

General:
***The importance of physical spaces
and how will consumerism change in the next few years?***

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Prior to the pandemic, there were already murmurings around a “retail apocalypse” - a research conducted by UBS stating that 75000 more US stores must be shut down by 2026 under the impact of e-commerce¹. COVID-19 and social distancing seems to be further accelerating the closures, with a potential of breaking last year’s record of 16073 closures and reaching 20620². However, an IHL analyst argues that the UBS report is somewhat sensationalized with oversimplified math and lack of data³. Other research also believes that physical stores will remain⁴, it’s the omni-channel retails combining bricks and clicks that will thrive⁵. 1) Physical stores help raise brand awareness and enhance consumer engagement⁶ which can lead to an uptick in their online traffic. An ICSC⁷ research saw an average of 37% increase in that retailer’s online volume when a new physical store opened. 2) Metrics⁸ beyond just transactional insights can be unveiled from physical stores, including omni-channel metrics from innovative tech-driven stores, stores’ media impression value and geospatial analytics. 3) There will be a surge in neighborhood stores to fulfill BOPIS purpose (buy online pick up in store), a trend that has increased by 554% during the pandemic⁹. 4) Brick and mortar stores will continue to be the main channel fostering community dialogues, especially in the Streetwear sector, obtaining 56% preference¹⁰.

Customer behaviors and market trend is rapidly evolving, and findings may become outdated at the same pace as the development of the pandemic. Apart from the temporary actions taken by retailers to sprint for survival, some consumerism trends have been proved to persist even after this unusual crisis. 1) The pandemic has compressed retail’s anticipated gradual transition to digitalization into 2 quarters¹¹. A spike in e-commerce can be expected mirroring how usage of online platforms surged after SARS¹². Digital frontrunners like China has seen a 700% boost in retail livestreaming and a 159% peak in transaction volume for retailers integrated with mobile apps¹³. 2) About one in every three respondents surveyed perceives a lower spending intent in discretionary categories as the new normal¹⁴. Price sensitivity will also intensify as a result of the discounting of massive inventory build-ups¹⁵. 3) Up to 75% consumers agree that BOPIS, self-checkout and other reduced-contact shopping behaviors are here to stay. 4) Gen Z and millennial consumers will continue to break brands that are not conscious enough on social and environmental causes such as sustainability issues and health measures taken for employees during COVID-19.

Retailers should leverage the opportunities to re-evaluate their business models and rebalance marketing strategies by scaling up to the digital world.

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