostly Millennials + Some Boomers



The Ethical Shopper

Less product - Higher transaction value

Prioritises ethical-environmental company values

Will invest in sustainable, timeless pieces

Discerning but open to trying more ethical new propositions

Mostly Gen Z + Some Millennials



The Balanced Optimist

Less product - Higher transaction value

Burnt out from choice fatigue

More mindful - drop brands with no personal connection

Will gravitate towards a smaller number of favourite brands

Omnichannel shopper, expects personalised offerings

Millennials



The Nostalgist

Same product - Same transaction value as Pre-Covid

Loyal to the brick and mortar experience

Will resume physical shopping as main brand channel

In-store innovations to create low-contact brand experiences

Mostly Boomers Not Adopting Digital + Some Millennials

Mostly Millennials + Some Boomers



The Digital Convert

More product - Higher transaction value

Expects exceptional customer service pre, post and during purchase

Switch to digital-only shopping - won't resume Pre-Covid behaviour

Completes a single shopping journey on multiple digital channels

Boomer Digital NewComers + Millennials + Gen Z



The Avenger

More product - Higher transaction value

Increased transaction frequency

Revenge shopping on multiple touchpoints

Most likely to up both AOV per transaction and transaction frequency

Boomers + Millennials + Gen Z

01.

MEET
YOUR
POST-COVID
CONSUMERS

02.

UNDERSTANDING
THE
POST-COVID
VALUE CHAIN

03.

THE ~~DISCOUNT~~
VALUE
MINDSET

04.

THE BREAKTHROUGH
OF
ONLINE
RETAIL

05.

THE RE-VISAGE
OF
BRICK
AND
MORTAR

NAVIGATING THE COVID RECOVERY LANDSCAPE

CHECK YOUR 'HEART' RATE:

The HBJ proposes that companies can apply the HEART framework to 'sustained crisis management' during recovery

The methodology was originally designed by Google's research team as a tool to evaluate and improve user experience

With a few tweaks, the framework can be a roadmap to fashion and luxury retailers

Humanise your company: Communicate the steps you are taking to help your customers, employees and the society. Show that your company understands and empathises with the social and economic impacts of Covid. While customers do want to see that you care, don't overplay the 'softer-side' of your company, which can backfire and be perceived as being a 'crisis opportunist'

Educate your consumer: Inform customers on the changes to your operations - including hours, ordering options, deliveries and returns, new safety measures. Tell them about the 'new normal' of your customer-brand relationships. Be transparent about shortcomings as consumers are more forgiving towards brands who openly communicate their weaknesses. Keep them updated and 'in the loop' so they feel that they are a part of your 'brand family'

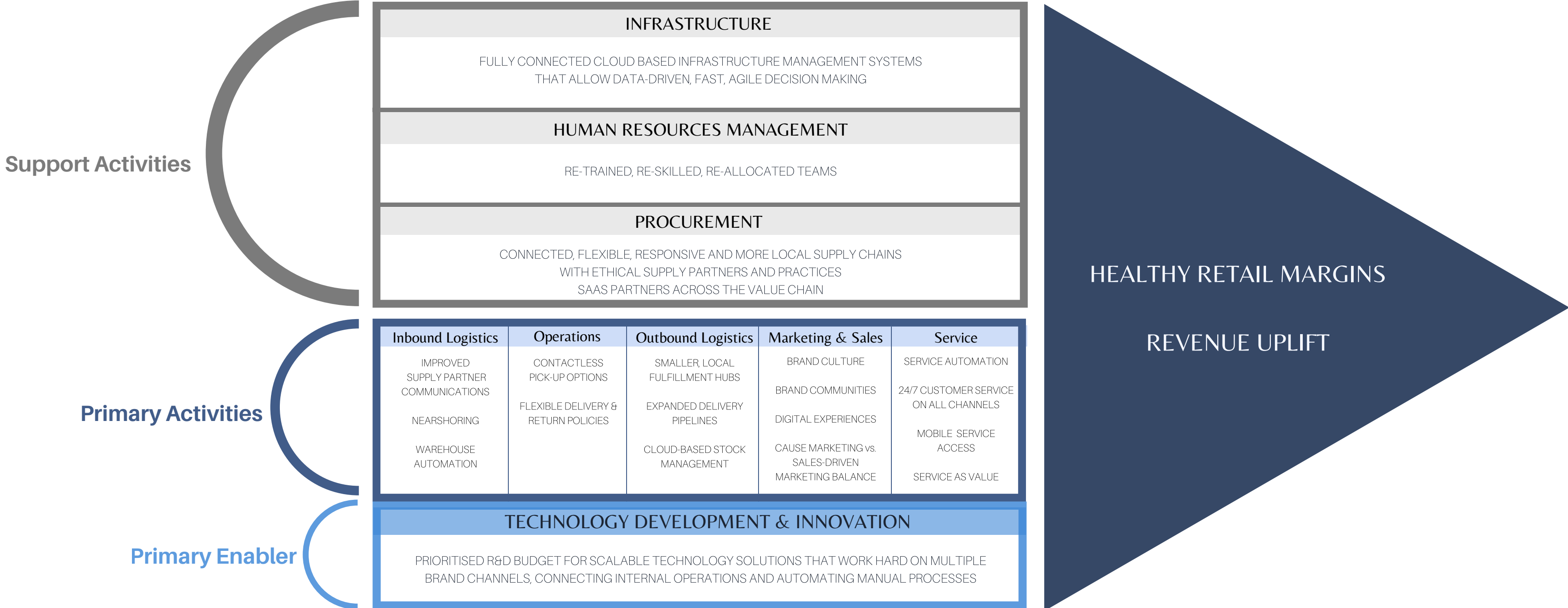
Assure stability: Ensure that your company's core value propositions that made your customers choose you over competitors will stay the same despite the turbulent landscape of the pandemic. Explain how you will maintain, digitally replicate or compensate for those values through recovery and Post-Covid

Revolutionise your offering: Chaos presents opportunity for great innovation. Find and deploy innovations that will take your brand proposition to the next level and clearly set you apart from competitors. Then, tell your customers how you are introducing new technologies to improve their experience with you. Retailers who act fast and introduce these inevitable innovations as pioneers will enjoy the early adopter's advantage to grow their market share and revenue

Tackle the future today: Do not waste time trying to read the future and start building your future-proof proposition. While this is not a great time for retail volumes, this quiet period is a great opportunity to look into and invest in technologies that will give your company the much-needed competitive advantage to survive recovery

THE POST-COVID RETAIL VALUE CHAIN

Technology moves from being a 'Support Activity' to become the '**Primary Enabler**' of all retail activities:
Both Internal and Consumer-Facing Operations



TRIPLE TRANSFORMATION THINKING

McKinsey & Company's Covid-19 response study advises adopting a "Triple Transformation Thinking" mindset to all businesses who want to come out the other side stronger



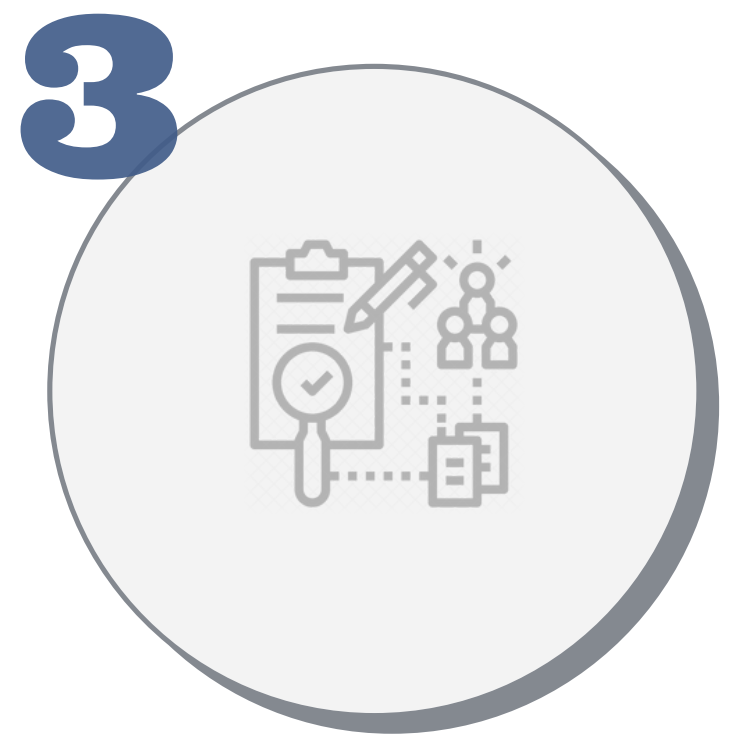
PEOPLE

- New capabilities: Re-skilling
- Updated way of working: Up-skilling
- Optimised teams with multi-faceted skillsets



TECHNOLOGY

- Modularising core technology
- Scaling technology across the value chain
- Automating manual operations



BUSINESS MODEL

- Built around delivering value
- Customer-Centric
- Seamless across channel

01.

MEET
YOUR
POST-COVID
CONSUMERS

02.

UNDERSTANDING
THE
POST-COVID
VALUE CHAIN

03.

~~THE DISCOUNT~~
VALUE
MINDSET

04.

THE BREAKTHROUGH
OF
ONLINE
RETAIL

05.

THE RE-VISAGE
OF
BRICK
AND
MORTAR

THE ~~DISCOUNT~~

VALUE MINDSET

As China, Europe and a number of U.S. States have re-emerged from lockdown, consumption habits are far from going back to pre-pandemic days - and there will be no company coming out the other side unscathed: big, small, brick-and-mortar or online.

The first priority on every retailer's agenda is stimulating purchase to move stagnant inventory and generate the stream of cash required for survival.

The retailers who have a high level of e-commerce readiness, those that offer a competitive digital experience and place customer-centric digital thinking at the centre of an agile operating model will fare best through the current turmoil and [grow during the redistribution of industry shares](#).

Resorting to fire sales for cash flow has become the industry norm in the past decade, forcing the hands of retailers who don't choose a discount strategy to get on board just to stay competitive. **Barbara Kahn, Wharton marketing professor**, explains this discounting domino effect to The Business of Fashion as:

“ A PRISONER'S DILEMMA

WHEN ONE BRAND STARTS
DISCOUNTING, IT IS INEVITABLE
FOR OTHERS TO FOLLOW SUIT

”

And there is no denying that discounts can be very tempting at times of desperation. However, [a discount mindset comes with long-term destruction to a brand and the industry as a whole](#).

Frequent mid-season discounts train the consumer to 'wait for' a discount and create a purchase pattern that decreases overall full-price sell through rate. More dangerously, the consumer starts perceiving 'full-price' as 'over-priced' which evolves into a threat to healthy retail margins. Inevitably, frequent discounting erodes a brand's perceived value and equity - which are arguably even more difficult to repair than margins.

Fashion's intense seasonal delivery calendar has been laying the ideal groundwork for this vicious loop: when there is profuse 'newness' in a market, there is a consequent excess of 'outdated' styles and stock that need clearing.

While the industry is uniting with unprecedented drive to rebuild the flawed cogs of the fashion system, there are profitable alternatives to heavy discounting that will still boost revenue.

Instead of competing on price
- which can easily become a slippery slope -
retailers who [compete on added value](#) will emerge stronger from recovery.

The secret is finding a strategy to generate demand for multiple products and increase average order value per customer through competitive additional value to the brand proposition.



There are five foundations for an additional value proposition that justify paying full-price instead of waiting for a discount

THE ~~DISCOUNT~~ VALUE MINDSET

EMERGING POST-COVID TRENDS



**THE VALUE OF
TRANS-SEASONALITY**



**THE VALUE OF
SERVICE**



**THE VALUE OF
ACCESS**



**THE VALUE OF
EXPERIENCE**



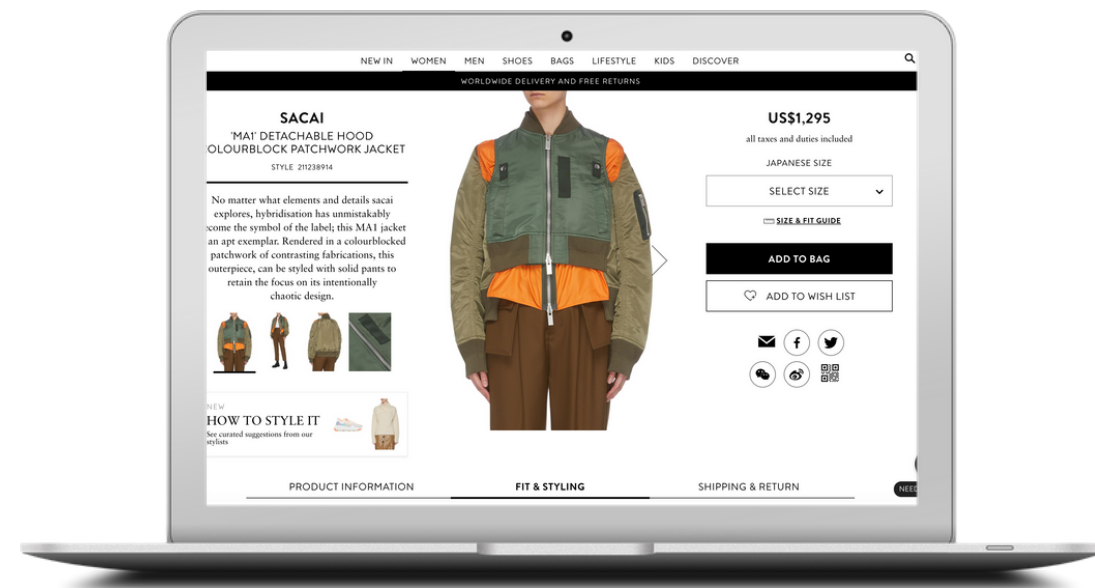
**THE VALUE OF
GIFTING**

THE VALUE OF TRANS-SEASONALITY

Timeless Pieces / Seasonless Merchandise / Longevity

Fashion started gravitating towards a seasonless or more accurately a trans-seasonal approach long before the pandemic's blow.

This gradual shift from rigid definitions of seasonal merchandise reached a peak on the SS20 catwalks as traditional elements of spring, summer, autumn and winter blended together: Prada showing boots and Victoria Beckham layering light summer blazers over turtleneck tops. Similarly, AW20 saw Bottega Veneta use trench coats over thick jumpers and Giambattista Valli feature pastel spring florals.



Layering and the growing freedom to mix prints are two key trends that have been signalling the end of seasons while suggesting that core pieces can be worn in multiple ways for a wardrobe that works round-the-year.

It would be accurate to say that the end of seasonality is a force of nature: Climate change arrived with ethical and practical consequences. On the one hand, the case for sustainable production cycles trickled down from the industry's headquarters to the mass consumer.

“ **10%**
of Global Carbon Emission
is caused by
the fashion industry's
unsold inventory and
deadstock fabric ”

UN CLIMATE CHANGE REPORT

On the more practical side, increasingly unpredictable weather conditions make seasonal dressing redundant. When you add globalisation through online shopping and international deliveries to the mix, there is not much of a case for seasons anymore.

Trans-seasonal collections have commercial benefits for retailers who can keep full-price stock on shelves for longer and monetary benefits for customers who increasingly value the longevity of their purchase.

This transition will only accelerate as the Post-Covid consumers move away from impulse buys to considered purchases with long term view of each addition to their wardrobe.

The delivery of fashion's new collections will focus on pieces that build upon previous collections instead of replacing them. **When consumers know a product doesn't come with a ticking use-by date, they are more willing to invest in multiple timeless pieces.**

On the other hand, with new collections enhancing their predecessors, pieces from the 'past cycle' will remain relevant additions to a look from upcoming collections.



2 THE VALUE OF SERVICE

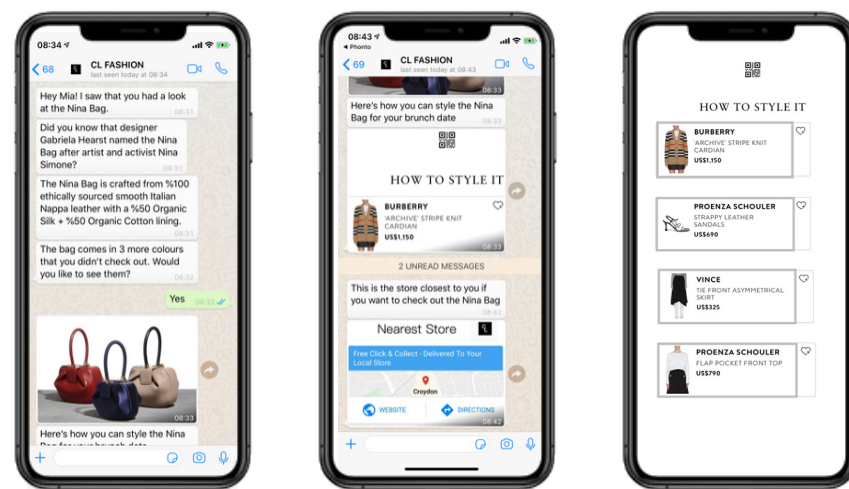
Exceptional Customer Service / Virtual Personal Styling / Expert Specialist Support

Fashion and Luxury are inherently hedonistic purchases that thrive on the element of pampering. This core consumer urge lands itself very well to introducing complimentary services as added value.

Retailers can offer complimentary personal styling to customers who spend above a set transaction benchmark through a loyalty programme as part of their retention strategy. This will give consumers the initiative to bring their business from competitors to accumulate points with their chosen retailer in exchange for a valued free service.

While this approach successfully prompts engaged high-spenders to spend even more, a smarter strategy is to increase average transaction value of customers from all tiers - including first-time visitors. Trickling down the service proposition makes it work harder as both an acquisition and retention tool.

A tiered system can be combined with an automated styling service to reap the benefits of both approaches at scale.



For the tail end of the customer base, the service can be fully automated. As a customer moves up the loyalty ladder, it can become semi-automated with handover to an available human stylist at request. While the VIP-tier customers can get access to virtual or physical in-person sessions with their dedicated personal stylist.

Another fundamental yet often overlooked value is a retailer's customer service quality.

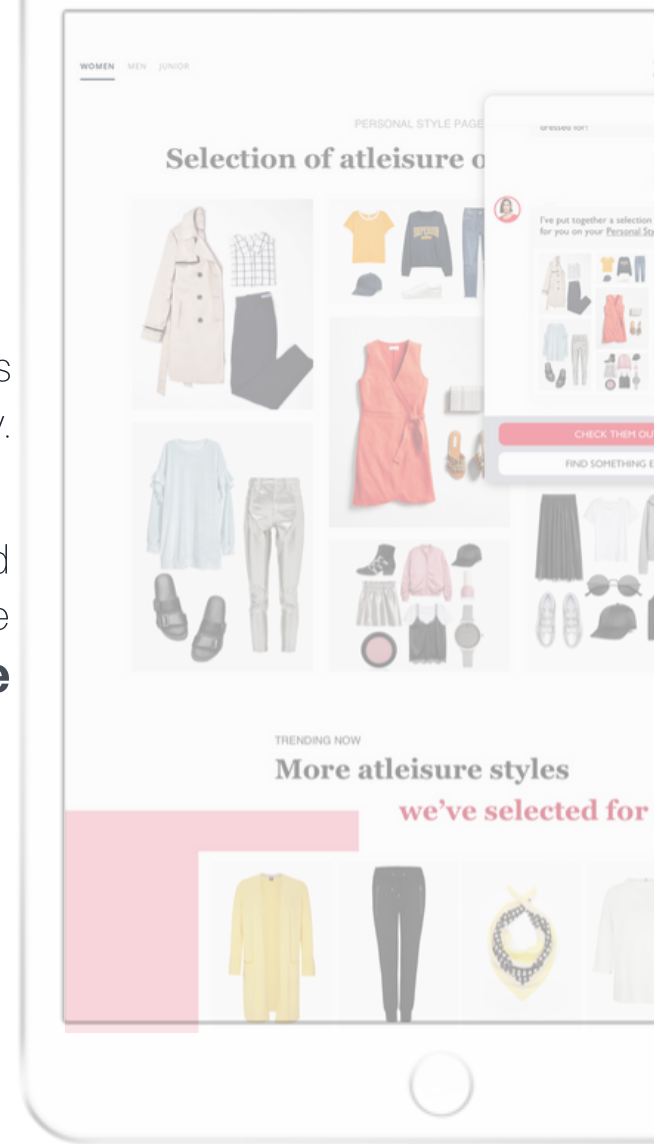
73% of global consumers decide to adopt a brand and remain loyal because of a consistently good customer service experience and they are willing to **spend on average 17% more** with a retailer that has **outstanding customer service**.

When defining 'outstanding' service:
Specialist Knowledge and Expertise
is valued highest right next
Politeness

Retailers who upskill their customer service teams in a fast and cost-effective way as tech-savvy fashion experts will fare better during recovery as uncertainty make anxious customers more demanding.

PERSONAL STYLING SERVICES
HAVE BEEN RECORDED TO INCREASE
Average Transaction Value
BY UP TO
x5

Also, as more customers take a gap year from store visits, the customer service team will act as their guide to a retailer's entire product mix.



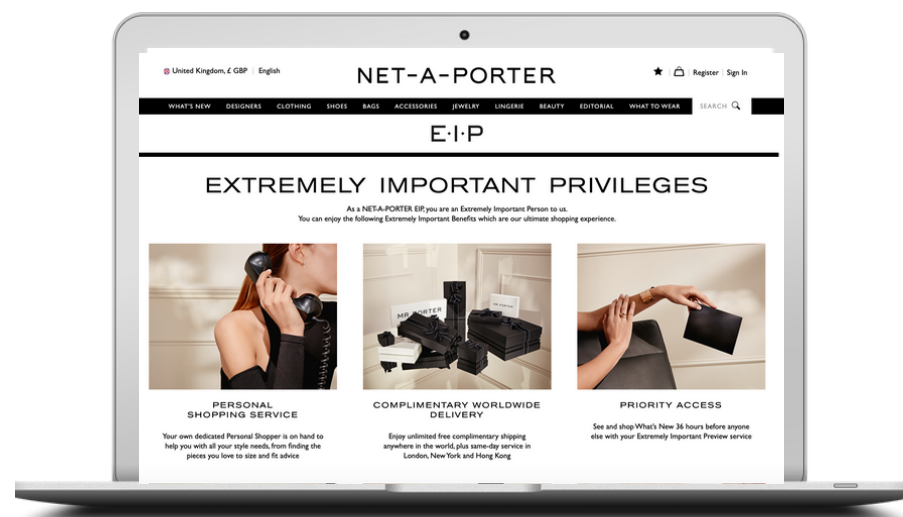
3 THE VALUE OF ACCESS

Premium Access / Pre-Orders / Limited Drops

Access is a non-monetary unicorn currency that ignites demand. Giving loyal customers early access to new drops and premium access to limited editions can be a rewarding retention strategy at no additional cost.

Exclusivity & Scarcity

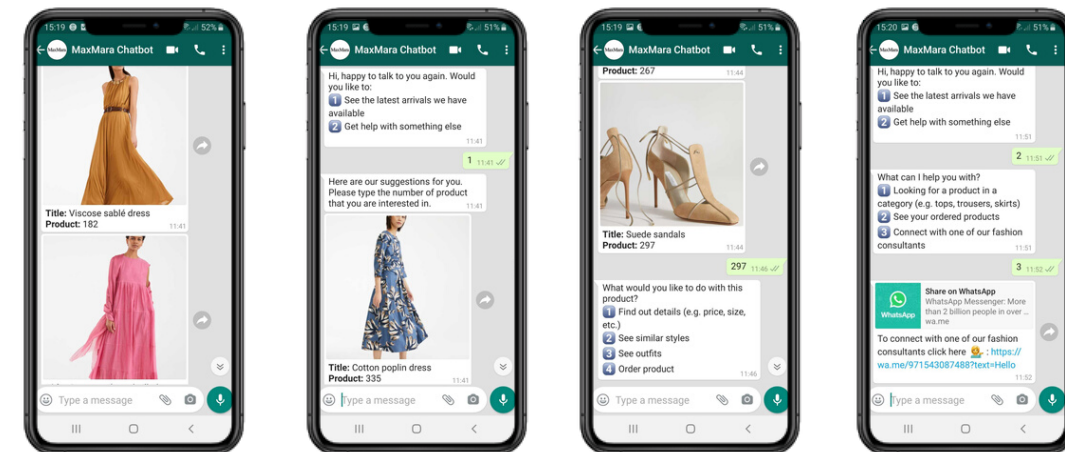
Customers are more prone to making additional purchases when motivated by the apprehension of missing out later.



Net-A-Porter gives "Extremely Important Privileges" including Pre-Ordering and Premium Access to their loyal customers. Exclusive access to pre ordering can also be utilised to test out the move towards a 'made-on-demand' retailing model.

This model reverses the traditional supply chain order to place manufacturing after purchase. While not suitable for all retailers, this business model mitigates the risk of advance buying, lowers warehousing costs, minimises product waste and is a significantly more sustainable approach to retailing.

Retailers who are not ready to step away from discounts just yet can use this tool cleverly to their advantage: Offering a limited-time 'special price' for pre orders doesn't have the same diluting effect on brand value as discounting.



Max Mara uses conversational commerce to turn access into a winning retention strategy. Giving their top tier VIP customers early access to new drops and limited collections via WhatsApp chat, the minimalist luxury brand increases sales without resorting to discounts, while building a stronger bond with their high-value customers.

THE PARETO PRINCIPLE SHOWS

80%
OF YOUR PROFITS

COME FROM

20%
OF YOUR CUSTOMERS



4

THE VALUE OF EXPERIENCE

Experience Digitised / Brand Communities / Lifestyle Values

Experiential Retail was initially born out of the urgency to re-energise brick and mortar shopping with the added value of in-store experiences.

However, the value of experience doesn't have to be confined to the physical space.

Supplementing a retailer's core product proposition and brand identity with a platform that enhances the use of their products is a powerful tool.

For instance, a maternity wear retailer can offer a complimentary brand app that supports the customer through their pregnancy journey while educating them on parenthood in a fun, interactive way.

Incorporating elements of gamification to complete levels and advance towards a goal increases engagement and regular use.



A sales-driven approach can introduce 'unlocking' of certain premium features by in-app product purchases or a more subtle marketing-driven approach can ensure that the user simply needs to own some brand products in order to fully engage with the free content.

Regardless of the approach, the key is making the platform's core functions freely accessible - otherwise it's not added value, it's a paid service.

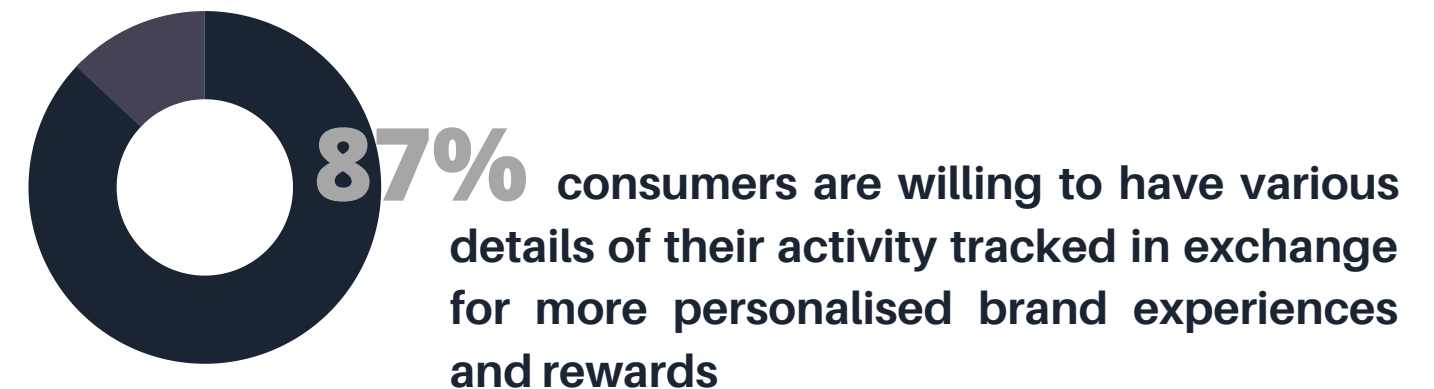
Consumers were heavily leaning towards brands that they felt a connection to and shared core values with before the pandemic. Especially Millennial and Gen Z consumers want to buy into a lifestyle instead of buying products.

POST-COVID 19

75%

of Consumers expect Brands to make more
contribution to their **Quality Of Life**
Through Experiences

This discerning approach will only accelerate Post-Covid as decreased disposable income for non-essential shopping force consumers to drop some brands. Building a relationship on non-product related values, and promoting a lifestyle around the products forms the strongest bond between brand and consumer.



Experiential propositions can be used to establish or fortify a retailer's brand community where customers engage with both the brand and each other - a retention strategy that proved exceptionally successful for fashion brands during lockdown.





THE VALUE OF GIFTING

Virtual Vouchers / Targeted Promotions / Brand Reputation Preserved

Fashion retailers who started operating in China are testing the waters with virtual vouchers to trigger spending. In China, this is a government run programme for fashion, luxury, beauty and accessory brands in participating regions - including Wuhan - with a WeChat mini-programme servicing vouchers.

Unlike broad-spectrum discounts, focused and targeted vouchers are perceived as a one-off special gift from a brand. This allows retailers to initiate shopping while eliminating the long-term burden of a discount spiral and making their customers feel appreciated.

In-store signages and advertising encourage customers to get on board with the voucher programme through their phones while shopping.

The model typically works by giving access to an 'added value amount' to use when the customer spends a certain amount.

For instance, a customer who buys

£ 100 VOUCHER

CAN BUY

£ 150

WORTH OF PRODUCTS

until the voucher expires.

Virtual vouchers naturally resonated with Chinese consumers who were already accustomed to mobile wallet payments before the lockdown.

But as Covid-19 expedites demand for contactless payment options in Western markets, this model can be easily adapted to suit different regional customer profiles.

Retailers can issue their own voucher programmes using a model that aligns with their brand positioning, strategy and priority goals.

“ Compared with Direct Discount activities, the use of VOUCHERS is more **FOCUSED**, more **ORIENTED** and can alleviate the long-term impact of discounting on the Brand Reputation ”

Chen Ke to BOF

In place of WeChat, a brand chatbot integration on WhatsApp or Facebook Messenger can automate sign ups and remind customers when their voucher is about to expire.

GIFTING

CAN BE A GOOD TOOL TO STIMULATE THE DESIRE TO SHOP

Giving personalised fashion and styling tips with products included in the voucher programme on conversational channels can increase engagement and lead to additional purchase on top of the voucher limit.



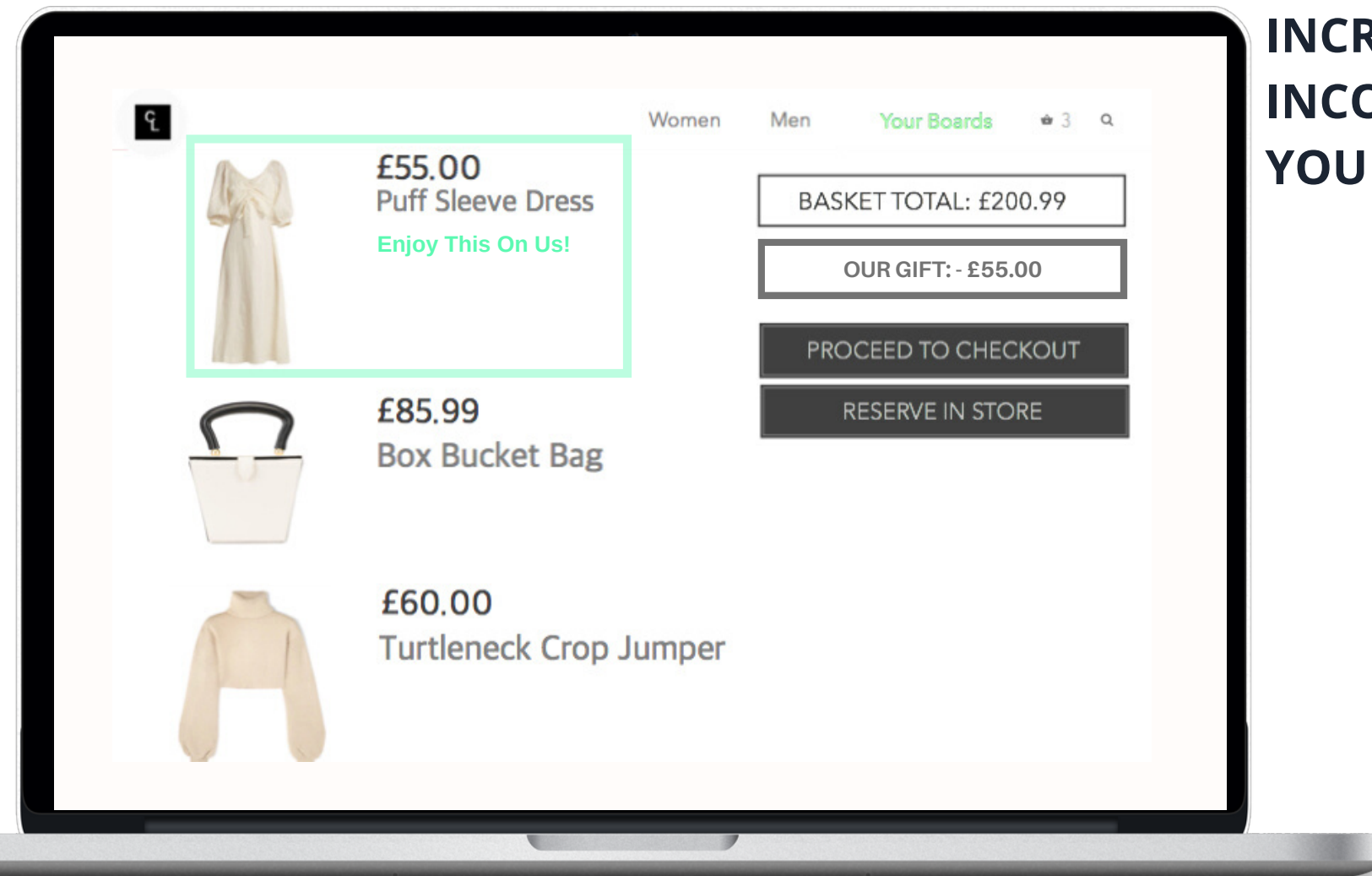
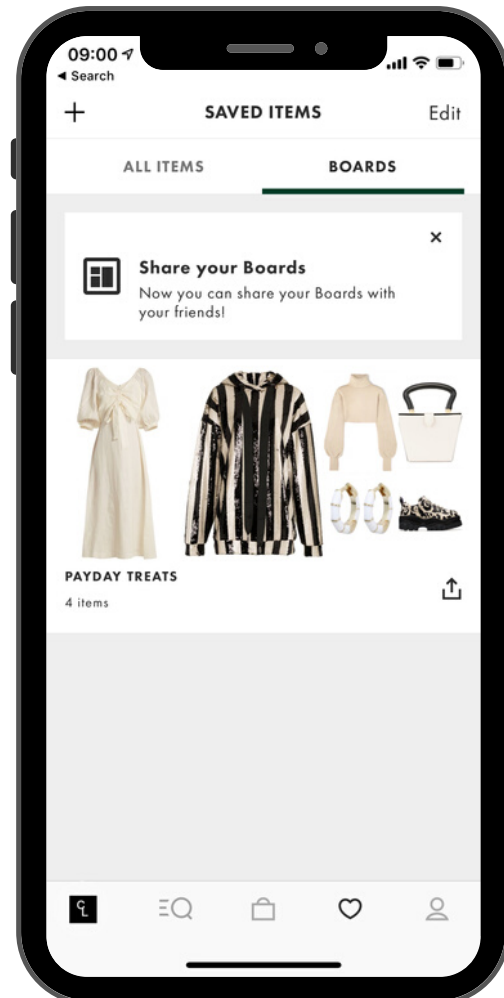


THE VALUE OF GIFTING

Virtual Vouchers / Targeted Promotions / Brand Reputation Preserved

QUICK TIP:

**INCREASE BASKET SIZE BY
INCORPORATING GIFTING INTO
YOUR OUTFIT RECOMMENDATIONS**



Retailers who don't want to introduce vouchers can make their
"Complete The Look" Outfit Recommendations work double duty :

Customers who buy the complete outfit can be gifted the lowest-priced item for free
This incentivises the customer to increase their Basket Size and AOV, while making them
feel appreciated and rewarded at the same time

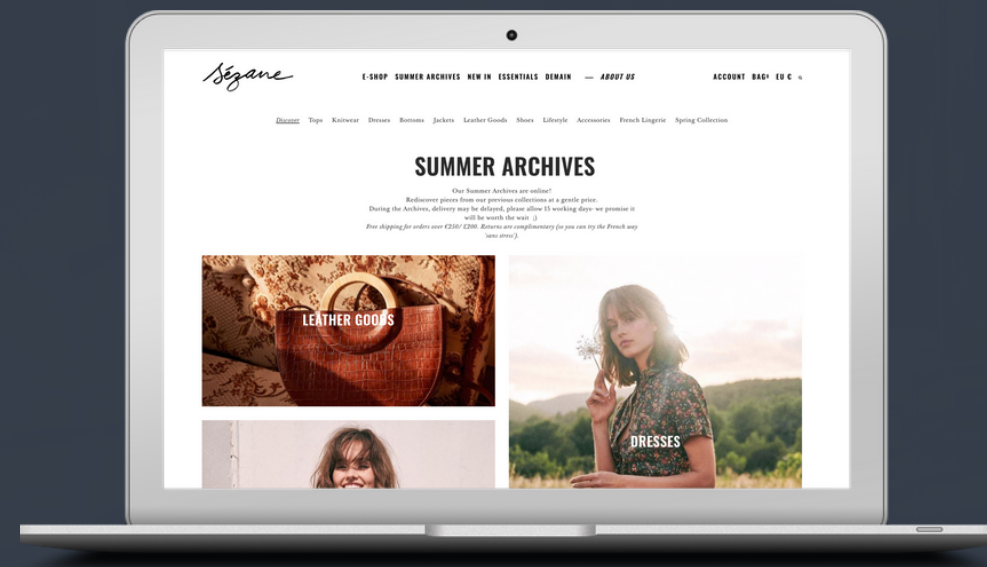


THE VALUE MINDSET: BRANDS IN ACTION

discount

LUXURY RETAILERS

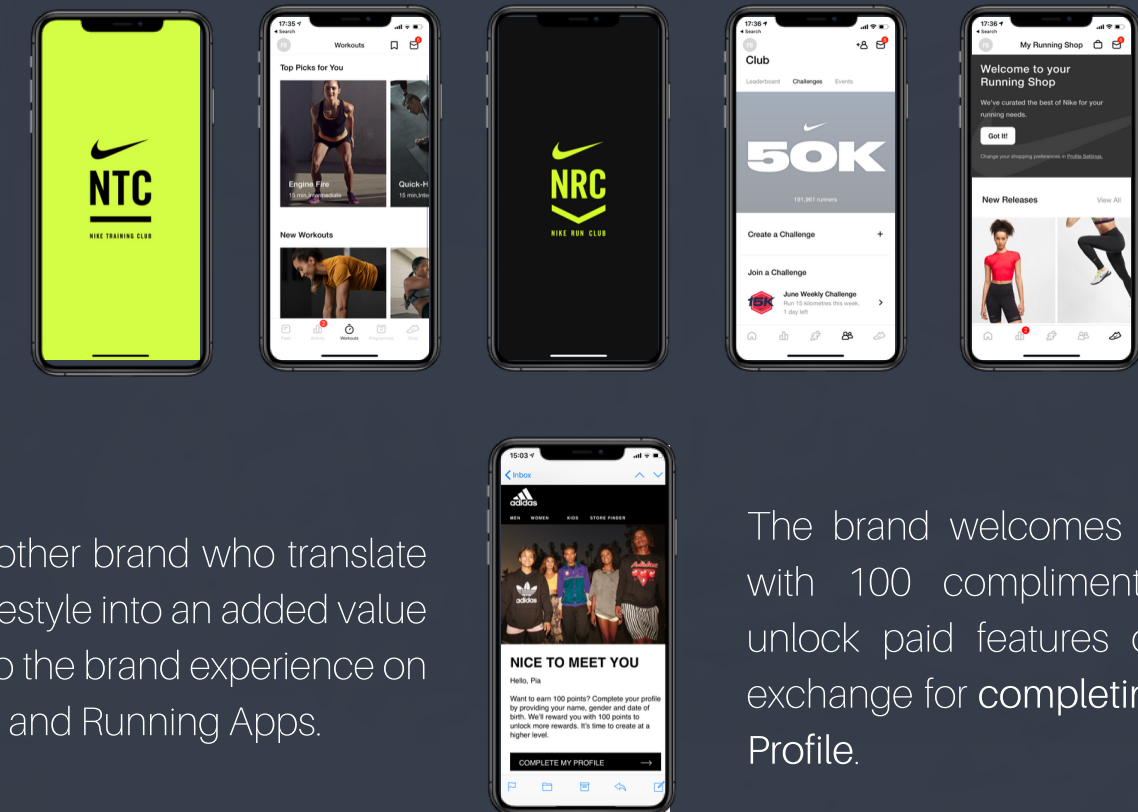
French womenswear brand [Sézane](#) launched a dedicated online store to its archive collection in 2019, giving customers exclusive access to discover pieces they might have missed in previous seasons. The store also sells restocks and limited-edition pieces made from leftover materials of the past season. All products on the store are at a lower price point than their main collection - but not on discount. This perfectly translates unsold stock into an opportunity to highlight their brand heritage and monetise leftover items without resorting to discounts.



Minimalist luxury brand [Mansur Gavriel](#) follows a smart strategy that conceals one-product discounts as limited time access. Instead of broad spectrum discount periods, they offer 20% off a specific colour of a selected product each week. The colour-product combination offered on 'special access' to their brand community changes weekly. Instead of going through heavy discount cycles, highlighting a special offer and limiting access ensures the brand value is preserved. This also generates regular revisits to their brand channels from customers who want to check out what the special product of the week is.

HIGH STREET RETAILERS

[Nike](#) is one of the best cases in point for turning experience into direct revenue. During lockdown, through their well-integrated complimentary lifestyle apps, the brand enjoyed a 30% growth in their online sales. Nike Training Club and Nike Run Club apps offer streaming workouts, training programs, podcasts and expert tips to their brand community for free. This is an inspirational example of how to not only maintain but grow revenue even during a global pandemic through the power of experiential retail. Creating this experience and a brand community around the lifestyle values of their proposition, Nike reached millions of consumers who are under lockdown without resorting to heavy discounting.



[Adidas](#) is another brand who translate their brand lifestyle into an added value proposition to the brand experience on their Training and Running Apps.

The brand welcomes first-time users with 100 complimentary points to unlock paid features on the app in exchange for completing a Customer Profile.

[H&M](#) and [Zara](#) are both participating in the virtual voucher initiative in their open China stores. Although the approach is still in its early trial period, if it turns out to be a successful alternative to discounting in China, the brands can launch similar schemes in their reopening Western market hubs and tailor the proposition to the Western customer via WhatsApp.

THE VALUE MINDSET: DISCOUNT SPIRALS BROKEN

On a broader sphere that transcends individual brands, a group of designers and retailers led by Dries Van Noten signed and published an open letter in May 2020 calling for the fashion and luxury industry to unite in the effort to redesign the delivery calendar and step away from long discount seasons.

Signatories include an impressive and varied list of industry players. The list sees own-brand designers such as Tory Burch and Marine Serre side by side with major multi-brand retailers including Selfridges, Nordstrom, Lane Crawford, Mytheresa.

Gucci and Saint Laurent already announced their decision to go 'seasonless' moving forward, declaring the fashion calendar obsolete.

01.

MEET
YOUR
POST-COVID
CONSUMERS

02.

UNDERSTANDING
THE
POST-COVID
VALUE CHAIN

03.

~~THE DISCOUNT~~
VALUE
MINDSET

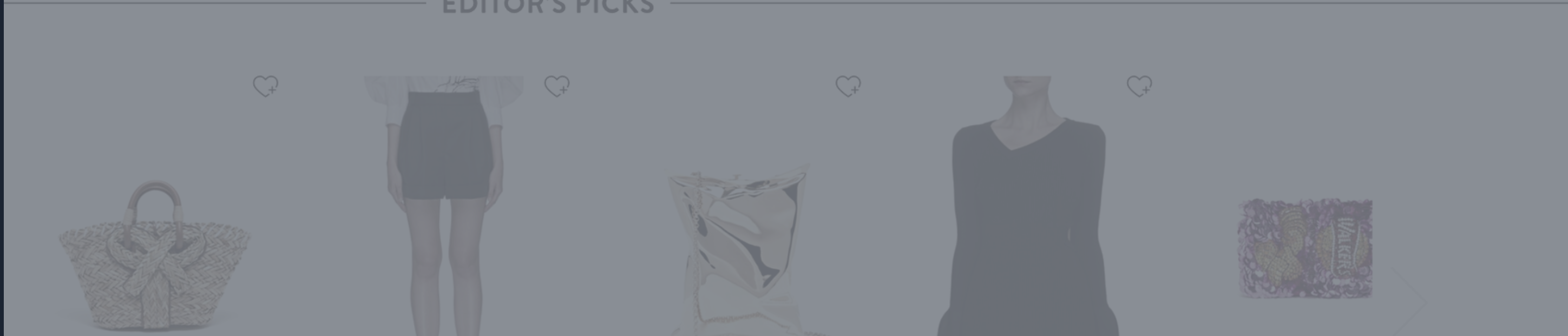
04.

THE BREAKTHROUGH
OF
ONLINE
RETAIL

05.

THE RE-VISAGE
OF
BRICK
AND
MORTAR

The Breakthrough Of ONLINE RETAIL



More than three-quarters of consumers are planning to increase their online purchases even after the pandemic is over according to the latest PFS Global Consumer Services study.

Bain & Company support this finding to be especially true for fashion & luxury consumers who have built and strengthened digital shopping habits during lockdown - and those new habits will stick.

There will be some industry players better positioned to benefit the most from this 'digital democratisation' - meaning [mass participation in technology](#) irrespective of demographics.

The retailers who have a high level of e-commerce readiness, those that offer a competitive digital experience and place customer-centric digital thinking at the centre of an agile operating model will fare best through the current turmoil and grow during the redistribution of industry shares.

Companies still playing catch-up on their digital experience are estimated to be the biggest losers of the Covid Pandemic and the 'Retail Apocalypse' triggered by it. Similarly, the ones who waste precious 'downtime' getting held up in operational hierarchy instead of rapidly testing and deploying innovation

Strong online players appeared to be the natural successors of fashion & luxury retail, but the pandemic has made it painfully clear that they are not completely immune to the challenges faced by traditional retailers: including logistic vulnerabilities, compliance with new health & safety measures and the pressure to differentiate their user experience in order to get into the radar of increasingly over-stimulated consumers.

A robust e-commerce offering is a must-have as the starting point but is no longer sufficient to stand out from a growing sea of digital alternatives.

There will be some industry players better positioned to benefit the most from this 'digital democratisation'



While the pandemic accelerated the shift to digital with an unpredictable force, it has also made the online landscape more competitive than ever before.

In light of the latest consumer demand indicators and industry findings, these are the **top 5 online trends** that will sculpt the future of digital commerce for fashion & luxury retail

THE BREAKTHROUGH OF ONLINE RETAIL

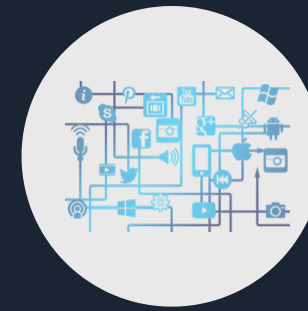
EMERGING POST-COVID TRENDS



**ME, MYSELF & I:
HYPER PERSONALISATION**



**TALK TO ME:
CONVERSATIONAL COMMERCE**



**LET'S GET SOCIAL:
LIVESTREAM & SOCIAL COMMERCE**



**THE FUTURE IS HERE:
RISING TECHNOLOGIES**



**THE EXPANDED PIPELINE:
UNIFIED COMMERCE**

ME, MYSELF & I: HYPER-PERSONALISATION

Channel-Fluid Connection / Fine-Tuned Experience / Increased AOV

Finding a water-tight fit between the individual customer and a retailer's products will be the new prerequisite of both customer acquisition and retention.

Consumers no longer have the patience to scroll through pages of irrelevant products in order to come upon one good find. And while their data is gold in personalisation currency, they don't want to be treated like a snapshot of data.

“ **84%** of consumers say being treated like an individual - instead of a number - is not desirable but obligatory to win their business. ”

RACONTEUR

The new customer expectation from a 'personalised' offering is to find multiple products that have been hand-picked for them specifically, starting from the first page they land on. Matching the right products to the right customer with minimum additional effort on the customer's part optimises sell-through rate. Hyper-personalisation increases AOV between 40-50% by facilitating targeted up-selling and cross-selling, while **increasing customer lifetime value by up to x 5 times**

A retailer can collect all consumer data in the world but unless they have the technology to translate that data into a fine-tuned personal experience and connect with each customer on an individual level, that data might as well not exist.

Not unlike a fortune-teller, successful retailers will anticipate which products a customer wants before they know it themselves and make sure those products are available the moment they want them.

Now, the 'Hyper' in hyper-personalisation indicates that a retailer's personalised offering is:

data-driven & proactive

[meaning they can keep predicting the next best-offering based on real-time data]

smart & responsive

[meaning their technology gradually learns and improves from every customer interaction]

building 360° customer view

[meaning they know their customer well enough as a whole person to pick-up current mood cues and adjust offering accordingly]

incorporating the human touch

[while automation is the only way forward in scaling true personalisation, keeping a human connection with customers unfolds enormous value to compliment technology]

channel-fluid and exhaustive

[meaning personalisation isn't confined to a single brand touchpoint but rather unifies all touchpoints to deliver an uninterrupted and seamless brand experience]

Especially for luxury retailers, where customers are accustomed to receiving a high-standard of personal service, the digital emphasis should be on achieving an experience that feels just as personal and high-quality.

For fast-fashion retailers with high SKUs, choice fatigue is the number one reason of site abandonment and hyper-personalisation addresses this pain-point by ensuring the customer only sees the most relevant curation from their product mix.



2 TALK TO ME: CONVERSATIONAL COMMERCE

Personal / Intimate / Convenient

As interactions between a brand and its customers become more intimate during lockdown, talking to them on their native digital channels like one of their friends will become increasingly common practice.

Let's dial back for a moment and understand what conversational commerce is: Companies interacting with consumers via text message on their website, on chat platforms such as WhatsApp and using social media direct messaging such as Facebook Messenger to sell or assist the sale of merchandise.

What it is not: Branded text promotions. Conversational commerce is an intimate brand experience that aims to make the customer's shopping journey more personal and convenient.

Around 2015, fashion went through a wave of testing with chatbots: an experiment that soon got shelved as an "impersonal and clunky" experience. In the five years since, both personalisation and bot technology advanced exponentially and fashion learned a lesson from that early trial.

The updated conversational commerce recipe is made up of three ingredients:

01 ROBUST TECHNOLOGY

02 DEEP DATA INTELLIGENCE

03 INTERPERSONAL CONNECTION

Best execution of this renewed approach semi-automates the experience. They utilise a personalised chatbot to carry initial conversations to scale the service, followed by a smooth hand-over to a human assistant at request to handle more sensitive conversations.

Full-scale conversational commerce allows the customer to browse a personalised product selection, get personal outfit recommendations and styling tips, make product enquiries and requests, reserve products for collection and even make a purchase right there and then without leaving their preferred chat platform. Of course, this functionality can easily be integrated into an own-brand app - however native chat platforms promise higher communication frequency.

This means retailers can finally break entirely free from business operating hours to stay in meaningful conversation - literally - with their customers 24/7.

Isolated customers increasingly crave more personal conversations with their chosen brands and want to be a part of the inner circle or 'brand squad'. At the same time, they want access to expert advice as part of a brand's baseline proposition. Pre-purchase conversation becomes especially crucial for mid to high-value remote purchases.

“ **Retailers who play the conversational commerce card fast and right will penetrate a still-virgin territory of digital commerce revenue while increasing customer loyalty.** ”

Conversational commerce combines the intimacy of asking a friend for shopping advice with the luxury of having your personal stylist on call 24/7.

The option of hand-over to a human assistant can either become a pain-point or exceptional value depending on how it is executed.

If the customer has to repeat information they have already shared on that day - or a previous conversation - the satisfaction rate drops significantly. After all, the success of conversational commerce boils down to convenience and efficiency.

The final principle that makes or breaks conversational commerce is not falling into 'the promotional message pit' worth underlining. This is a brand experience touchpoint to build an on-going and instant dialogue. While texts can be used to notify customers of new drops or promotions, these notifications should be reserved for only the news that are personally relevant to each individual.



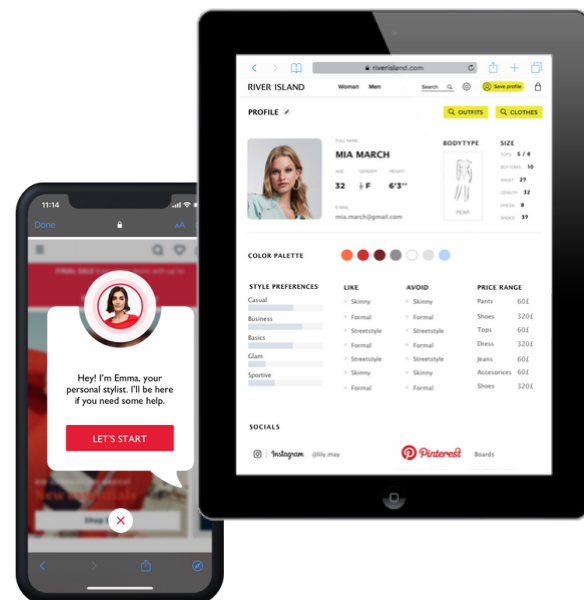
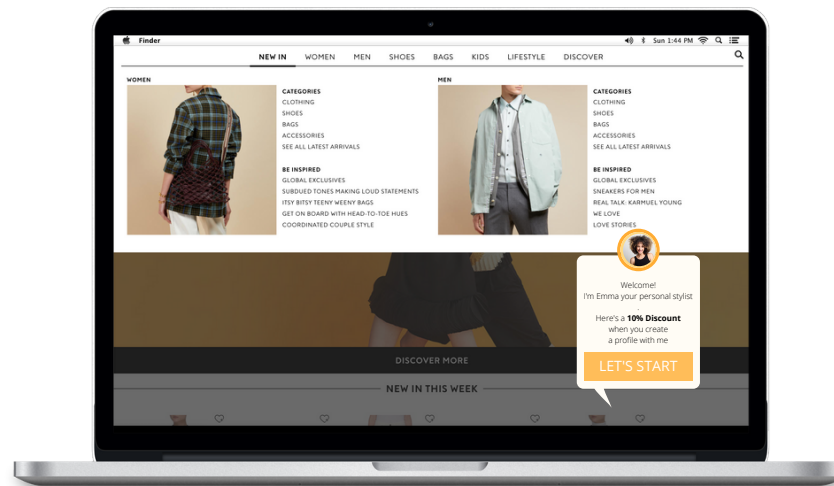
2 TALK TO ME: CONVERSATIONAL COMMERCE

Personal / Intimate / Convenient

For a satisfactory hand-over experience, the human assistant is supported by an easily digestible customer profile that allows them to instantly recognise the customer and smoothly pick-up where they left with the bot

48%
of retailers already use
automation technology to
support
CUSTOMER SERVICE

40%
planning to implement
some form of automation
by END OF 2020 ORACLE



A customer profile combines all past brand interactions to form a well-rounded understanding of each customer's individual likes, dislikes and preferences - not just for one day but as an accumulated learning from all previous interactions.

It can also propose next best actions, suggest what to recommend with the reasoning behind it and even show styling tips to the human assistant behind the screen.

Retailers can make this technology work double time and employ it to up-skill their customer service teams or in-store sales teams as personal shoppers and junior stylists in a time and cost-effective way.

Hitting speed and cost-cutting with one stone: The two currencies that are and will continue to be every retailer's top priority through recovery from the pandemic.

QUICK TIP:

LET AI UP-SKILL YOUR CUSTOMER SERVICE TEAM

3 LET'S GET SOCIAL: LIVESTREAM & SOCIAL COMMERCE

Live Shopping Sessions / Repurposed In-Store Teams / Zero-Contact Experience

Social Commerce isn't an unfamiliar concept to fashion and luxury: a subset of digital commerce that incorporates social media channels into a retailer's sales tools, while supporting social interactions and encouraging user contributions.

Most succinctly phrased, social commerce is the e-commerce transactions that take place on a social networking platform.

In the Western market, the most popular social commerce channel up to the pandemic has been Instagram. However, in the West social channels are still predominantly used for product research and discovery.

TikTok is fast becoming a major new player in the space. A November 2019 announcement of direct e-commerce feature integrations starting from U.S. was a signal that the platform had intentions of monetising content even before rising to star-status with the pandemic. Global engagement jumped 27% from February to March 2020 as TikTok became the most downloaded App of lockdown.

And while 92% of users have clicked on a product link or made a purchase after discovering a brand on social media, the Post-Covid social commerce experience goes beyond a simple 'click-and-purchase' link.

Enter Live Stream: a form of live social commerce resembling video tele-marketing that has been growing in popularity and revenue year-on-year in China since 2017.

Live stream shopping reached peak under lockdown as a no contact-high interaction option for customers trapped at home.

The classic recipe features an influencer - the 'super-host' - broadcasting on a dedicated platform from a professional studio for several hours simply introducing and selling products through content and endorsement. The see now buy now concept depends heavily on impulse buying.



The live audience can ask questions and make requests to the host while interacting with each other throughout the stream on an accompanying live chat function.

Under lockdown, brands had to get more creative by repurposing their in-store sales associates as live stream hosts. Most live stream sessions were broadcast from the sales associates' homes via smartphones.

Fashion and luxury retailers who re-channeled their in-store staff to live streaming reported that the reach of a 3-hour session per person was the equivalent of 6-months in a physical store. The high performers were recorded to sell €12,800 worth of products in just 1 hour according to Fung Business Intelligence.

With lockdown measures lifting, retailers in China are working on incorporating live stream sessions as a permanent part of their new in-store offering.

LIVESTREAMING SALES

2019

\$61 Billion

2020 - predicted

\$129 Billion

While 'live stream culture' and the enabling platform adoption isn't there yet in the West, a significant number of retailers resorted to Instagram Live sessions during lockdown.

Brands connected with customers through life-style content that introduce and highlight own-brand products. Perhaps the first dip into live social selling. This type of commerce proposes enormous opportunity to retailers who are looking to digitise and repurpose their physical stores.

Considering that a significant number of consumers will keep away from physical shopping by choice after lockdown, this can become a part of brick and mortar's 'new normal'. Repurposing in-store staff as live stream hosts promises an engagement and transaction rate that is beyond the capacity of brick-and-mortar at its best. Recovery will see pioneering Western retailers take a page out of the China live stream book and set up dedicated in-store spaces as a live stream studio to start testing.



4 THE FUTURE IS HERE: RISING TECHNOLOGIES

AR. AUGMENTED REALITY / VR. VIRTUAL REALITY / AI. ARTIFICIAL INTELLIGENCE

Shift to digital isn't the only macro trend accelerated by the Covid-19 Pandemic.

The emerging technologies set to carry online transactions from digital catalogue shopping to a new brand experience in its own right have also skyrocketed in popularity and adoption. These technologies are also being employed further down the value chain to optimise retail operations.

The top rising technologies of the Post-Covid retail scene are:

AUGMENTED REALITY & 3D TECHNOLOGY :

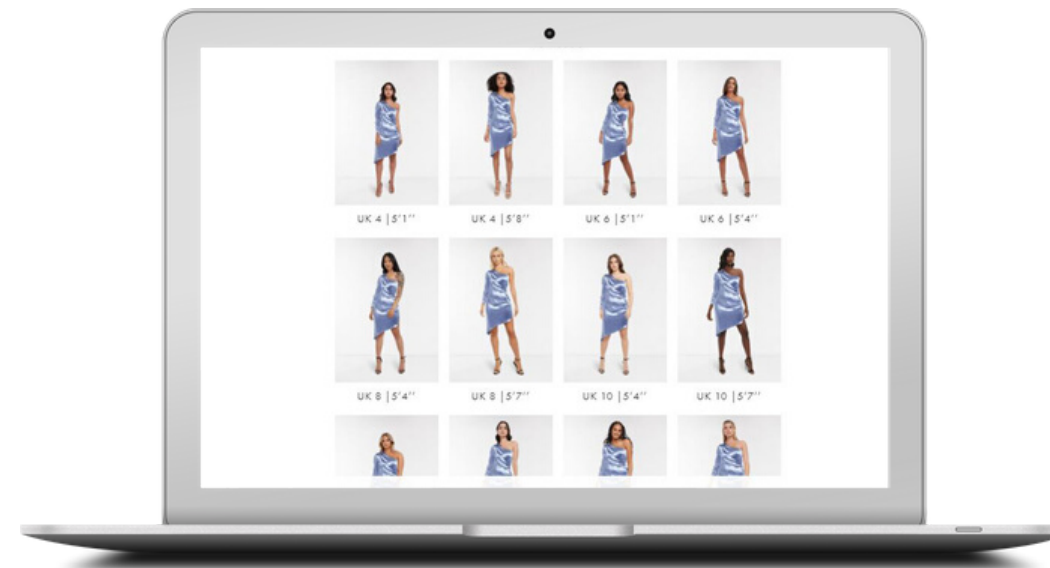
Enhanced Reality To Drive Engagement

The earliest and most widespread use of AR technology is overlaying 2D digital content into the physical world - think Snapchat selfie filters. In a nutshell, AR augments - or enhances - physical reality by adding a virtual layer on top.

For fashion, this serves a very simple yet essential need, only highlighted by the lockdown measures of Covid. Retailers are using AR try-on features on their e-commerce platforms to let customers see how a product would look on them as opposed to seeing a model or catalogue photo only.

When combined with 3D technology, AR finds its optimum delivery as seeing a product and its fit on yourself from 360° make customers 65% more likely to purchase. Especially in product categories and price segments where a try-on is the prerequisite of buying, this functionality helps close a vital loop between physical and digital shopping.

The technology is also growing in popularity for interactive digital marketing campaigns. AR's ability to foster purchase and engagement explains the 1,400% increase in demand for AR engineers in 2019.



VIRTUAL REALITY :

Boundless Reality To Break The Chains Of Physical

VR on the other hand creates a computer-generated 3D environment that imitates physical reality as we know it. Through the use of additional supporting equipment such as touch-sensitive gear, it allows a multi-sensory alternative reality through a virtual experience.

During the Covid lockdown, VR gained particular momentum for its ability to facilitate remote buying practices and create virtual trade shows, including the first virtual Fashion Week in Shanghai. London Fashion Week also confirmed that they are moving forward with the shows in the virtual space.



During the Covid lockdown, VR gained particular momentum for its ability to facilitate remote buying practices and create virtual trade shows, including the first virtual Fashion Week in Shanghai. London Fashion Week also commenced as a virtual fashion week.

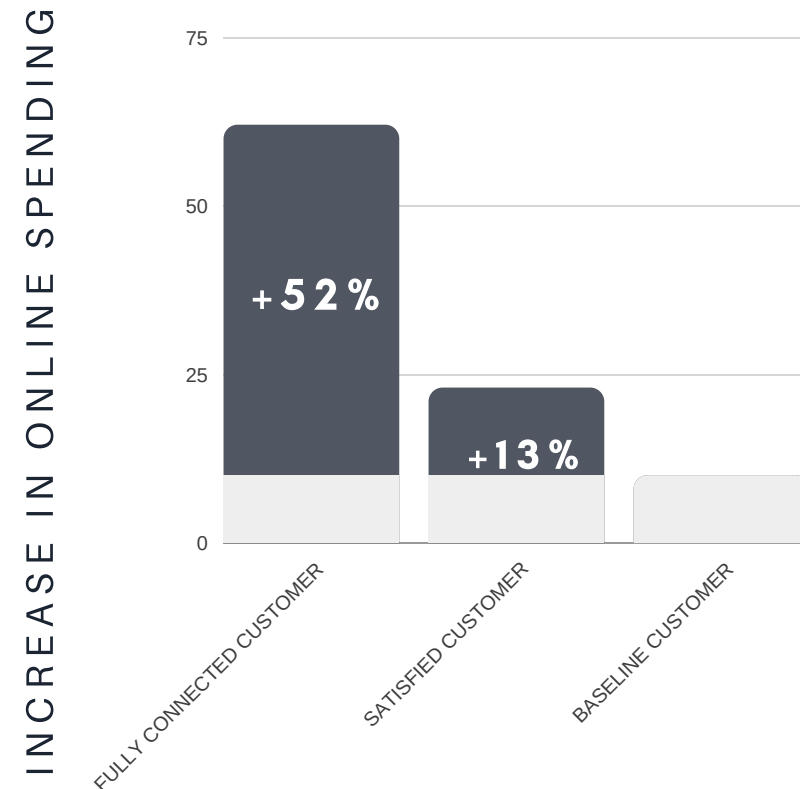
4 THE FUTURE IS HERE: RISING TECHNOLOGIES

AR. AUGMENTED REALITY / VR. VIRTUAL REALITY / AI. ARTIFICIAL INTELLIGENCE

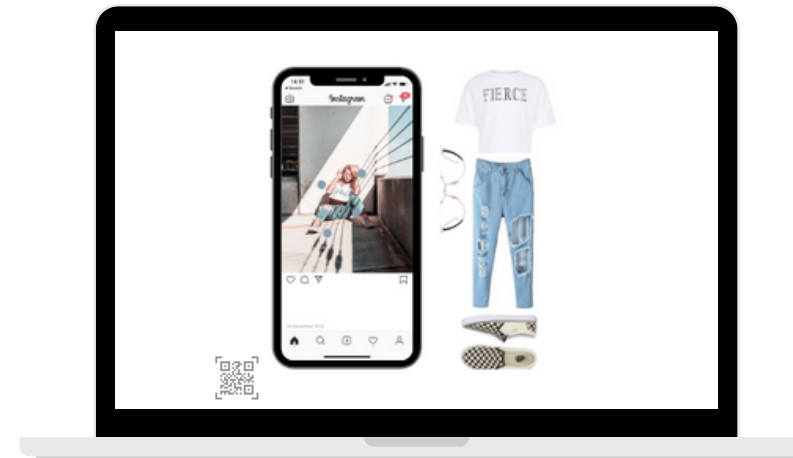
While these technologies do have intersecting use-cases, they are more complementary to each other rather than direct substitutes for one another. The most effective and multi-faceted digital experiences combine the strengths of each technology throughout the fashion value chain for an unparalleled customer journey with significantly reduced operational costs.

ARTIFICIAL INTELLIGENCE: Next Gen Experiences At Scale

AI and machine learning allow retailers to automate their operations from supply chain management all the way to creating cost-effective personalised experiences at scale to strengthen brand-customer connection.

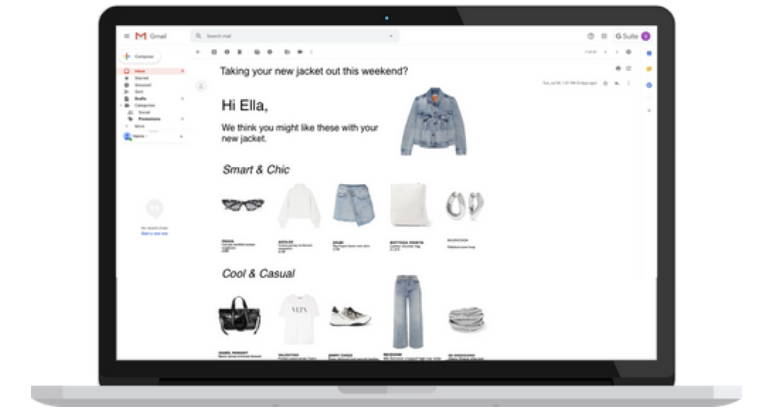


Visual Recognition Technology and deep learning enables AI to analyse and learn from industry trends, spot emerging micro and macro trends in real-time and extract the essence of style. AI then applies this knowledge to automatically tag a retailer's entire stock with rich, fashion-specific attributes and use these tags to personalise a retailer's offering to different regions, customer segments and hyper-personalise product and outfit recommendations for individual customers.



Through visual recognition, AI connects inspiration directly to product, ensuring the customer finds exactly what they are looking for from a retailer's catalogue with minimum time and effort. This translates into less friction and significantly lower site abandonment rates during product discovery.

The beauty of implementing an AI-based retail operations strategy is the versatile and flexible use cases it presents across the entire fashion retail value chain with a single integration:



On a customer facing level, AI is being used to connect and personalise a retailer's entire digital experience from the landing page to product rankings based on what a customer is most likely to purchase at any given time, outfit recommendations to post-purchase retargeting campaigns on every channel. AI is being adopted fast by retailers who want to cut down the manual cost of operations, optimise the use of their data to maximise operational efficiency and increase transaction size per customer on well-connected brand touchpoints.

On a supply chain level, AI is being used to introduce data-driven trend forecasting that assists buying decisions, to track and analyse competitors' offerings for competitive advantage, to automate catalogue tagging, as well as for warehouse & logistics automation.

AI stands as the most mature and flexible technology, making it the perfect groundwork to layer innovation on.





THE EXPANDED PIPELINE: UNIFIED COMMERCE

End of Channels / Customer-Centric Commerce / Fully Connected Touchpoints

The best description of Unified Commerce is Omnichannel 2.0 meets the Expanded Pipeline: Merging omnichannel's many touchpoint recording systems with the flexibility of an expanded delivery pipeline under a single umbrella.

What this trend indicates isn't the traditional approach that only refers to a retail software management system connecting all inventory and customer data. Here, unified commerce incorporates a unified retail management software but the purpose doesn't stop at operational efficiency.

The ultimate goal is creating a single seamless and fluid customer experience that reduces cost while increasing revenue.

Retail will step away from a channel-centric mindset to a truly customer-centric approach. In this experience, no channel has a predetermined function imposed by the retailer. Instead, every touchpoint is there and available for the customer to employ as they choose to, for the purpose that they assign to it, in the order that they prefer to complete a single shopping journey.

The future of retail appoints the customer as the true architect of their own brand experience - and no two experiences look the same.

In similar fashion, a retailer's stock isn't assigned to any channel, instead assigning stock directly to customer demand in real-time as fast, efficient and cost-effectively as possible.

To enable this, retailers need to invest in two core technologies:

1 The technology to form a cloud-based, unified profile of each customer through merging, analysing and interpreting data from every touchpoint

Connecting customer data from different channels doesn't cut it anymore: Brands need to learn from and be guided by that unified data in real-time to continually improve individual customer experiences.

2 The technology that creates a cloud-based, agile and channel-free stock keeping and distribution network. The system and execution will look different for brands who move away from big warehouses to local fulfillment centre models and for those who keep operating from mega distribution centres

Allowing the customer to tell a brand how and why they want to use their different outlets opens up a rich understanding of the best market strategy for every unique retailer that simply is not possible with the pre-constraints of channels.

CUSTOMER RETENTION RATE

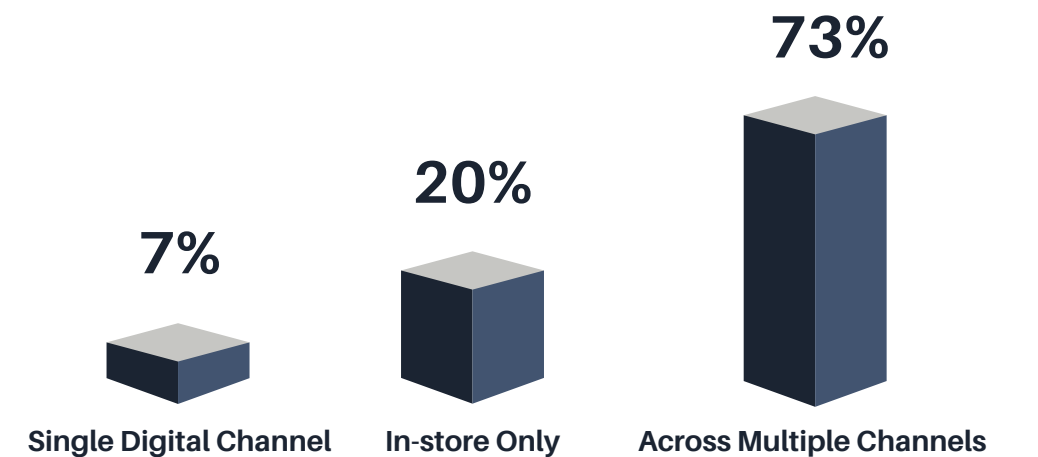
89%

RETAILERS WITH A STRONG OMNICHANNEL STRATEGY

33%

RETAILERS WITH A WEAK OMNICHANNEL STRATEGY

The shopping journey of the future doesn't rely on any channel - also meaning the deactivation of any one channel will never again have the same revenue carnage effect it did during the Covid pandemic.



HOW CUSTOMERS COMPLETE A SHOPPING JOURNEY

The shopping journey of the future doesn't rely on any channel - also meaning the deactivation of any one channel will never again have the same revenue carnage effect it did during the Covid pandemic.

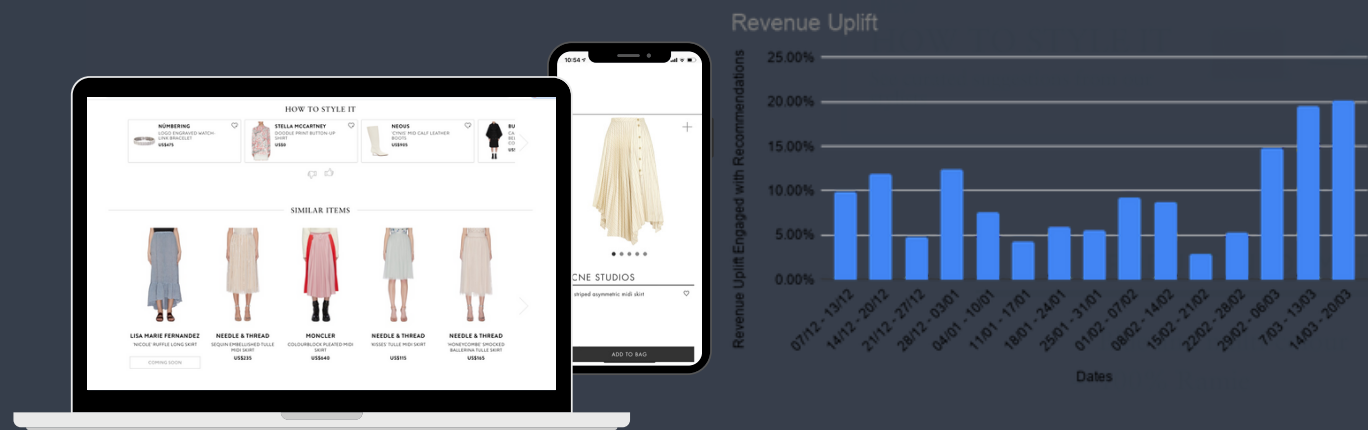
Unified commerce optimises stock, customer data and brand touchpoints to full capacity and turns every asset under a retailer's belt into unbeatable competitive advantage.



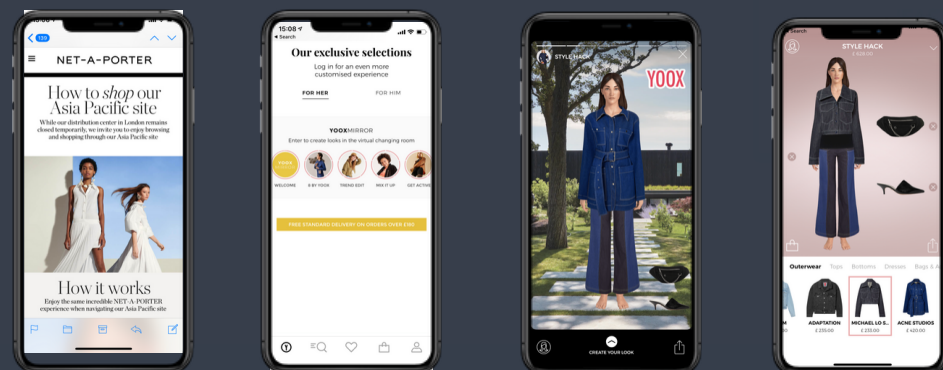
ONLINE RETAIL: BRANDS IN ACTION

LUXURY RETAILERS

Multi-brand Luxury Retailer [Lane Crawford](#) reached 135% Conversion Uplift by personalising their product pages alone. At the height of Lockdown in Hong Kong and Greater China, the retailer saw an increase in their Revenue from AI Outfit Recommendations.



The [YOOX Net-A-Porter](#) group was a best-in-class example of keeping their brand community informed and updated through all changes brought by the pandemic. When forced to close down their Europe and U.S. warehouses, the retailer expanded their delivery pipeline, and redirected customers to their Asia-Pacific store.



On the YOOX App, customers can create looks and try outfit recommendations on their avatar via YOOXMirror in a virtual changing room that is powered by AR and AI.

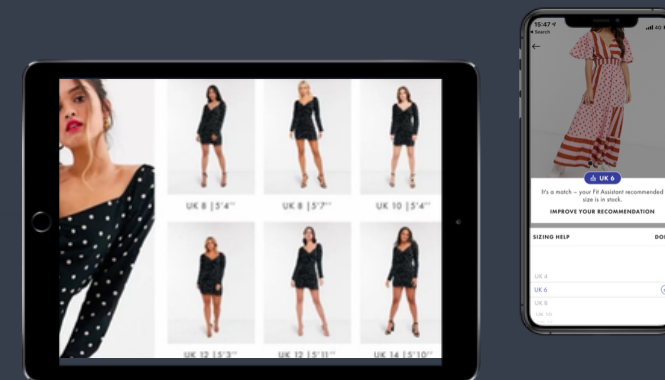
INCREASE CONVERSION THROUGH
PERSONALISED
Digital Offerings

REVENUE UPLIFT THROUGH
AUTOMATED OUTFIT RECOMMENDATIONS
That Increase AOV & Decrease Manual Costs

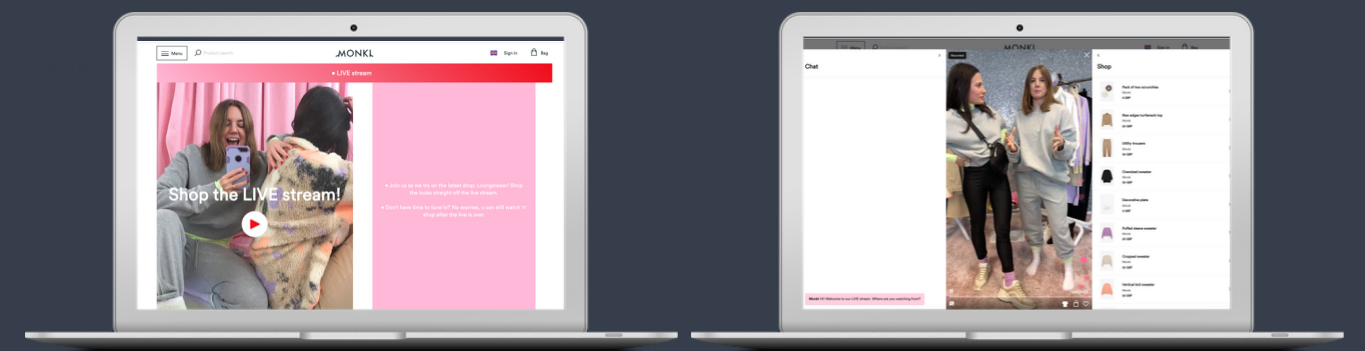
HOW TO STYLE IT THROUGH
ENHANCED EXPERIENCES THROUGH
TECHNOLOGY
To Pioneer The Digital Revolution

HIGH STREET RETAILERS

[Asos](#) introduced their "See My Fit" feature that enables customers to see clothes on virtual models from a wide and inclusive range of sizes 4 to 18, a tool they developed in partnership with AR company Zeekit. For customers who don't want to go the virtual try-on route, they have an AI-powered "Fit Assistant" that recommends the best size for the customer based on their previous purchases.



H&M Group's Millennial brand [Monki](#) jumped into Live Stream Social Shopping directly on their own online store. Unlike luxury brands Louis Vuitton and Burberry who tapped into Tmall for livestream sessions in China only, Monki dedicated a part of their global website to this feature.



Shoppers not only chat with the brand's Livestream Hosts but also with each other while they shop to get peer-to-peer opinions.

01.

MEET
YOUR

POST-COVID
CONSUMERS

02.

UNDERSTANDING
THE

POST-COVID
VALUE CHAIN

03.

~~THE DISCOUNT~~

VALUE
MINDSET

04.

THE BREAKTHROUGH
OF

ONLINE
RETAIL

05.

THE RE-VISAGE
OF

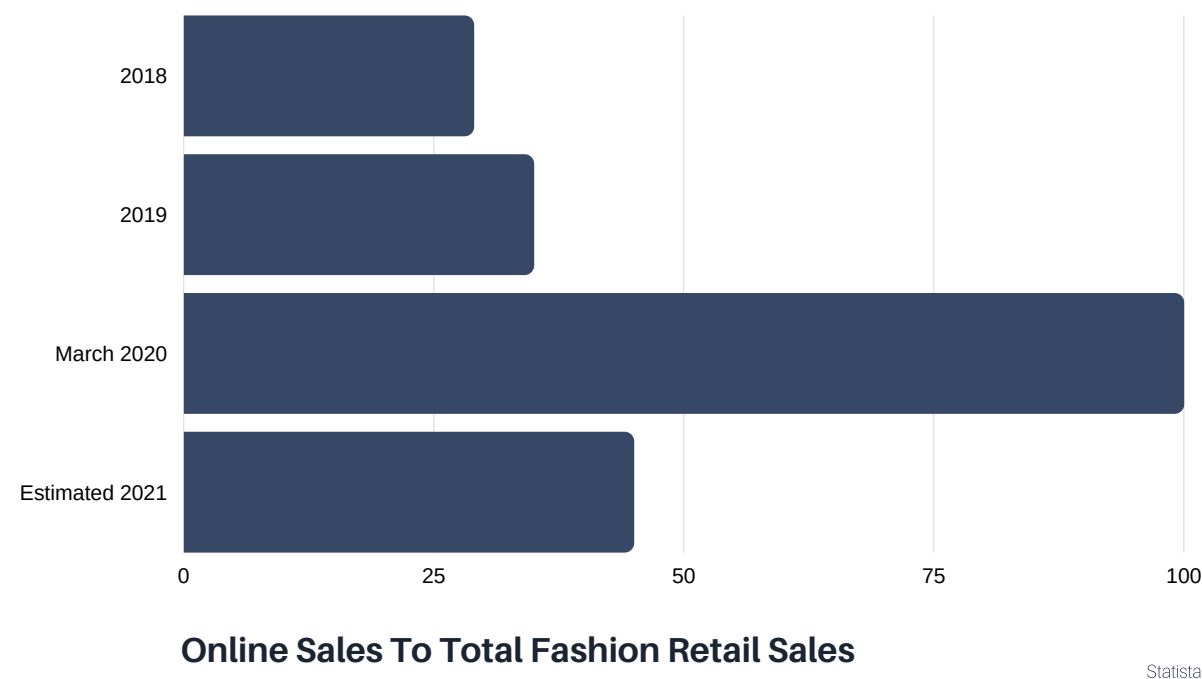
BRICK
AND
MORTAR

The Re-Visage Of

BRICK AND MORT

Even before Covid-19 hit the fashion & luxury industry, enticing customers to make the physical effort of visiting a brick-and-mortar store was an increasingly heavy challenge for retailers.

By 2019, brick and mortar stores were estimated to have lost 25-35% of their over-the-counter sales to online players with 2019 footfall on Boxing Day down by 10.6% compared to 2018..



Experiential Retail - in short, creating in-store experiences that add value to a customer's shopping journey - was shaping up to be the saving grace of physical retail before Covid-19.

River Island in the UK is one retailer who successfully incorporated experience into their in-store proposition by offering free personal styling sessions in chic styling suites at select stores - a strategy that increased both demand and average spending for the selected stores.

Yet, the industry is still unclear on what an 'in-store experience' looks like in the Post-Covid era.

Despite government restrictions now easing around the globe, the majority of consumers are still extremely concerned for their health and safety,

45% of consumers report they will be hesitant returning to non-essential in-person activities in the next 4+ months.

Incentivising consumers to visit a store when they can buy the same or equivalent products online at the safety of their home will take two new propositions: the introduction of fixed extreme safety measures and added value to the in-store proposition that differentiates from or compliments the online experience.

Looking at China, the reopening countries across Europe and The U.S. suggests five emerging trends that will define the post-Covid in-store experience

THE RE-VISAGE OF BRICK AND MORTAR

EMERGING POST-COVID TRENDS



**THINK GLOBAL,
ACT LOCAL**



**THE REDESIGNED
SPACE**



**SAFETY FIRST:
THE RISE OF DISINFECTING**



**BRICK AND CLICK:
CONTACTLESS, PAPERLESS, FRICTIONLESS**



**EXPERIENCE REIMAGINED:
LESS IS MORE**



THINK GLOBAL, ACT LOCAL

Lower Footfall / Convenience / Reduced Travel Time

Brick and mortar sales were heavily depending on key stores located at high-volume tourist destinations visited by global travellers. UN’s World Tourism Organisation has warned that global international tourist arrivals will keep declining 20-30% throughout 2020.

Even in the absence of heavy tourist footfall, high volume shopping destinations are projected be abandoned in favour of lower volume local stores to reduce the length of travel and limit exposure. In fact, a recent Euromonitor International study found that local shopping is among the top Post-Covid global consumer trends that is consistent across all industries and all regions.

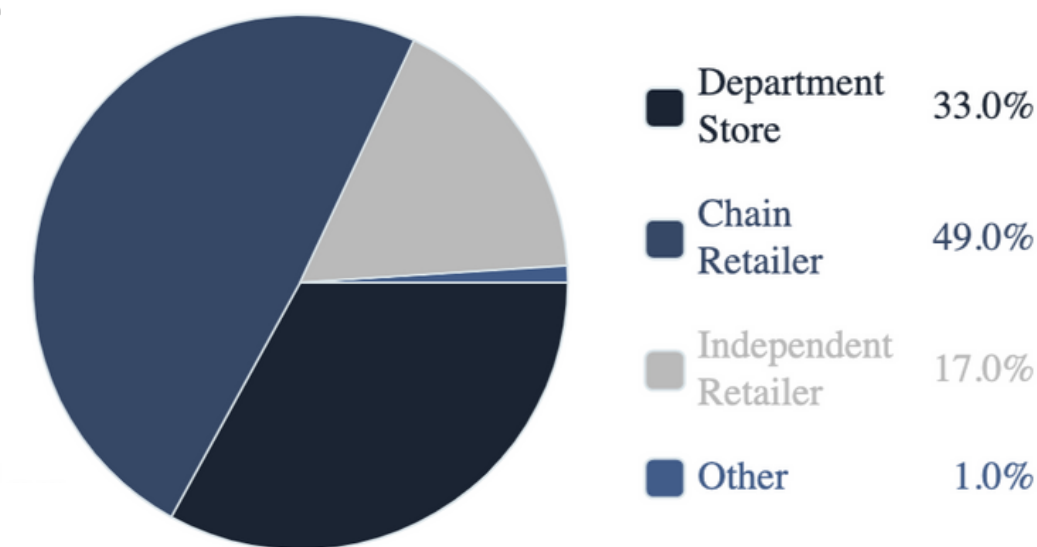
“fewer shops, more home deliveries, more local shopping and changes in the way we buy fashion”

This translates into a mindset shift when thinking about the core purpose of the physical store. Retailers will redirect their international customer base to digital channels with enticing delivery options and focus their physical stores on serving the local shopper.

Prioritising a number of smaller neighbourhood stores that customers can visit with minimum effort and risk over the flagship and mega stores at high-footfall shopping destinations that many customers will be avoiding can be a winning reopening strategy.

Market Share

Choice of Post-Covid Retailers



The local stores should also operate with a neighbourhood store mindset. Analysing past store data and working closely with store managers, retailers should focus on displaying carefully curated merchandise that resonates best with the customer profile of the area.

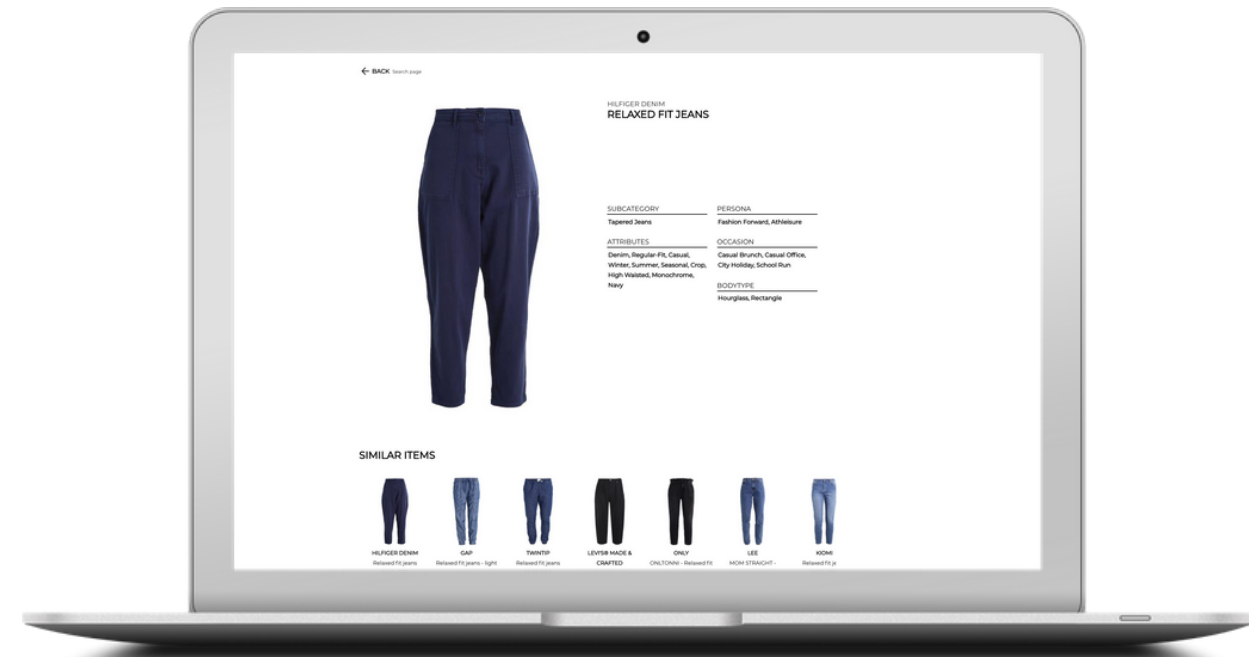
+ 23%

Consumers want to shop more local Post-Covid



2 THE REDESIGNED SPACE

Less Visual Displays / Clever Regional Merchandise Allocation / Better Micro Product Fit



QUICK TIP :

Let Your Attributes Optimise In-Store Product Strategy

Automated product attribute tagging allows a retailer to tag and track in real-time which product attributes are performing better on the individual store, local, regional, global levels as well as for different customer segments and tiers.

Product tags are a set of additional attributes, known as attribute metadata. They add detailed definition and information to enrich a retailer's base-level stock management data.

This insight enables a flexible and responsive merchandising strategy for micro and macro product-mix allocation to both physical and online stores. This flexibility will become especially valuable with limited display capacity of the redesigned stores.

As a first step, the shop floors have been redesigned to comply with government regulations, starting by a layout that reduces the number of merchandise and fixtures to make room for following social distancing measures.

Single entry and exit points are being used to keep track of in-store traffic. Floor markings inside and outside the store and reduced visual merchandising fixtures are advised to facilitate compliance with social distancing of two metres.

However, stripping the store of all decorative visual merchandising fixtures will result in a very utilitarian space. While this works for other retail segments, the approach does not fit in with the essence of fashion consumption that originates from a 'want' rather than a 'need'.

Finding cleverly designed and well-distributed ways of displaying merchandise that still tell a story about the brand in a fun and exciting space is just as important as introducing safety measures.

While customers want to be reassured that they are in a safe space, they do not want to feel like they are living in a post-apocalyptic world when shopping for leisure.

Less dense merchandising with larger spaces in between displays automatically translates into:

LESS MERCHANDISE ON THE SHOP FLOOR = MORE STRATEGIC MERCHANDISE SELECTION

Regional and local merchandise allocation should be made even more strategically than the Pre-Covid days, with consideration towards a store's key customer segments to ensure that a better product fit and availability of key lines compensate for fewer options displayed.



3 SAFETY FIRST: THE RISE OF DISINFECTING

Communicate New Measures / Two-Step Disinfecting / Dedicated Shop Floor Cleaning Team

What used to be 'cleaning' has now become 'disinfecting'. The suggested protocol by global retail bodies including the British Retail Consortium (BRC) and US National Retail Federation is a two-stage cleaning that layers a disinfecting process on top of a daily deep-clean

Any hard surfaces including fixtures, shelves, rails and signage should be cleaned on rotation multiple times throughout store opening hours. Frequent contact areas such as touchscreens and keypads are advised to be wiped between each use. This requires dedicated cleaning staff on the shop floor in addition to sales advisors.

As unconventional as it is for a store to go under cleaning while there are customers shopping, the reassurance of seeing safety measures followed will make customers more likely to stay longer and more confident to return.

Having a member of staff ready with hand sanitiser upon entry and exit as well as sanitiser stations in larger stores is another touch that facilitates customer confidence.

For stores that keep fitting rooms open, both the changing area and the tried merchandise will need to be disinfected between each customer, ideally in front of the customer if they wish to see an item being disinfected.

On the other side of the coin, employee safety should be a store's top priority right next to customer safety. Regularly renewed personal protective equipment should be provided to all employees on the shop floor and made mandatory to wear at all times, as well as a daily health check to confirm that they are fit to work.

“

89%

of Consumers are
still worried about
going back to the
Physical World

”

4 BRICK AND CLICK

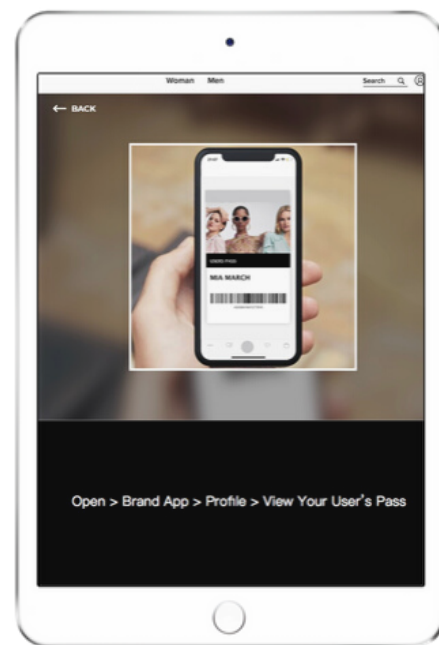
Contactless / Paperless / Frictionless

Coming out of lockdown under varying levels of strictness, consumers have started re-engaging with their physical environment outside the household through no-contact or low-contact activities.

Retailers will need to keep introducing new contactless payment options that allow higher payment limits and switch to paperless receipts.

In April 2020, 87% of consumers said they would prefer to shop at stores with touch-free and robust self-checkout options after Lockdown.

A mobile brand app can be repurposed as a one-stop solution to scan items into a basket, make payments and store receipts, coupons or rewards while shopping in-store.



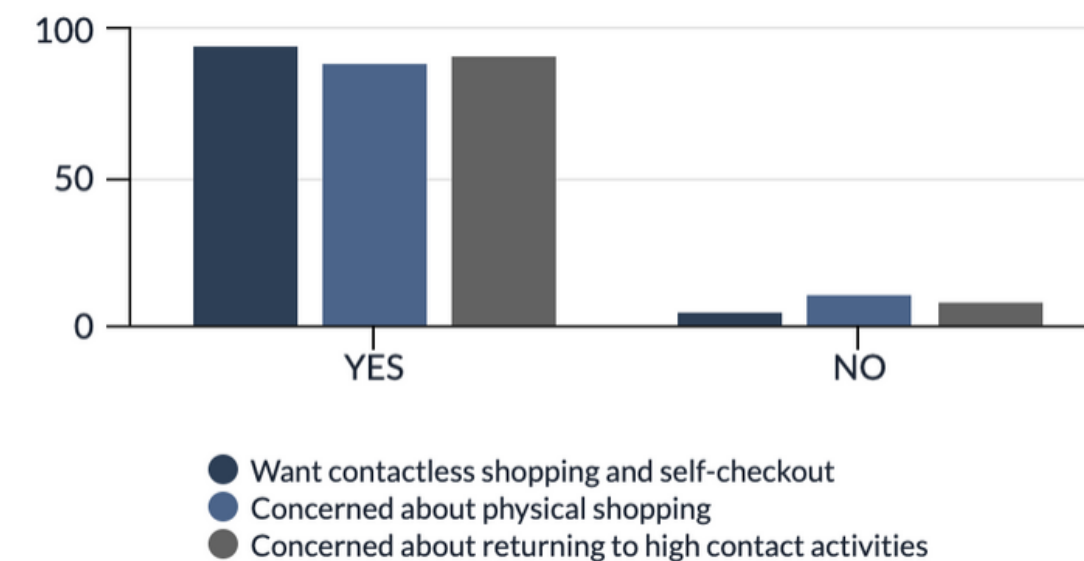
Enabling a speedy and frictionless shopping experience with an easy payment and checkout process will be key to serve customers who want to minimise their exposure time in-store.

Stores can also be utilised as a contactless local collection point for online orders through a separate entrance or even steal a page from restaurant and food retail to introduce a take-away style collection bay.

“ People who couldn't be bothered to try online shopping are getting past the initial friction of setting up an online account and inputting their payment details. ”

Richard Lim / Retail Economics

For stores where fitting rooms will not be open and for customers who choose not to try on clothes in-store due to safety concerns, an easy online return policy for in-store purchases should be made available and clearly communicated to customers with a signage in the store.



April-May 2020, Forbes & Fast Company

Even consumers from demographics that didn't shop online before Covid-19 have now been introduced to that convenience and returning to physical shopping should not add any friction to their shopping experience.



5 EXPERIENCE REIMAGINED: THE PRESENT

Limited Volume / Shorter Hours / Reduced Interaction

Similar to their essential store counterparts, fashion & luxury stores that have reopened are operating with shorter opening hours and allowing a limited number of customers in-store at any given time.

In the best case scenario, this leads to long queues outside the stores with longer waiting times compared to grocery stores as the average fashion shopping journey is longer than essential shopping. This might be especially difficult for customers under upcoming extreme hot and cold weather conditions.

So far, the fitting rooms at re-opened stores are either made available by request or accept a reduced number of customer to the area at a time.

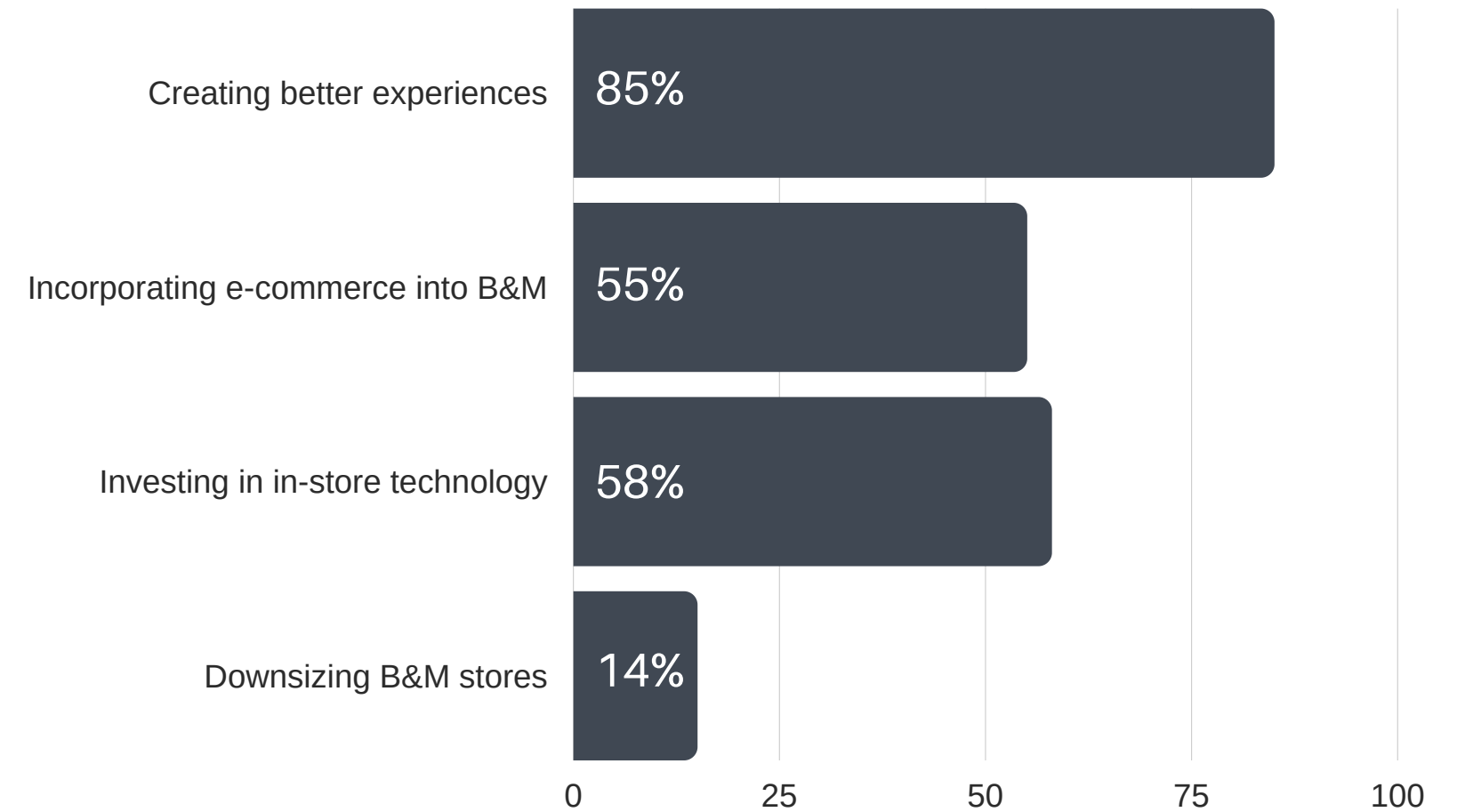
There are also some major changes to the interaction between customers and store staff. When a customer requires specialist advice or assistance, the member of staff giving advice has to provide assistance in accordance with social distancing. BRC further suggests that they stand behind a secure physical barrier similar to the ones at the tills.

***Around 20,620 shops will close for good in 2020
- more than four times
the 4,547 stores that closed in 2019***

- Centre of Retail Research

When it comes to more thorough styling services, personal styling sessions are being arranged at a designated area of the store by online appointments and carried out in accordance with social distancing measures. Similar to fitting rooms, this area and all merchandise used during the sessions have to be disinfected after each session.

Retailers' Top Brick and Mortar Priorities After Reopening



Raydiant Research, June 2020

There are suggestions of installing surveillance technologies that measure the number of people in-store at any given time, their temperature and duration of stay to immediately raise alert if there is a potential health and safety violation. However, this has the risk of a major backlash from customers on account of human and consumer rights infringement.

Most customers who have been living under increased government surveillance as it is will not look favourably to adding private companies monitoring them to the equation.



5 EXPERIENCE REIMAGINED: THE FUTURE

Fluid Online-Store Transition / Touch-free Technologies / Cloud-based Management

Fashion and luxury retail is still trying to figure out innovative ways to re-introduce the aspect of 'retail therapy' and added value into the post-Covid physical store experience.

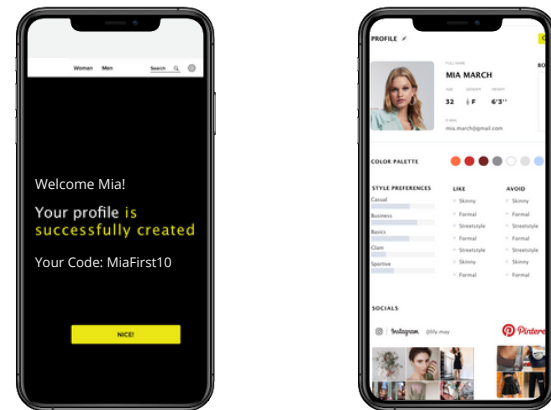
To overcome the inconvenience and added friction of queuing, especially for the luxury segment where impeccable quality of service and pampering is expected as part of the experience package, retailers can introduce a booking system and take online appointments for store visits.

For the high street, where this model can't be scaled to accommodate the volume or justify the cost, online channels can be used to promote quieter periods and spread customer volume throughout the day.

A fluid transition between online and physical stores will become more important Post-Covid than ever before and retailers that allow a single shopping journey to be completed across multiple channels, including pre and post-purchase customer services, will gain competitive edge.

For instance, some customers might want to browse and create a basket online to reduce the amount of exposure and visit the physical store briefly to see the products that they are undecided about, then complete the purchase from their phone while in-store.

Using a cloud based customer profile and shopping basket allows the consumer to decide which part of their experience they want to use the physical store for and get the most value from their visit.



On the other hand, a cloud based customer profile enables sales and customer service teams to recognise a customer on every channel and make sure they get a fast, efficient, personal and uninterrupted service.

MEET THE TOUCHLESS MIRROR EXPERIENCE

In response to the changing retail environment amidst Covid-19, **NOBAL Technologies** is developing the Touchless iMirror. Users can navigate iMirror's interface from their connected device without downloading an app or sharing any personal information.

The Touchless iMirror will reduce or eliminate interaction with sales staff and shared surfaces, while still providing users with the omni-channel experience on a sleek and beautiful mirrored interactive surface.

This new device-driven experience still allows iMirror to work in a variety of settings such as fitting rooms, whereas the use of ie. voice commands may not be appropriate. No hardware changes are required, which means new and existing iMirror clients can easily implement the Touchless iMirror.



Smart mirrors with contactless interaction can be used to present a self-service styling session where customers answer a few quick questions similar to an in-person styling session and get outfit and product recommendations or ask to see similar items that are in stock. To take the experience even further, they can then virtually try on the recommended products on the mirror instead of going into a fitting room and putting on clothes which will be an uncomfortable idea for some consumers for longer than others.





EXPERIENCE REIMAGINED: LESS IS MORE

Lower Footfall / Higher Transaction Value / Re-imagined In Store Services

42% of global consumers think their new shopping habits will stick post lockdown.

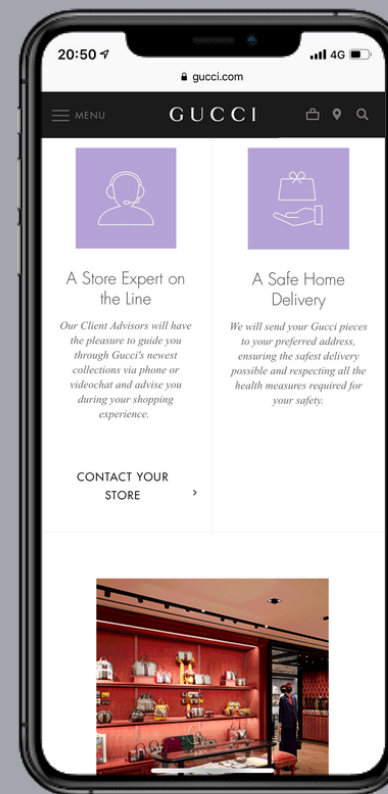
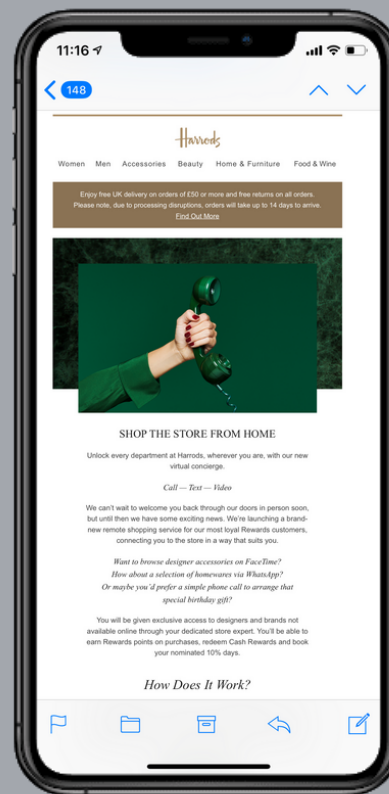
Acknowledging that some offline-only or mixed channel consumers that have adopted online shopping during the lockdown will not return to physical shopping is necessary to paint a realistic in-store picture moving forward.

A successful Post-Covid in-store strategy should focus less on matching footfall to Pre-Covid volumes and more on increasing the average spending per customer per visit to match overall in-store revenue to Pre-Covid numbers. Convincing a reluctant customer to come into the store will require significantly more resources than convincing a customer who is already engaged to spend more while in store.

The customers who make it through the door Post-Covid will be more invested in the brand and more inclined to make bigger purchases per visit.

Retailers will look into **scaling experiences** that are proven to increase average spending in a fast and cost-effective way.

SHOP THE STORE FROM YOUR LIVING ROOM



UK multi-brand luxury retailer HARRODS and the digital pioneer luxury brand GUCCI are introducing their complimentary in-store personal styling services digitally via phone, text and video: A Remote In-Store Shopping Service

The new service by Harrods allows rewards customers to get a styling session with an assistant in the store and get exclusive access to designers and lines not available online.

'Gucci Live' lets the customer get the service from the store of their choice, with home delivery or a 'Find Your Nearest Store' option for easy store pick-ups

Complimentary in-store services are a proven up-selling and cross-selling tool in retail. Styling services work especially well for fashion and luxury where consumers are more inclined to buy a 'complete look' that is recommended by a fashion expert for them personally in consideration of their unique physical features and lifestyle.

COMPLIMENTARY PERSONAL STYLING SERVICES

Lead To

FIVE TIMES

Higher Single Transaction Value

While offering a dedicated personal stylist to a single customer for the top tier VIP segment is a good and feasible strategy, **scaling this service** down to other segments in luxury and to the large customer base of high street retailers will only be possible through automation that combines human and technology.



BRICK AND MORTAR: BRANDS IN ACTION

LUXURY RETAILERS

[Hermes](#) opened its doors in France after the eight-week French lockdown. Certain products, including the iconic 'Kelly' handbag, will be available for purchase only via appointment, which is not a major change from the brand's policy to purchasing high-value/high-demand items before Covid-19. When Hermes opened in China earlier in April, the flagship boutique was reported to have brought \$2.7 million on the first day of reopening, giving a glimpse of hope to luxury retailers.

At LVMH-owned [Louis Vuitton](#), the changing cabins are made even more luxurious and spacious, as well as being regularly disinfected by a dedicated member of staff. Clothes that are tried on are set aside to be disinfected with steam and handbags are put in a 48-hour quarantine. Cleaning protocols for other items vary based on their proximity to the customer's face and the materials. Consumers on the first day of reopening in France were photographed queuing outside the brand's Champs Elysees boutique.

At fellow LVMH-owned [Dior](#) and privately owned [Chanel](#), plexiglass shields have been placed at payment points

In the UK, department store [John Lewis](#) is following a three-stage reopening plan after the lockdown measures for non-essential stores have been lifted by the government. The full reopening will be carried out over 3-6 weeks and different sizes of stores from a total of 50 stores will reopen gradually at varying times. The first phase prioritises Employee Safety and includes stores with larger parking capacity for staff who wish to drive to work and avoid public transport. Reopening has started from smaller stores, while larger stores - including London and Glasgow- are scheduled for the tail-end of the plan.



OPTIMISE
STORE MANAGEMENT

COSTS

Through
Automation

CONNECT TO DIGITAL CHANNELS

CLICK & COLLECT

Contactless
Pick-up Options

BE VOCAL ABOUT

SAFETY MEASURES

To Encourage
Store Visits

HIGH STREET RETAILERS

[Mango](#) reopened its first European stores in Austria and the Netherlands, where 4 and 16 stores opened respectively as a first step. A further 53 stores have reopened in countries including China in the past few weeks and the UK stores are now open following the lift of lockdown measures.

The fast-fashion retailer announced: "Mango's priority is the health of its employees and customers. In compliance with the local legislation, extraordinary safety and hygiene measures have been adopted in all its stores"

The new measures introduced include limited number of customers in-store, continuous cleaning and disinfecting on the shopfloor, limited opening hours, and supplying both employees and customers with personal protective equipment.

At [Zara](#), extra hygiene measures are being encouraged by store assistants who distribute hydroalcoholic hand gel to customers at entry. The retailer also actively discourages customers from trying on clothes in-store and suggests they purchase and take items home to return if not happy.

Similar to Louis Vuitton, long queues formed outside a number of Zara stores, suggesting that revenge shopping could apply to both luxury and fast fashion and lead to a much needed boost in revenues.

Meanwhile, [Westfield Shopping Centres](#) in the UK launched a click & collect initiative "Westfield Direct" that allows consumers to place and pay for orders online with the retailers on the group's portfolio. The orders are then collected through a socially distanced drive-through point. So far, the initiative mostly covers food and essential retailers, but it is likely that this option will soon extend to all portfolio retailers including fashion and luxury.

ROAD TO RECOVERY, RESILIENCE AND REFORMATION

The BOSTON CONSULTANCY GROUP (BCG) published their fashion industry recovery forecast report "**Fashion's Big Reset**":
Their primary recommendation to Fashion & Luxury Retailers who want to survive in the Post-Pandemic industry landscape is moving to a
Bionic Operating Model - one that seamlessly integrates the capabilities of People and AI

RE-SET



Re-build the distribution pipeline with localised fulfilment centres that are connected to cloud-based, responsive stock management



Reduce the cost of all manual operations - internal and customer-facing - through smart automation



Reinforce organisational decision-making by building an AI-powered data intelligence backbone to digitise core processes

INVEST



Technology that connects physical brick and mortar stores seamlessly to digital brand touchpoints



A cloud-based AI Customer Profile that unifies the experience across all brand touchpoints around individual customers - not consumer segments



Innovation that cost-effectively scales exceptional service and added value propositions to all customer tiers from VIP to the tail-end

ABOUT US



Intelistyle provides A.I. styling services to fashion retailers, helping them address the needs of 1 in 2 people that are looking for styling advice.

It uses the latest Artificial Intelligence to extract the essence of style from fashion photography and then uses that knowledge to provide outfit and clothes recommendations tailored to different occasions, as well as the latest trends, the user's body type, colours and personal style.

Retailers use Intelistyle to provide a personalised omnichannel experience and scale their merchandising team.

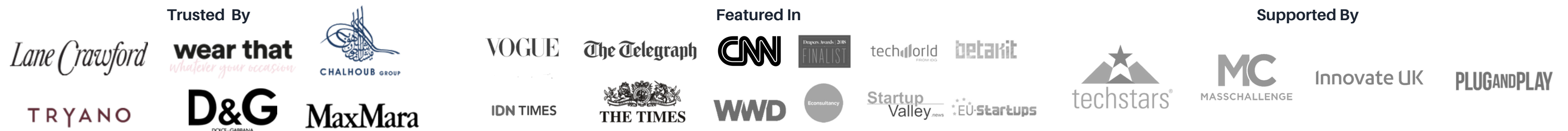
Online, Intelistyle personalises the entire customer experience across homepage, search results, landing pages and CRM emails with clothes and outfit recommendations.

A chatbot provides styling advice to users. The AI styling platform supports their customer service team, allowing them to answer queries just like a team of human stylists.

In physical stores, Intelistyle turns every sales assistant into an expert stylist by helping them find the right clothes for each customer through their clienteling solution. Intelistyle's AI, embedded in smart mirrors, advises customers how to style what they are wearing.

Forbes featured Intelistyle after its AI outperformed human stylists at London Fashion Week.

Fashion specific personalisation delivers **130% more revenue** than generic personalisation solutions, **10% sales uplift**, **42% increase in basket size**, **124% increase in conversion rate** and can increase Full Price Sell Through by 20%.



SOURCES

<https://www.bain.com/insights/how-covid-19-is-fundamentally-altering-retail-store-operations-infographic/>

<https://www.unwto.org/tourism-covid-19>

<https://www.ukfinance.org.uk/press/press-releases/contactless-limit-uk-be-increased-45>

<https://www.forbes.com/sites/gulnazkhusainova/2020/04/29/what-will-the-post-pandemic-future-of-fashion-retail-look-like/>

<https://www.ukfinance.org.uk/press/press-releases/contactless-limit-uk-be-increased-45>

<https://www.drapersonline.com/news/john-lewis-online-sales-and-profits-up/7040193.article?blockTitle=John-Lewis-News&contentID=14470>

https://www.businessoffashion.com/articles/professional/the-problem-with-the-online-luxury-model?utm_source=bof-careers-newsletter&utm_campaign=1666590694129550&utm_term=14&utm_medium=email

<https://www.forbes.com/sites/gulnazkhusainova/2020/04/29/what-will-the-post-pandemic-future-of-fashion-retail-look-like/> <https://www.drapersonline.com/news/mangos-european-stores-begin-to-reopen/7040197.article>

<https://futureconsumer2022.com/1879977/12/>

<https://econsultancy.com/how-is-coronavirus-impacting-the-retail-industry/>

<https://econsultancy.com/stats-roundup-coronavirus-impact-on-marketing-ecommerce-advertising/>

<https://www.businessoffashion.com/articles/intelligence/how-personal-shopping-makes-people-spend>

<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-restart?cid=soc-app>

<https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/a-global-view-of-how-consumer-behavior-is-changing-amid-covid-19>

<https://www.mckinsey.com/industries/retail/our-insights/fashions-digital-transformation-now-or-never>

<https://blog.euromonitor.com/leveraging-technology-is-helping-non-grocery-retailers-to-cope-with-coronavirus/>

<https://blog.hubspot.com/service/customer-service-stats>

<https://www.forrester.com/report/2018+Customer+Service+Trends+How+Operations+Become+Faster+Cheaper+And+Yet+More+Human/-/E-RES142291>

https://media.bain.com/Images/BB_Prescription_cutting_costs.pdf

<https://www.drapersonline.com/news/coronavirus/what-will-post-pandemic-shopping-patterns-look-like/7040115.article>

<https://hbr.org/2020/04/ensure-that-your-customer-relationships-outlast-coronavirus>

<http://guides.drapersonline.com/6036.guide>

https://www.drapersonline.com/7040131.article?mkt_tok=eyJpIjoiWmpSaFpqZzFPRFE0TlRsa1slnQlOiJDNUJkcklvWUZqcSt6ajF6YWwza0NqemxHeGFXTXQ3MUFQMmN4QXZMeFIHaFgrRHZOUFVJNHhnRzRSUFVTNkjtTlNUUjUrenZCWE9zWl4SVB0cGJ2bzQxNH4NHVDRLizTHY3VzFPbFJcL3FzUXI0RFFxb2VwbmZUQzNkb0FlejkiQ%3D%3D

https://direct.westfield.com.au/centres/?_bc_fsnf=1&list_all=Centre

<https://www.businessoffashion.com/articles/intelligence/why-brands-are-sliding-into-your-dms>

<https://www.statista.com/topics/871/online-shopping/>

<https://www.statista.com/topics/5499/online-clothing-market-in-the-uk/>

<https://www.forbes.com/sites/katiebaron/2020/05/26/meet-ada-the-new-fashion-game-smashing-down-the-door-to-democratized-luxe/#63ab4d072250>

<https://www.businessoffashion.com/articles/intelligence/why-brands-are-sliding-into-your-dms>

<https://www.mckinsey.com/industries/retail/our-insights/fashions-digital-transformation-now-or-never>

https://www.businessoffashion.com/articles/professional/the-problem-with-the-online-luxury-model?utm_source=bof-careers-newsletter&utm_campaign=1666590694129550&utm_term=14&utm_medium=email

<https://www.businessoffashion.com/articles/professional/the-fashion-tech-companies-getting-a-boost-as-covid-19-takes-hold>

<https://www.forbes.com/sites/gulnazkhusainova/2020/04/29/what-will-the-post-pandemic-future-of-fashion-retail-look-like/>

<https://www.emarketer.com/articles/topics/retail-ecommerce?ECID=SOC1001>

<https://www.theguardian.com/business/2020/apr/25/will-shoppers-return-to-the-uk-high-street-after-lockdown>

<https://www2.deloitte.com/us/en/pages/consumer-business/articles/post-covid-retail-store-strategies.html>

<https://www.bcg.com/publications/2020/fashion-industry-reset-covid.aspx>

<https://www.voguebusiness.com/companies/the-shift-to-e-commerce-poses-a-challenge-for-luxury-brands-vogue-business-index>

<https://www.globaldata.com/retailers-without-online-presence-threatened-as-26-0-of-uk-shoppers-plan-to-spend-more-online-after-covid-19/>

https://www.voguebusiness.com/consumers/paris-reopens-reshapes-real-life-luxury-shopping-covid-19?utm_source=Vogue+Business&utm_campaign=5c9121b175-EMAIL_CAMPAIGN_2020_05_11_12_44&utm_medium=email&utm_term=0_5d1e7914df-5c9121b175-57717559

<https://www.businesswire.com/news/home/20191002005697/en/Consumers-Expect-Brands-Support-Socially-Responsible>

<https://www.commerce-business.com/news/financial/covid-19-coronavirus-retail-fashion-levi-vf-pvh-tommy-hilfiger-1203560192/>

<https://www.forbes.com/sites/gregpetro/2020/03/13/coronavirus-and-shopping-behavior-men-and-women-react-differently/#89931a44737a>

<https://econsultancy.com/covid-19-changed-shopper-behaviour-online-stats/>

<https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/>

<https://www.businessinsider.com/80-of-businesses-want-chatbots-by-2020-2016-12?r=US&IR=T>

<https://www.thinkwithgoogle.com/feature/path-to-purchase-search-behavior/>

<https://unfccc.int/news/un-helps-fashion-industry-shift-to-low-carbon>

<https://www.forbes.com/sites/louiscolombus/2020/04/28/how-covid-19-is-transforming-e-commerce/>

<https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/a-global-view-of-how-consumer-behavior-is-changing-amid-covid-19>

<https://www.mckinsey.com/featured-insights/asia-pacific/how-chinese-consumers-are-changing-shopping-habits-in-response-to-covid-19?cid=soc-web>

https://www.accenture.com/us-en/insights/strategy/brand-purpose?c=atrat_competitiveagilnvalue_10437227&n=mrl_1118

<https://www.forbes.com/sites/walterloeb/2019/04/05/on-line-retailing-strength-forces-retail-rethinking-how-to-survive/>

<https://www.forrester.com/report/The+Top+Retail+Technology+Investments+In+2020/-/E-RES158037>

<https://www.businessoffashion.com/articles/professional/fashion-looks-to-china-for-a-glimpse-of-its-future>

<https://www.ecotextile.com/2020051126068/fashion-retail-news/zalando-sees-increased-sustainable-fashion-sales.html>

<https://www.pwc.com/gx/en/industries/industrial-manufacturing/digital-supply-chain.html>

<https://www.forbes.com/sites/walterloeb/2019/04/05/on-line-retailing-strength-forces-retail-rethinking-how-to-survive/>

<https://www.statista.com/topics/5499/online-clothing-market-in-the-uk/>

<https://www.statista.com/topics/871/online-shopping/>

<https://www.mckinsey.com/industries/retail/our-insights/a-perspective-for-the-luxury-goods-industry-during-and-after-coronavirus>

<https://www.bain.com/insights/luxury-after-coronavirus/>

<https://www.fastcompany.com/90500747/reopening-retail-wont-be-easy-but-these-4-steps-will-make-it-safe>

<https://www.drapersonline.com/news/john-lewis-ready-to-open-shops-in-may/7040252.article>

<https://www.businessoffashion.com/articles/professional/fashion-looks-to-china-for-a-glimpse-of-its-future>

<https://www2.deloitte.com/us/en/pages/consumer-business/articles/post-covid-retail-store-strategies.html>

[WGSN-https://futureconsumer2022.com/1879977/12/](https://www.statista.com/statistics/1110822/coronavirus-impact-on-shopping-online-uk-consumers/)

<https://www.mckinsey.com/industries/retail/our-insights/fashions-digital-transformation-now-or-never>

<https://www.businessoffashion.com/articles/intelligence/why-brands-are-sliding-into-your-dms>

<https://www.businessoffashion.com/articles/news-analysis/the-state-of-fashion-2020-coronavirus-update-download-the-report>

<https://www.businessoffashion.com/articles/professional/the-fashion-tech-companies-getting-a-boost-as-covid-19-takes-hold>

https://www.drapersonline.com/7040131.article?mkt_tok=eyJpIjoiWmpSaFpqZzFPRFE0TlRsa1slnQlOiJDNUJkcklvWUZqcSt6ajF6YWwza0NqemxHeGFXTXQ3MUFQMmN4QXZMeFIHaFgrRHZOUFVJNHhnRzRSUFVTNkjtTlNUUjUrenZCWE9zWl4SVB0cGJ2bzQxNH4NHVDRLizTHY3VzFPbFJcL3FzUXI0RFFxb2VwbmZUQzNkb0FlejkiQ%3D%3D

https://www.theindustry.fashion/asos-accelerates-use-of-augmented-reality/?mc_cid=4baae637df8mc_eid=f375d521be

<https://www.forbes.com/sites/walterloeb/2019/04/05/on-line-retailing-strength-forces-retail-rethinking-how-to-survive/>

<https://www.globalwebindex.com/reports/social>

<https://www.voguebusiness.com/technology/fashion-beauty-brands-taking-ar-seriously>

<https://about.fb.com/news/2020/05/introducing-facebook-shops/>

<https://www.fast.co/recent-posts/even-when-stores-reopen-shopping-is-going-to-look-a-lot-different>

<https://www.businessoffashion.com/articles/fashion-tech/virtual-fashion-digital-products>

<https://news.cgtn.com/news/2020-03-24/Shanghai-Fashion-Week-2020-The-show-must-go-on-but-how-P7qzSKq8Fy/index.html>

<https://www.shopify.co.uk/blog/unified-commerce>

<https://www.statista.com/statistics/1107859/shifting-to-online-purchases-because-of-the-covid-19-pandemic-by-category/>

www.voguebusiness.com/technology/websites-stores-dynamic-is-shifting-omnichannel%3famp

<https://www.raydiant.com/blog/reopening-of-retail/>