

WWD

Fashion. Beauty. Business.



Online Only

Paris and Milan set digital fashion weeks for July.

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John Varvatos files for Chapter 11 as pandemic hinders retail.

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Going Small

Brands increasingly turn to microinfluencers amid missteps by majors.

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WINDOW ON THE WORLD

Windows have taken on an entirely new meaning for many of those in coronavirus lockdown. Gazing outside can offer an escape from being quarantined, a thought French artist Grégoire Alexandre explores in the photograph here, which creates new windows in his apartment with light projections. Alexandre said it is an "attempt to extend my horizons by creating extra windows in my interior" as he and other artists contacted by WWD explore the theme of "Home" in this second of two parts of works by creatives worldwide. For more, see pages 16 to 24.

ART BY GRÉGOIRE ALEXANDRE

BUSINESS

Stores Closed Now May Never Reopen

- Retailers are reexamining the criteria for keeping their stores open and accelerating closings.

BY DAVID MOIN

Retailers are getting stricter about grading their stores.

It's typically an annual process for companies to review their brick-and-mortar fleets. But now retailers, spurred by the impact of COVID-19, are working double time to get out of, or revise, leases and rethink the balance of brick-and-mortar versus digital in the overall business.

They see Americans fearful of getting infected by visiting malls, continuing to shift to online shopping, fleeing big cities to the less dense suburbs, and bankruptcies creating more vacancies in shopping centers. Considering all that,

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BUSINESS

Retailers, Landlords At Odds On Rent Relief

- The only thing L.A. retail tenants and landlords agree on right now is the government needs to step in on what to do about rent during the coronavirus.

BY KALI HAYS

Things are a little tense right now between many retail tenants and landlords in Los Angeles.

As the coronavirus has forced essentially all retail operations to close, at least those that do not trade to some extent in grocery, many businesses have stopped paying rent – from small and independent stores to large and national ones. This has left landlords in L.A., home to famed retail streets like Melrose Avenue, Robertson Boulevard and Rodeo Drive, along with a number of major malls, to try different tactics in how they will collect rent.

"Everyone is trying to make money, but we need to make sure L.A. survives right now," Fraser Ross, the founder of popular boutique Kitson, said. "There's not enough

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Amid concerns of the spread of COVID-19, a shopper leaves a Gucci store as other wait to enter at North Park Mall in Dallas.


BUSINESS

Envisioning the Retail of the Post-Coronavirus Era

- Good news: brick-and-mortar stores will still be relevant. Bad news: they need to be significantly revisited – and fast.

BY SANDRA SALIBIAN

MILAN – As many countries are gearing up to lift the respective lockdowns and commercial activities are about to resume their operations, a key variable of the post-coronavirus era is how physical retail will evolve.

With social distancing and safety measures set to disrupt the customer experience, industry experts and architects are envisioning the impacts the pandemic might have on brick-and-mortar stores, starting from their new configuration and role they should assume now that consumers have become increasingly accustomed to shopping online during their confinement at home.

“The future of the retail space will have to adapt to a consumer who wants to control how much they opt in or out of human interaction, as they forge their own in-store experience. Strategies will need to allow for little to no human connection, while still providing excellent service,” said Laura Saunter, senior retail editor at WGSN Insight.

In particular, adopting an efficient omnichannel and client-centric approach will define the success of a brand, as a seamless transition and integration between online and brick-and-mortar will be key to better answer consumers’ evolving demands.

According to Accenture’s European managing director for fashion Andrea Ruzzi, before COVID-19 many retailers were looking at how to transform the role of stores, aiming to reimagine personalized customer interactions, rethink shops’ physical footprint in a profitable way and blend digital channels with in-store offerings. The health emergency introduced new priorities, such as heightened expectations for store cleanliness, merchandising adjustments for social distancing, shifting demands in product categories, limitations around the number of shoppers in a store at a time and a touchless experience.

“In the short term, safety for customers and staff will be priority number one,” said PwC Italia’s partner and retail and consumer consulting leader Erika Andreetta. Measures to be implemented in stores include thermo-scanners at the entrance to check in customers and safety areas equipped with sanitizing

and protection masks to be distributed to clients. Limitations on access also will impact the balance between sales assistants and customers, set to become one-to-one even in the case of fast-fashion players such as Zara and H&M.

“Designing for distance will also mean that store navigation needs to echo the one-way systems that grocery stores have implemented during the COVID-19 outbreak, creating additional space between shoppers,” said Saunter, who believes opening hours might be adjusted to allow people to shop at less busy times.

Technology will play an increasingly relevant role in the process. Tools already installed in stores as video surveillance systems might be used to better track customers’ movement inside shops and, consequently, change their layout in the medium-term. “A heat map or indoor GIS [graphic information system] monitoring different floors might help understand how the different areas are used and, in case, prompt action where there’s a higher concentration of customers or lead to a reconfiguration of the space,” suggested Paolo Pedersoli, partner at the Jakala company offering marketing and technological solutions to firms.

Booking appointments prior to visiting

a store will also contribute to manage the traffic and further boost a trend that many brands already followed to offer bespoke experiences to premium customers or in-store services, especially in the case of beauty labels. “We’ve seen some digital tools come into play, like shopping versions of OpenTable where you can reserve a time to come to the store, and retailers can use that to help manage how many people are encouraged to come to a store at any given time,” said Nikki Baird, vice president of retail innovation at Aptos.

To maximize the efficiency of the physical experience, customers’ preshopping ceremony will be enriched by digital platforms providing data on a store’s inventory availability in terms of products, colors and sizes. “Customers will be expected to select the items they want to try online before visiting the store and will find them available at the planned appointment date and time,” confirmed Ruzzi. “If it isn’t already, digital will be the first touchpoint with the brand’s DNA and collections for a larger percentage of customers. So providing top-quality and exciting digital content will be a key axis to differentiate from competitors.”

According to Andreetta, electronic catalogues will become more popular also because shops will carry less merchandise. This will lead to VR implementations to help customers make virtual try-ons as well as a boom in consumer demand to try garments at home.

“Customer service will need to pivot so that consumers have more control and space – for example, we will see a rise in try-before-you-buy services translating ▶

from online to in-store, where shoppers can take items away to try on at home," said Saunter.

Home trials would lead to a rethinking of the role of fitting rooms in physical stores, also because consumers initially might be reluctant to use them due to safety concerns. According to Baird, closing fitting rooms might hurt the store experience and the ability of the store to cash-in, especially as retailers might avoid taking a lot of returns from people trying on clothes at home. "On the other hand, why deal with the expense of keeping fitting rooms disinfected if no one is very enthusiastic about spending time in there anyway?" she said.

"To try an item in a store is one of the *raison d'être* of the physical retail, so as much as I expect VR and all the digital tools helping to find a size to evolve and help in the process, the fact that we still didn't have a total conversion of purchases on online platforms is because a complete elimination of an item trial is unlikely," added Pedersoli, who underscored that "having everything digitalized would not justify the premium price that is recognized in luxury goods."

Since the physical experience of touching a dress or a textile will remain important in fashion, there will be an urgent need to define in-store practices that will provide the tactile element in a safer way, for example via fast-sanitizing systems or even using antibacterial fibers.

CRM activities will be key, especially considering that tourism is likely to be drastically reduced for the foreseeable future and brands will have to focus on rebuilding and expanding the local customer base. Enabling consumers to register and save their preferences and personal information as well as integrating them in all touch points will be essential to better engage with them, make in-store trials more efficient and drive sales.

"The unseen advantage of a shopping experience powered by technology is the tremendous opportunity to capture more information about customers' shopping journeys, trends and motivations that can later serve to inform and guide more relevant customer experiences in-store," said Ruzzi, adding this will enable sales assistants to "provide a tailor-made proposition during the interaction."

In fact, although the crisis will accelerate the overall push toward technology, the personal relationship between customers and sales assistants will remain at the core of the shopping experience, even if accompanied by digital tools such as iPads or mobile phones.

"Even in the immediate term, when people will rightly be afraid of going to physical stores, the human relationship will be stronger and stronger," said Federica Levato, partner and leader of global consumer products and retail practices at Bain & Co. She noted sales assistants will evolve from mere sellers to entertainers, engaging consumers in a more advanced way via technology.

The implementation of virtual showrooms and livestreamings, which are already defining the shopping experience in China, will become the new standard. Enabled by digital platforms such as Hero and Whisbi, users visiting a brand's or retailer's e-commerce site will be able to request to connect live with sales assistants to receive suggestions on new products, trends and sizes, before eventually being redirected to the desired item on the online store to complete the purchase. These tools will also enhance the proactive approach of sales assistants, who could start digital conversations to keep customers updated as well as induce them to visit the physical store.

"Of course these tools would require an alignment of all channels, that so far have remained quite separate," noted

Pedersoli. "So it's important to understand that it's not a single tech provider that will transform a business, but behind a successful functioning of an application there must be an alignment of the stock in store and on the e-commerce and a right mapping of contents....You need processes, contents, data, tools but most of all a different organization. This crisis will force [firms] to overcome structural limits that many companies have today."

The health emergency and consequent germophobia will also accelerate the removal of cash desks, as they "are not recognized as particularly interesting at the moment," according to Pedersoli, and boost contactless and cashless ways of payment, including self-checkouts via mobile devices.

"It won't be necessary for customers to queue at a cash desk: The use of personal devices will enable sales assistants to register the transaction in any point of the retail space, while I expect that there will only be a separate area dedicated to the packaging of goods, which will be then handed to clients before they leave the stores or delivered to their homes."

Mirroring the success of services such as Alipay and WeChat Pay in China, new payment players are accelerating the process, including Satispay in Italy and the Nexi pay-tech company that enables users to receive a text message with a link to complete a transaction "without being

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– Nikki Baird, Aptos

redirected on an e-commerce platform" or an app.

"We have retail customers who are already seeing a substantial and unprompted use of contactless payment, registering a 20 to 40 percent increase in use, especially via services like Klarna and AfterPay," said Baird, who also forecast the implementation of buy-now-pay-later micro-loans in the future.

Apps represent the simplest way to facilitate the contactless dialogue between sales assistants and customers via personal devices, but they need to be filled with content and additional services, according to Pedersoli.

"When apps were born, every brand invested to have one, but what's the purpose of having a monobrand app on one's mobile? If it's a replica of the e-commerce, you don't need it, so they really must have a reason to exist and to stay on a phone," said the Jakala executive. He noted that a better use of the tool might lead to the creation of a single app converging and enabling the interaction with multiple brands and retailers. "Competitors could be new allies and partners. The new business model will probably be about the cooperation among companies," said Andreetta.

Micro-services that can be activated without installing apps on a phone but directly in-store are also likely to gain traction, including web apps that customers can access to connect their device to the Wi-Fi of a shop.

Overall, despite all the digital tools, brick-and-mortar retail is likely to continue to dominate over online platforms. "Online has accelerated and has recruited many people to the digital

cause, but physical retail accounts for more than 85 percent of the fashion market. The human being is naturally a social being looking for entertainment and relationships," noted Andreetta.

"We say that online cannibalizes a physical network when it exceeds 35 percent of the penetration. In the luxury industry now online sales account for 12 percent, so we forecast they will reach 25 to 30 percent in five years. So we're not already there and physical interaction is fundamental, but the role of stores will change. They won't be the center of transactions but...experiential hubs," said Levato.

In particular, physical stores will remain brands' main channel to communicate their values and signature, also because of the human element that builds an emotional bridge with each customer and ensures individual labels provide consumers with a unique experience.

"There's a high symbolic value attributed to fashion and luxury products and that's due to the experience made when you connect with these brands, so in their stores, at their events or through their packaging. It's pleasant to go to a store and be served in a certain way, with attention and a certain slowness that makes you enjoy the moment. It's not only about the product and this sensorial aspect can't be replaced: technology won't ever be able to substitute the human touch," said Pedersoli.

present the full collections?" said Ruzzi.

Less inventory and a liquidity crisis will encourage companies to opt for smaller stores, accelerating a trend started before the crisis, and lead to a reconfiguration of the layout.

"Stores will undergo a lot of changes, in terms of size, contents and message," confirmed Michele Pasini, partner of the Storage Associati architectural studio, which conceived interior concepts for the likes of Tod's, Bally, Dsquared2 and Giuseppe Zanotti, among others. In terms of layout, he noted how stores already evolved by reducing fitting rooms, showcasing fewer products and implementing double and separate entrances for customers and suppliers.

Design-wise, voice-activated door handles, antibacterial furniture and textiles for carpets and fitting room dividers will become the new norm while transparent materials will help build trust among customers.

"Durability and sustainability are already important topics and at the core of our design choices and those of many other architects. I hope we will continue in this direction," said Pasini. "There will be new functional needs and ways of interacting that will define spaces, as a new sensibility toward personal relations and everything that's 'eco' or 'natural.'"

"Everything should be simpler," echoed Massimiliano Locatelli of the Locatelli Partners architectural studio. "Materials should become lighter and easy to clean. Which will be the ones where the virus can't survive? Experts say paper, so temporary paper installations might be implemented," he continued, adding that a heightened attention to costs and favoring local suppliers will further impact the design process.

According to Locatelli, the biggest challenge in terms of creativity will concern "the safety and survival of the species." Drawing a comparison with buildings featuring fallout shelters, the architect envisioned future spaces that might comprise separate rooms dedicated to sanitizing procedures. Overall he believes flexibility will be key for interior concepts, while VR and even video gaming will redefine retail environments.

Matteo Thun – whose namesake architectural studio is behind projects such as the Davines Village and Hugo Boss' Swiss headquarters – also believes that the crisis will bring a need for modularity and flexibility, as well as more indoor greenery. Yet the architect is particularly skeptical about the impact virtual commerce could have on design. "Nothing will be the same. We will use technology to do most things we used to do in person. There will be a vaccine [for coronavirus] – hopefully very soon. The problem I'm not sure how to tackle is the digital COVID-19," he said.

Conversely, Pasini prefers to focus on the creative opportunities digital might bring. "Online's shell is not real and therefore it can be whatever one would envision: There are no rules and boundaries to the creative freedom so we could design an online space as digital architects," he said.

"I think there will be a new way of conceiving stores. They won't look all the same, but there will be different formats to answer to specific demands, which are not necessarily to sell a product," said Levato. "Brands are already testing new customer experiences in temporary stores and I believe this will be the 'new normal,' so to have ever-evolving stores."

Locatelli concluded envisioning the most radical scenario, one where "stores might evolve into mere windows, where you just look at the items and then buy them online. Renting locations in the city has become too expensive, a window would be enough to communicate a brand." ■