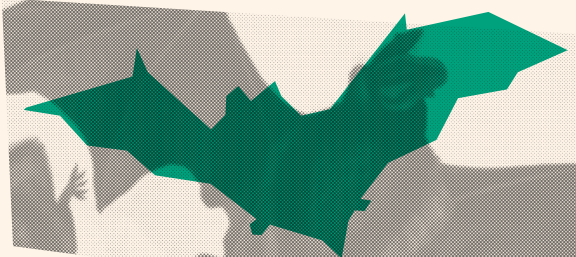
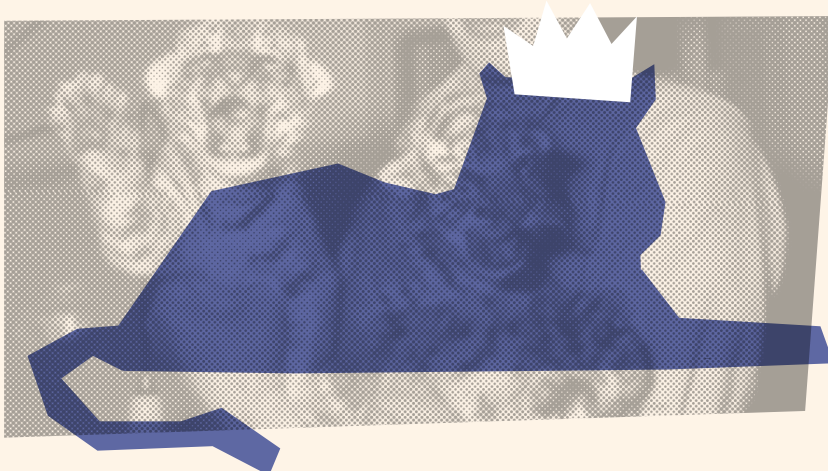
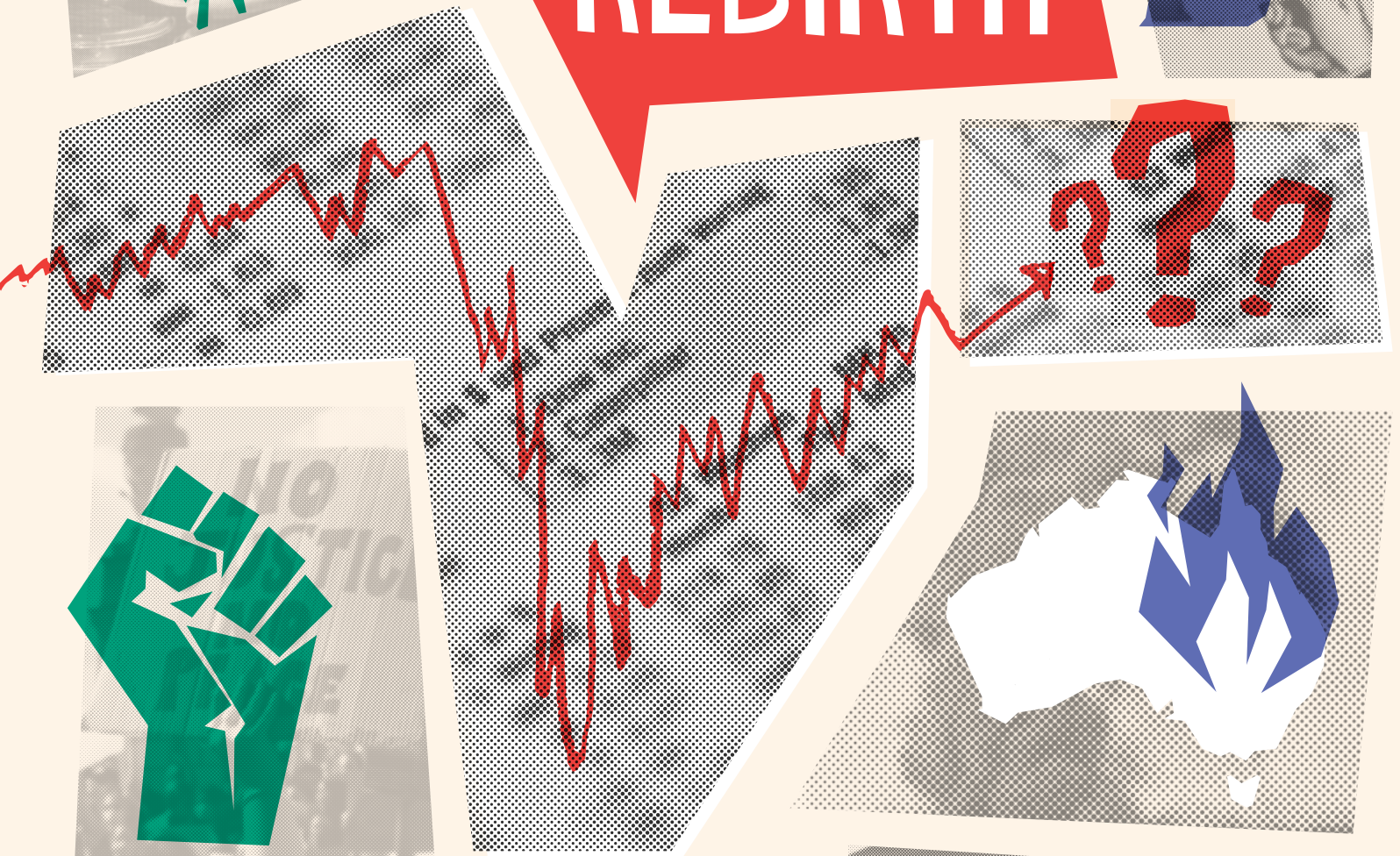
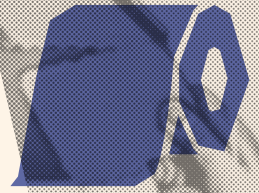
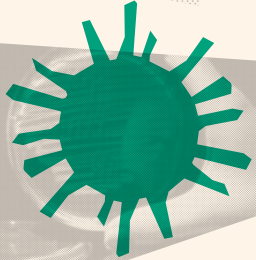
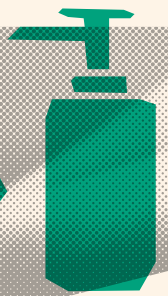
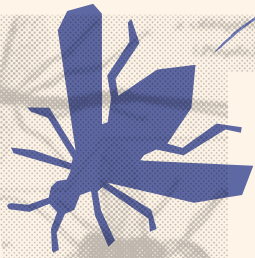


RETAIL

REBIRTH



+ Gladly

Future Commerce

**"ALL OF THIS HAS HAPPENED BEFORE, AND
IT WILL ALL HAPPEN AGAIN."**

J.M. BARRIE, PETER PAN

Let's set the stage: protests challenge the nation and its leaders over racism and injustice. A nation feels split across ideological lines. A deadly virus strikes fear into citizens and threatens to overwhelm healthcare systems around the globe. Nope, it's not 2020. **It's 1968.**

We've been here before. In these times, we find that creativity prospers. In uprising and uncertainty, each generation is offered their moment to make a change.

1968 is recognized as a pivotal moment at the start of the personal computer revolution. In front of an audience of 2,000 computer scientists and enthusiasts in San Francisco, Douglas Englebert presented "The Mother of All Demos." His demo of the oN-Line System was the most advanced portrayal of human and computer interaction the world had ever seen. His demonstration challenged developers and consumers to see a future where computers augmented human capabilities.

That year, a non-technical collaborator in that very demo, Stewart Brand, distributed the first Whole Earth Catalog. The Whole Earth Catalog was packed with virtually anything deemed useful by Brand himself. It was a precursor to the internet as we know it today. It was Amazon, meets Google, meets Blogspot. The Whole Earth Catalog was a place for obscure information, radical ideas, and high-quality tools, all with a vibrant streak of individualism.



The turmoil of the late '60s and early '70s ushered in new ways of meeting the demands of the people using the tools at their disposal. A generation that felt uncertain about their present were met by Whole Earth Catalog's promise of personal liberation. Computer hobbyists realized the potential their garage machines had to connect the world.

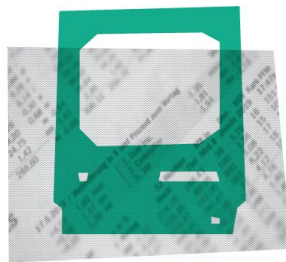
Our present times are not totally unprecedented, but, rather, represent a cycle that comes but once in a generation -- an opportunity for massive change. One could say, we're primed for Retail Rebirth. The 1960s (Whole Earth Catalog and Personal Computing). The 1990s (Uh, the Internet). It's all happened before, and it will all happen again. So now, another 30 years later, we are in a unique moment -- the beginning of a new cycle -- to harness the power of endless possibilities at scale. Digital has turned what used to be geo-local or industry-specific norms into universal truths.

Adversity inspires innovation. Constraints inspire creativity. And just like in the 1960s and 1990s, the 2020s are now delivering a unique moment to harness the changes to our way of life into something new. And while what you may see on Instagram might compel you to do more in your personal life, the impact of this political, cultural, social, and economic storm is also driving SYSTEMIC change. Corporations are leading the charge - from hiring practices to the requirements of mask-wearing in-store, to the 2019 Business Roundtable redefinition of "stakeholder." Today, corporate leadership has center-stage: what will we do with it?

So, what's on the horizon of the next Retail Revolution? We wanted to know how retail leaders were thinking about this moment and how consumers were looking at their behaviors. Surveys were fielded at the end of June, and we were surprised that much of what emerged overwhelmingly felt like an antidote to the divisiveness and proclamations of doom and gloom in the media.

Our takeaway: the turmoil of the late 1960s gave us the personal computer - what will the turmoil of this present crisis give birth to? For those able to change, and to adapt, retail will experience rebirth.

Retail is being reborn. Here's how to adapt.



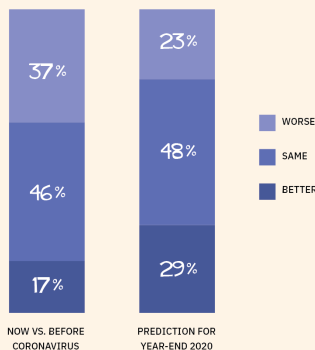
KEY TAKEAWAYS

So without further ado, our 5 hot takes on the rhythm of retail in 2020...

THE POWER OF AMERICAN OPTIMISM

Logically, we know this Fall will spark another wave of anxiety and uncertainty across the nation. We'll be in the final run-up to a dramatic Presidential Election, likely facing a "second wave" of coronavirus, adapting to a one-step-forward-two-steps-back cycle of "phased" re-openings. But how will the consumer respond?

FINANCIAL SITUATION
PRE/POST
CORONAVIRUS



It's possible we've normalized unpredictability so much, we're embracing the idea that anything is better than right now. Because despite everything, Americans have an unyielding sense of optimism about what's to come.

1 in 3 (33%) consumers in our study said they have a positive outlook on the rest of 2020. And what's more telling than a broad-strokes feeling about the future is how they describe their financial picture: while the majority report relative stasis since coronavirus took hold, those who report being worse off now *do not* expect things to continue on a downward trajectory. In fact, 58% of those who are worse off financially now, see better days ahead (or at least expect things to remain status quo).

ROSE-COLORED GLASSES

Gen Z (18-24) & Younger Millennials (25-34) are just as positive about the future as older cohorts, even though - or because - they're *figuring out how to start over before they've planted roots*. They are significantly more likely to report reduced income in recent months, 3X more likely to have relocated, and nearly 6X as likely to have started a new job as Older Millennials (35-44), Gen Xers (45-54) and Young Boomers (55-64).

Business leaders we surveyed in our **Future Commerce Experts Networks** have reason to keep that spring in their step: **60% say they're on track to hit their revenue goals for 2020**. What's contributing to that success?

Relentless focus on the customer.

The top 3 revenue-driving tactics *already taken* this year by experts in our study are customer-centric: identifying new customers/targets, enhancing customer journey, and elevating customer service.



“[We’ve really] increased efforts in customer acquisition, retention, and improving the overall customer experience.” —Head of Marketing, Apparel & Lifestyle

[Erica Cabrera, Grunt Style]

DIGITAL COMES OF AGE (AGAIN)

The dream of the oughts is alive in COVID America. Your digital budget is finally receiving the attention, and priority it deserves. The spend on digital has all the justification it needs to have a clear ROI - not just for now - but forever (gulp). Our survey validated other news that consumers are channel shifting to eCom with unprecedented speed. It's the better, safer, option. As we pointed out in [*Insiders #36: Freaky Friday*](#), offline has body-swapped with online; and going out into the real world feels like a gamble, while online shopping is the safer, and objectively, better experience.

For some brands it comes too late, some already all in their own form of quarantine (ahem, bankruptcy). Throwing money at digital seems to be a natural reaction, but you can't put digital paint over top of brick-and-mortar rust and hope the ship stays watertight. Traditional retail and the "boring middle" (hat tip: industry expert Steve Dennis) have been experiencing a slow death over the past years that has been painfully propped up by a thriving economy. This present crisis revealed some to be the propped-up corpse from Weekend at Bernie's that they truly were.

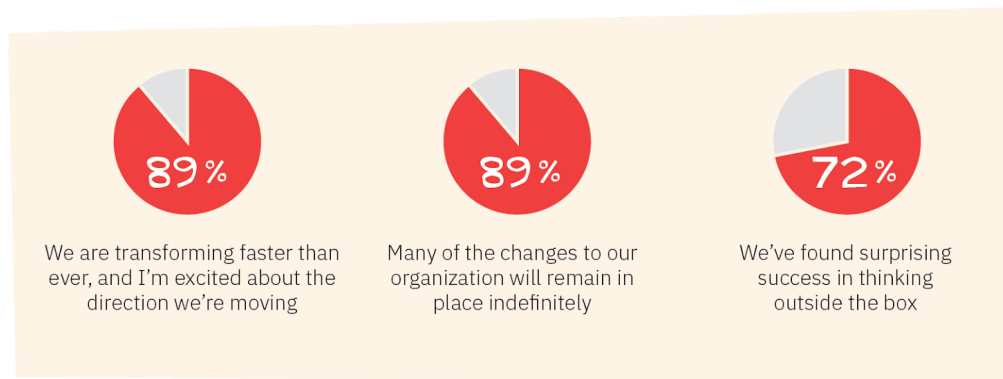
COVID-19 has undoubtedly been a catalyst for digital evolution, with savvy brands smoothing out rough edges, and laggards finally getting into the game: **70% of business leaders agree the crisis has accelerated their organization's transformation.** 1 in 5 report that they "threw out the playbook" for 2020 and have made significant changes to roadmaps set in 2019

DIY IS THE NEW IRL

36% have purchased items to execute something at home they'd typically have paid for someone else to do - beauty/grooming, home maintenance, culinary, etc. Companion content educates & builds community.

“The COVID situation has accelerated online growth several years ahead of predictions. We have made a number of adjustments that focus on a customer-first ethos...[addressing] every touch point & part of the customer journey and beyond.”

—eCommerce Sales Specialist

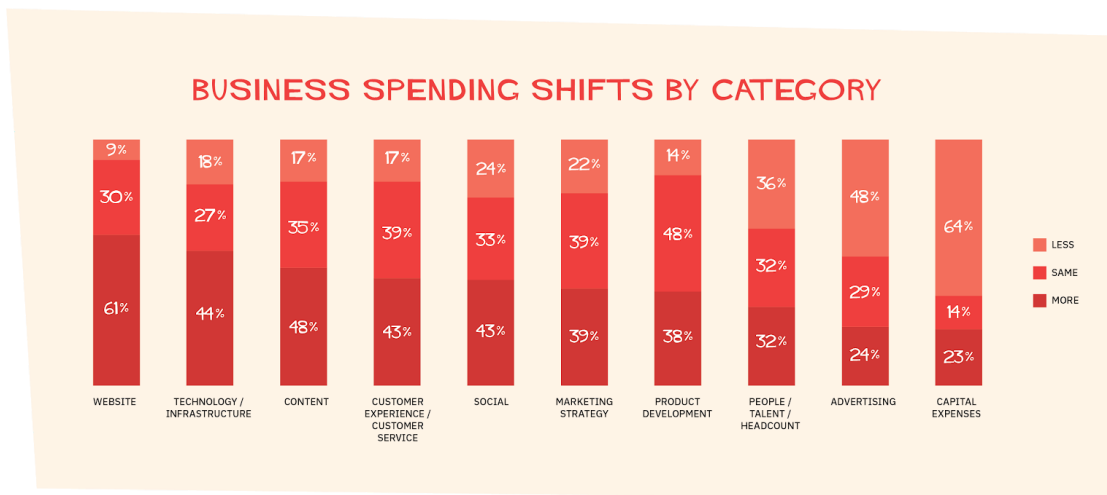


Our experts also revealed that they feel pressure to transform is primarily driven by external forces - customer expectations, market dynamics & competition - rather than internal dynamics. Motivations aside, keeping up with the Joneses in business doesn't put a damper on the positive outcomes business leaders are seeing.

How is this dynamism manifesting? Through investments in their websites, tech stack, and CX.

“Upgrades to several of our systems are improving member experience and [making it] more integrated. COVID jumpstarted those planned changes.”

—Strategic Operations Manager, Travel



Consumers have transitioned to a more digitally-oriented existence easily. After a dramatic shift to digital facilitated by regional executive orders and shelter-in-place laws, consumers expect to **shift +9% more of their shopping online vs. offline for the long term.**



This reveals a much bigger upside for retailers to capture than what existed only 6 months ago - now is the time to harness infrastructure that meets this demand.

The old saying goes “don’t adopt technology for technology’s sake” but in this topsy-turvy world, the ones that had made those investments seem to be weathering the storm better than others. If technology powers, or even influences, 50% of our transactions, digital is your new flagship store. It’s smart to explore technologies that may have minimal adoption in retail, but are seeing real usage in other sectors. It’s also going to make dollars and cents to add headcount to our digital teams - and invest in training for those hires. Being digitally native has its advantages in a post-COVID era. Incumbents will learn, and adapt, to these new consumer expectations - or begin to acquire businesses which have those capabilities. This creates a new ecosystem of exit optionality for digitally native entrepreneurs, and new hope for legacy retailers looking to modernize their brands.

THE YOUTH WILL SAVE US ALL

Parallel to the Internet's role as the great equalizer is its function as a portal, allowing anyone to virtually experience current events - unfiltered - just by tuning into the right account. Social and video have forced what used to hide in the shadows into plain view. Not content to passively absorb the never-ending scroll, Digital Natives (Gen Zers) are putting their expansive, nuanced, global education to work to foment change.

- **30%** have boycotted businesses with a history of cultural appropriation or racist/discriminatory practices
- **24%** have sought out/purchased goods & services from Black-owned businesses



SEASONALITY IS A SOCIAL CONSTRUCT

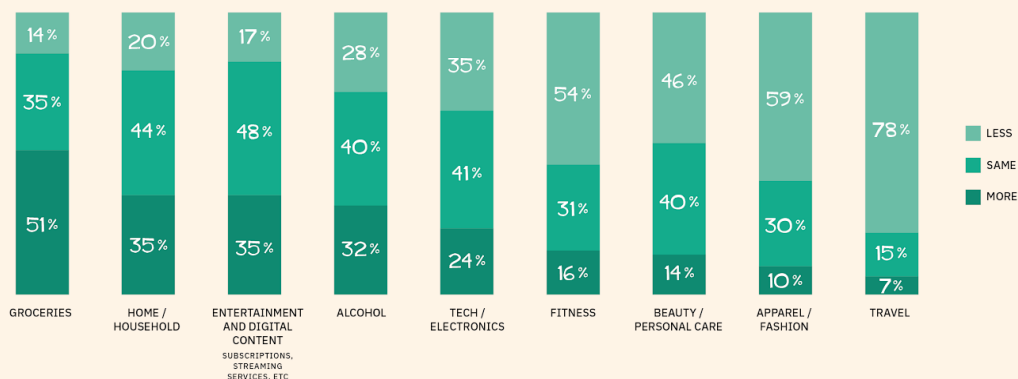
With the possible exception of climate-appropriate clothing, retail's "seasonality" is a social construct that assumes the world has uninterrupted normality. This year's back-to-school shopping season will be less-than, and we run the risk that the smell of pine at Christmas won't be from the tree, it'll be from the extra cleaning products you're using.

You know what else is a social construct? Pants. Particularly the ones you've decided are optional during Zoom calls. Pants = tyranny.

The signs and symbols of each new season, stimuli, and societal norms that cue our behavior are no longer at the forefront of our daily lives, leading to the *dissolution of the social pact* for how we spend our time Monday through Friday, 9am to 5pm. New priorities begat new modes of consumption which brought about shifts in spending as every individual household created their own version of the "new normal". Ultimately, shopping has become seasonless.

In our survey, consumers are presently scaling back on "summer" categories like Travel and Apparel, in favor of lockdown-friendly goods & experiences for the home. As consumers continue to normalize the idea that home is *all* of your "spaces" they've invested in making home as comfortable, engaging, and enjoyable as possible with food, furnishings, and fun.

CONSUMER CATEGORY SPENDING DURING CORONAVIRUS



- More time at home means less time at restaurants or getting take-away, driving the increased Grocery & Alcohol spend. And although 76% of consumers stopped dining out/going to bars at the height of the initial coronavirus outbreak, 1 in 3 had already resumed dining out, local regulations permitting, at the time of publication.
- Diminished spend on Travel is no surprise given restrictions in place, however, according to our study, 37% say they won't resume flying for *at least 6 months from now or until there's a COVID-19 vaccine* - indicating that the airline and hotel industries are unlikely to benefit from the typical "home for the holidays" surge.
- While uncertainty around in-person Holiday celebrations persists, gift-giving may be more important this year than ever before: 12% of consumers say they've already started shopping for this year's holiday season. The idea of "Christmas in July" has never rang more true.

What does this mean for business leaders, when 51% say the Holiday season is normally critical for making goals? Now is the time to remind consumers about the love language of gift-giving as a way to connect from afar.

"Our expectation is that even more product research will be done by customers before ever engaging with our website - so in addition to increased marketing spend, we are moving to produce more content."

—Digital Executive



CUSTOMER EXPERIENCE IS THE ONLY EXPERIENCE WE HAVE LEFT

“More consumers are online, and competition is way up. CX will be a key axis of competition.”

— Head of Marketing, Supply Chain & Logistics

Of all the times to focus on your customers' well being, now is it. While people are optimistic about their financial situation of the future, their present has got them down. [Anxiety and depression are significantly increased](#) - and the last thing you want to do is contribute to the anxiety of your customers. Instead, look to examples of extreme customer connections such as Andie, who's founder [Melanie Travis shared a story](#) of one of their associates who spent nearly an hour on the phone with one of their customers and connected with their customer in ways that only a close friend could connect. These kinds of experiences lead to lifelong customers. Instead of quick sales and inventory liquidation, find ways to be there for your customers in this difficult time - experiences they will appreciate for years to come.

ICX. UX. Customer journeys. Engagement. No matter what you call “it”, we’re talking about how a person interacts with your brand, across channels. As we explored earlier, the scales have tipped in favor of eCommerce; digital experiences will continue to matter more if that’s where the dollars keep flowing. **The key will be uncovering how to make the pendulum swing in your favor; CX is poised to be that differentiator.** According to our experts:

- 78% feel it’s important to have robust & varied CX in order to drive revenue
 - 43% are spending more than planned on CX in 2020
-

“Our brand started online so we had a great customer experience already set up. The one big change in approach we made - once we closed all of our physical stores - was training all of our store managers to be online customer experience associates. The increase in sales/traffic/CS tickets was incredible...being able to QUADRUPLE (4x) our CS team was vital.”

—CMO, Apparel & Lifestyle

Good news: consumers care about this too.

4 out of 5 (79%) feel it's important an online retailer offer multiple ways to get in touch with customer service - #1 most important attribute asked in our study. With more online transactions happening, they've been more exposed to customer service than ever, with frictionless experiences paying off. Within the past 4 months...

- 33% have **shared a positive customer service experience** with others
- 27% have **made a purchase** after a positive customer service experience

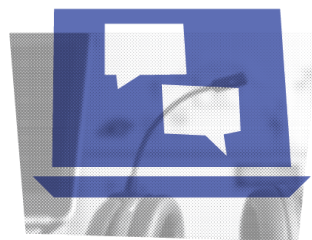
On the flip side? 1 in 4 have *avoided* contacting customer service because it's perceived as too much of a hassle. Overall, consumers want you to make it easy for them to say yes & consider you again; aside from their interactions with representatives and agents, a clear brand story (56%), one-touch payment (48%) and personalized recommendations (46%) are also strongly compelling when choosing an online retailer.

The customers' "bar" is still low. With 25% of customers still struggling to engage in customer service because "they can't even", the opportunity for retailers to build a relationship of trust is wide open. The fact that customers will be ready and willing to make purchases with a positive experience is fuel to make a hefty investment in customer experience that all but guarantees a return on investment. Far too often, customer service teams are looked at as an expense - a necessary evil. Done right, a CX team could actually provide a net positive lift on revenue. For retail's rebirth, this is a discipline that must be cultivated and learned if a brand is to thrive. The alternative? A long and slow decline of a once-treasured, and trusted, brand.

There is an urgency to provide a better experience now: with heavy investment in the next six months, your cost of investment will rise as talent is snatched up at unprecedented rates. Brands that get this wrong will be penalized and shamed. Swift action must be taken or the rewards will be lower and the consequences will be higher.

SAFETY SIGNALING AT BRICK AND MORTAR

Safety Signaling at Brick & Mortar: 7 in 10 expect hand sanitizer and/or washing stations, face masks worn by staff & shoppers, and clear/visible social distancing protocols at shops.



ADAPTABILITY IS YOUR SUPERPOWER

“There is an increasing need to develop solutions that are “in the middle” between traditional retail and eCommerce, that bring the community & relationship you always had in retail, but have never experienced in eCommerce.” — CEO, Technology

Despite the advice of “throw out the playbook” that certain DTC bros have been throwing out on Twitter, you need a playbook. That playbook should be a plan, with contingencies, that chart you through rough waters. According to our **Expert Network** group, you should not adopt a plan from others, rather, be inspired by competitor and sister brands to shape your own, unique, playbook.

The rhetoric of “groundhog day” and “what day is it?” amongst our friends and Twitter following has subsided. Customers are making the best of this moment, and you should, too. 2020 is not the final stop on the “reorient express” so we should get comfortable with being uncomfortable in this business.

In short, “the plan is to fail” because failure is as human as it gets.

As we begin to make sense of the dualities at play in this moment - of finding comfort within the chaos, in building community while confined, and in moving forward without a path laid out - it’s worth remembering that perception is reality. Retailers who adapt to meet customers where they’re at now - and 6 weeks from now - not only exemplify a new paradigm for personalization but will set a new bar for what retail looks like in 2020 and beyond.

Remember: this has all happened before. This will all happen again. Brands can be born in this moment - ~~hell~~, entirely *new categories* can be born in this moment. The 1918 Spanish Flu gave us Dixie Cups and single-use products as a new consumer category (for better or worse). Alibaba was born in post-SARS China in 2003. And Stewart Brand’s curation of inspired and beautiful living, imagined in the Whole Earth Catalog, was a reaction to its own upheaval in the late 1960s.

For retail to be truly reborn, we must strive to take the best of what made offline shopping compelling - discovery, wonder, excitement; talking to another human without layers of protection between you - and bring that into the digital space. Today, right now, we’re at the beginning of another cycle. This is an opportunity.

This is the moment of our rebirth.



METHODOLOGY

In partnership with the market research minds at **Method + Mode**, two separate surveys were developed, fielded, and analyzed. First, we surveyed a representative sample of nearly 400 US consumers to understand how their outlook, attitudes, and shopping behaviors have changed since late 2019. We were especially interested in understanding how they've been spending, where they've been shopping, and what's driving those decisions.

For the business perspective, we tapped the **Future Commerce Expert Network** to tell us what their revenue picture and digital strategy looks like for this year - and how it's evolved over the past 6 months.

Both surveys were fielded online between June 30th - July 6th, 2020, and included a mix of question types (rating scales, trade offs, and open-ends.) Analysis was conducted in aggregate and across relevant sub-segments, with third-party and publicly available data referenced as appropriate. Insights within the report are drawn from a mix of quantitative, statistically significant Consumer results, and qualitative, directional Expert feedback.

Respondent Stats

Consumers

- N=393 US Adults, 18+
- Age, gender and geographic distribution based on US Census data
- Average HHI: \$73K

Expert Network

- N=56 eCommerce professionals, split evenly between primary decision-makers & decision contributors
- Perspectives from a mix of industries from CPG, Pharma, and Fitness, to professional services & support