

# BACK TO THE FUTURE FOR FACE-TO-FACE RETAIL IN 2021

PART ONE: WHERE WE'VE BEEN AND WHERE  
WE ARE



**Yes, we all know traditional retail is doomed, right? Digital is everything, and then COVID came along. Wow! But is it really the case? Is face-to-face retail really on its way out? And if not, why?**

**We explore retail trends, consumers' current feelings about face-to-face shopping (even with a mask) and start a conversation about what their face-to-face shopping may look like as we recover from COVID-19.**



**First, where are we coming from? And, yes, it appears pretty bleak.**

The last few years have seen carnage in the high streets and shopping malls of Australia, with a host of retail brands going to the wall; Bardot, Jeanswest, Toys R Us – an innovative retailer in its day – were notable casualties, and then came Target. It could be argued that some of these businesses had issues outside of the challenge of online competition, but the rise in online was also clearly a factor. Past giants such as Myer and David Jones, while stumbling on, clearly are not the forces they once were. Indeed, as shoppers return to the malls, post the recent COVID lockdowns, one sees a vast expanse of floors populated by a few staff and fewer shoppers. One wonders how long...

And where to start with COVID... Shops across the country were closed for months – in Victoria the

second wave saw a double shutdown, so even more spend shifted online. Thus, new behavioural patterns have been laid down, which as we know, once established, are tough to change. Temple & Webster, the online furniture retailer, has been a particular success in a sector where, in the past, that one might have expected that consumers' desire to 'try, or sit down on, before you buy' would have given the traditional retailer an edge. Even in sectors where sales held up or increased, the impact of COVID was felt. One client of ours who produces printers was frustrated when trying to take advantage of a once-in-a-lifetime home boom in office supply sales due to WFH because they could not get enough stock from overseas! At times it must have felt like being shot by both sides!

So, is that it? Is all lost? Perhaps not.

**There is good news!**

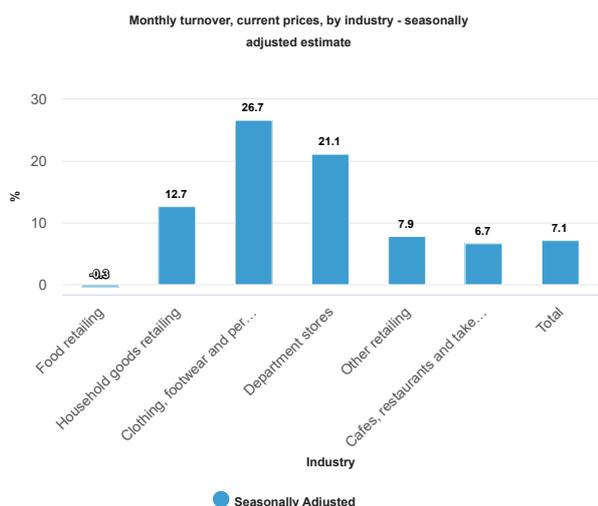
While many bricks & mortar retailers suffered, for others Christmas came early. If you were selling toilet rolls and other groceries, or were in the bottle shop business where your biggest competitor, the pub, was closed, business was great. Yes, there were challenges as the best of these retailers accelerated 'click and collect and other remote channels, but they were able to do so from a relatively healthy position. Never has Jimmy Brings brought so much!

Even outside of these 'lucky' sectors, retail generally is recovering fast. Indeed, while sales figures in March last year showed a big impact, the rebound has been strong. Indeed, some Australian retailers, such as the Super Retail Group which owns, amongst others, Supercheap Auto, Rebel and BCF, have been doing so well that they've handed back taxpayer-funded income support that they had previously received. Good on 'em!



Source: Australian Bureau of Statistics, Retail Trade, Australia November 2020

Data from the ABS signal something of a retail boom – figures for November 2020 were a whopping 13.3% up on November 2019! Remarkable when we know that circa one third of households took a hit to their income (there's clearly an increase in a two-speed economy – a split between the haves and have nots – but that's for another day).



Source: Australian Bureau of Statistics, Retail Trade, Australia November 2020

And it is in precisely the sectors where we saw a loss of retailers in the last couple of years and bemoaned the lot of Myers and David Jones where the growth has been strongest. Clothing, footwear and personal items up 26.7% and Department Stores up 21.1%.

So, what's happening on the ground right now? Research we conducted in January and early February this year reveals a number of insights:

### While online sales increased, and much might stay there, it hasn't always been seen as a good thing.

Online shopping increased not only because the stores were closed, but also because many found they had more disposable income, especially with low interest rates, no overseas holidays, as well as time on their hands - and we should never underestimate the impact of simply being bored! However, some consumers have felt that they ended up spending more, and wasting money when 'forced' online by COVID, because they bought the wrong items, and sometimes either didn't get round to doing returns, or the costs of returns exceeded the low online prices that attracted them in the first place. Others feel that searching online also sucked up too much time, and a process that was once a pleasure has started to become a chore of endlessly scrolling down lists of items. Not all want to stay online, particularly for clothes and other personal items, and many see clear benefits in returning to physical stores. There seems to be an opportunity for retailers to press home some of the basic advantages of the physical store, such as 'try before you buy'. And for shopping centres, the ability to combine, time efficiency and pleasure, by having a multiplicity of products, services and experiences in one spot may be worth reiterating – a coffee, as well as a bit of indulgent shopping, a break from the kids, plus, of course, the groceries, can be a compelling mix.

### People have missed something to do, but also missed other people.

While not universal, many did feel the impact of social isolation. For many, their world shrank and they simply missed going somewhere! As mentioned, boredom, too, was a factor. Everyday human contact was missed and has been appreciated with a return to the shops. I was walking on King Street in Newtown recently and two mature, sane looking, ladies were carrying signs for 'free hugs'. Now this probably isn't the greatest



of ideas at the moment, but it does speak to a deep human need for contact that we all have. Being social isn't just about being with friends and family; it's also about getting out in the world and seeing other people – we shouldn't forget that the retail space is integral to this. Is there a potentially potent narrative in communications about the 'friendly, welcoming' face of in-store retail, even on a subliminal level, and reengaging in the world again. This might sound simplistic, but we feel it is profound. People spend more when they feel good; and perhaps retailers should invest more, not less, in the human dimension. We even found some historical online loyalists who were spending more in stores now, than pre-COVID, because of the 'novelty' of human contact.

### **People have also missed the 'me time' of indulgent shopping.**

The return to the shops and the recent return of kids to school have meant a return for some to 'retail therapy'. Some prize this time alone, to spend time away from the rest of their lives – the kids, the cat, working from home and life's myriad of stresses. The desire to treat ourselves, indulge and just have a break is strong and we would suggest better done 'live and direct' than online.

### **The return to face-to-face shopping has had implications too – many felt cautious and awkward, and 'mission' shopping appears to have increased.**

Many have felt somewhat uncomfortable returning to the shops. Going back could feel odd. Some we spoke to in qualitative research said they felt self-aware and awkward in terms of being socially distanced and, certainly, if they had an inadvertent, and quite innocent, cough or a splutter. Few disputed the need for

wearing masks, but they do have an impact on the shopping experience in terms of social interaction. Some of our respondents spoke of becoming more 'mission-like' in their shopping. Without more 'natural' social interaction, and with the discomfort of masks, time in stores was curtailed. Indeed, for those more concerned about COVID, and there is a spectrum, some shifted from browsing in-store to pre-trip online research, prior to going to the shops, as a deliberate tactic to decrease time spent in shopping centres.

**In sum: overall, there appears a surprisingly positive picture of opportunity, rather than future calamity, for physical retail. There is an upturn in spend and, with behaviours in flux, and technological advances, there is always an opportunity.**

The big question for many is how can bricks and mortar retailers take advantage of the recent growth in spend, defend themselves against the online onslaught (or better harness it for themselves) and once more become the palaces of pleasure from their past, or at least evolve into something that has a brighter future. We explore these themes in our next blog Back to the Future for Face-to-Face Retail in 2021: Part Two.

#### **Written by Bill Morgan, Cognition Research**

Cognition work with some of Australia's leading brands and retailers conducting Shopper/CX Research to help them understand and their audiences, as well as the appropriate 'Retail Theatre' for their categories; this being the codes, heuristics, and emotions that are delivered by in-store environment & customer experience that provide meaning and so optimise shopper engagement and sales.

#### **Acknowledgements:**

- Australia Bureau of Statistics
- Research conducted by Cognition January 2021