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Retailers' Top 5 Lessons Learned From The Pandemic

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The power of the consumer-Target used customer feedback to help develop its All in Motion private ... [+] COURTESY OF TARGET

As we close out the year of 2021, retailers are reflective of what has come out of such a difficult and tumultuous period over the past year and a half. Here are the top five lessons retailers have learned and should carry forward into the new year:

Lesson 1: The power of the consumer

As the pandemic hit last year, forcing consumers to rethink their lives and purchases, retailers tried to keep pace with changing demand. There was a sudden shift in the main product categories purchased, a shift in *how* products were being purchased in terms of online or in stores and a general shift in shopping behaviors due to social distancing and mask mandates. Retailers have always

known that the power is with the consumer. The pandemic has changed retailers' views on how best to harness that power. Gaining feedback on products, services, and the target market's top needs and priorities can help a retailer's strategy. Creating a community where consumers can provide feedback and help to evolve the brand will provide a keen direction for company growth. Case in point: Target TGT -3.3% used customer feedback to help develop its All in Motion private label athletic line which hit \$1 billion in revenue in its first year.

Lesson 2: Supply chain terminology must go



The Ever Given, one of the largest container ships ever built, was stuck in the Suez Canal for six ...

[+] DIGITALGLOBE/GETTY IMAGES

The massive system currently referred to as the “supply chain” is plagued by an antiquated model of wholesale to retail. The term “chain” implies, and rightly so for now, that if a link is broken, the chain fails. As companies emerge from the pandemic, to be successful they must create and use a supply network that involves great collaboration and the ability

to flex and change quickly when needed, with multiple sourcing options, onshore and offshore production capabilities, and many suppliers to feed the network (some forward thinking companies were able to do this prior to the pandemic).

While certainly more complex than the traditional linear model, the flexibility allows for business continuity when disruption occurs. Case in point: Levi's was able to shift distribution from congested west coast ports to lesser used east coast ports which helped in getting its products to stores.

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Lesson 3: Stay invested in technology

Retailers and brands that were able to quickly shift the business model to serve customers in the shopping format that the consumer wanted were able to minimize the impact of closed stores and strict social distancing protocols. The technological infrastructure to provide shoppers with purchasing alternatives like buy online pick-up in store or curbside pick-up require extensive back-of-house support to execute in a consistent manner.

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Best Buy was able to rapidly shift its in-store business model to a curbside pick-up service during ...

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Those retailers that had stayed on top of technological advancements that better integrated systems across all functions such as store management, buying and planning, information technology, e-commerce, s-commerce, m-commerce, and social media were able to pivot quickly and offer a variety of services. Case in point: [Best Buy](#) BBY -3.9% was able to rapidly shift its in-store business model to a curbside pick-up service which is a tall task for an electronics retailer. The company also had invested in technology through the supply chain process thereby protecting its holiday selling period with minimal inventory shortages.

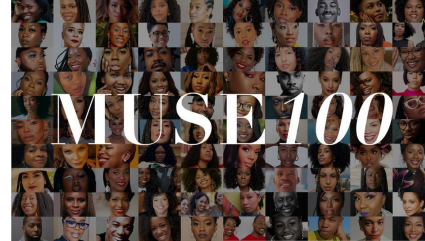
Lesson 4: Employer of choice wins the war on talent

Treating workers well and being a good employer are only table stakes in the war to win the best talent; Employers must go beyond this to attract and retain top employees. Over the past year, workers have quit at a higher rate according to data from the Bureau of [Labor Statistics](#) , rising to 2.8% in October (the number of people quitting compared to the total employment). For retailers, the rate was 4.4% compared to last October's 3.4%. The open job rate in the U.S. also rose significantly, going from 4.6%

last year to 6.9% this October. Less workers, more job openings and people quitting at a higher rate means that employers need to make sure they are demonstrating a true commitment to their existing workforce. In addition to being treated well, employees want to be treated with equity.

Diversity, equity and inclusion actionable programs must be in place for both employees and customers. Future workers are looking for employment where their opinions are heard, valued and matter. Case in point: [Ulta Beauty](#)

ULTA -4.9% and Sephora have been working diligently to provide environments that foster DEI initiatives encompassing employees, customers and vendor partnerships.

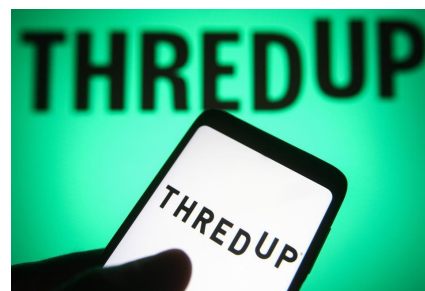


Ulta Beauty's Muse 100 is a celebration of 100 inspirational Black voices making beauty in the world ... [+] COURTESY OF ULTA BEAUTY

Lesson 5: Less is more

Retailers learned pretty quickly that a reduction in inventory assortments could help with gross margin and turnover. From the overabundance of stock in 2020 to the constrained supply chains in 2021, many retail companies pulled back on the amount of product offerings in terms of attributes and features. This more edited assortment provided less choice for customers but it did not necessarily keep shoppers from buying.

Additionally, many retailers began offering re-commerce as a product category which means customers could up-cycle, reuse and recycle previous products. Creating an avenue for customers to trade-in goods has helped the secondhand market grow tremendously while



The resale market has grown into a \$36 billion industry in 2021. (Photo Illustration by Pavlo ... [+] SOPA IMAGES/LIGHTROCKET VIA GETTY IMAGES)

furthering sustainability initiatives. Case in point: In [thredUp's](#) 2021 Resale Report, the resale market is expected to grow 11 times faster than the broader retail clothing market by 2025. The secondhand market will double in the next four years growing from \$36 billion in 2021 to \$77 billion in 2025.

Future success for retailers will depend in large part on their ability to take these important lessons learned and use them as go-forward strategies into the next few years.

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