



Deltra.

'The New Normal For Retail:

Giving up, surviving or thriving?

Where is retail going: Predictions and trends for
the retail industry

with Bilyana Georgieva

Deltra.

The New Normal For Retail.

Today's
discussion

What can lift retail industry up in a short period of time?

Competition vs collaboration and partnership – which one will we choose and how easy will it be from a digital perspective to collaborate with others?

What are the trends amongst retail companies and what are customers expecting?



Bilyana Georgieva

Intuition - Evolution - Satisfaction

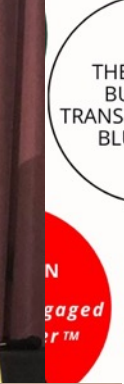
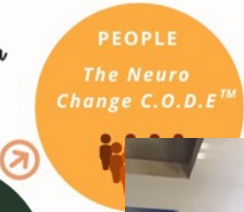


A bit about me ...



Deltra.

 **Bilyana Georgieva**
Intuition - Evolution - Satisfaction



My background in retail.



PHILIP MORRIS



GlaxoSmithKline



Cath Kidston

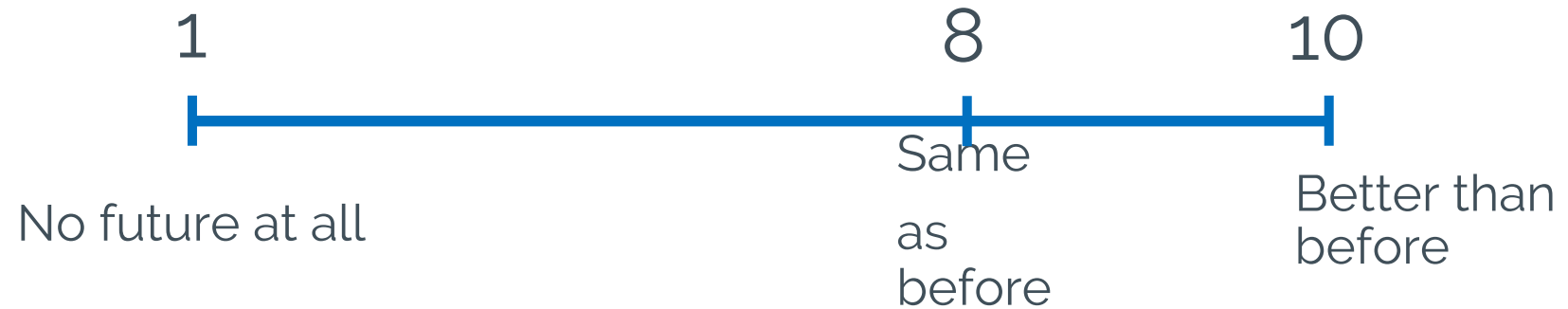


Deltra.

Bilyana Georgieva
Intuition - Evolution - Satisfaction

Stay till the end.

What is your opinion
On the scale of 1 to 10,
how bright is the future of retail, past 12
to 18 months?



The New Normal For Retail.

Today's
discussion

Will collaboration and
partnership
lift the retail industry up in
the next 12 to 18 months?

Deltra.

The New Normal For Retail.

Today's
discussion

Which direction should we
advise companies to take &
concentrate on?



Bilyana Georgieva

Intuition - Evolution - Satisfaction



Deltra.

The New Normal For Retail.

Today's
discussion

What retail trends have you seen before the lock down which you think will thrive and develop further?



Bilyana Georgieva

Intuition - Evolution - Satisfaction



Deltra.

Bilyana Georgieva
Intuition - Evolution - Satisfaction

The State of Fashion 2020 Corona Virus Report

by The Business of Fashion and McKinsey &
Company





LAST ARTICLE

How Will the Jewellery Market Weather Covid-19?

Governments Have Promised Small Busi



We estimate that revenues for the global fashion industry (apparel and footwear sectors) will contract by 27 to 30 percent in 2020 year-on-year, although the industry could regain positive growth of 2 to 4 percent in 2021. For the personal luxury goods industry (luxury fashion, luxury accessories, luxury watches, fine jewellery and high-end beauty), we estimate a global revenue contraction of 35 to 39 percent in 2020 year-on-year, but positive growth of 1 to 4 percent in 2021. If stores remain closed for two months, McKinsey analysis approximates that 80% of publicly listed fashion companies in Europe and North America will be in financial distress. Combined with the McKinsey Global Fashion Index (MGFI) analysis, which found that 56% of global fashion companies were not earning their cost of capital in 2018, we expect a large number of global fashion companies to go bankrupt in the next 12 to 18 months.

The interconnectedness of the industry is making it harder for businesses to plan ahead. Just as China inched through recovery, outbreaks worsened in Europe and the US. But it is in the developing world, where healthcare systems are often inadequate and poverty is rife, that people will be hit the hardest. For workers in low-cost sourcing and fashion manufacturing hubs such as Bangladesh, India, Cambodia, Honduras and Ethiopia, extended periods of unemployment will mean hunger and disease.

Source:

<https://www.buinessoffashion.com/articles/intelligence/the-state-of-fashion-2020-coronavirus-update-bof-mckinsey-report-release-download>



LAST ARTICLE

How Will the Jewellery Market Weather Covid-19?

Governments Have Promised Small Bu

The coronavirus also presents fashion with a chance to reset and completely reshape the industry's value chain — not to mention an opportunity to reassess the values by which we measure our actions. We expect that themes of digital acceleration, discounting, industry consolidation and corporate innovation will be prioritised once the immediate crisis subsides. Even after witnessing waves of insolvencies, industry leaders will need to get comfortable with uncertainty and ramp-up their future-proofing efforts as the potential for further outbreaks and lockdowns loom.

This will also be a time for collaboration within the industry — even between competing organisations. No company will get through the pandemic alone, and fashion players need to share data, strategies and insights on how to navigate the storm. Brands, suppliers, contractors and landlords should also find ways to share the burden.

This joint report by *The Business of Fashion* and McKinsey & Company is an effort to advance the discussion beyond crisis management and immediate contingency planning, by outlining the areas where the industry must focus once the dust settles on the current crisis. Exactly when this will happen is impossible to know for sure, except that it will, in all likelihood, be linked to the discovery of a workable antiviral treatment and delivery of a proven vaccine, which some experts say is at least 12 to 18 months away.



Source:

<https://www.businessoffashion.com/articles/intelligence/the-state-of-fashion-2020-coronavirus-update-bof-mckinsey-report-release-download>



Bilyana Georgieva

Intuition - Evolution - Satisfaction



LAST ARTICLE

How Will the Jewellery Market Weather Covid-19?**Governments Have Promised Small**

cash reserves. Even online sales have declined 5 to 20 percent across Europe, 30 to 40 percent in the US and 15 to 25 percent in China.

Once the Dust Settles

Once the dust settles on the immediate crisis, fashion will face a recessionary market and an industry landscape still undergoing dramatic transformation. We expect a period of recovery to be characterised by a continued lull in spending and a decrease in demand across channels. As noted in our previous reports with themes on “Getting Woke,” “Radical Transparency” and “Sustainability First,” the consumer mindset was already showing signs of shifting in certain directions before the pandemic.

Now, the resulting “quarantine of consumption” could accelerate some of these consumer shifts, such as a growing antipathy toward waste-producing business models and heightened expectations for purpose-driven, sustainable action. Meanwhile some of the shifts we will witness in the fashion system such as the digital step change, in-season retail, seasonless design and the decline of wholesale are mostly an acceleration of the inevitable — things that would have happened further down the road if the pandemic had not helped them gain speed and urgency now.





FIVE THEMES FROM THE CORONAVIRUS UPDATE

GLOBAL ECONOMY

01.

Survival Instincts

Recovery from the pandemic will coincide with a recessionary market, compelling fashion players to ramp up resilience planning and adapt their operating models. Companies surviving the immediate crisis will have made bold and rapid interventions to stabilise their core business before seeking out new markets, strategic opportunities and future pockets of growth in a global fashion industry undergoing dramatic transformation.



Percentage of fashion industry employees who perceive their company's planning for recovery post-crisis response as ineffective

CONSUMER SHIFTS

02.

Discount Mindset

As deep discounting plagues retailers for the remainder of 2020, a decade-long build-up of bargain shopping culture will be exacerbated by a rise in anti-consumerism, a glut in inventory and cash-strapped consumers looking to trade down or turn to off-price channels. To reach increasingly frugal and disillusioned consumers, brands must find inventive ways to regain value and rethink their broader business mission.



Percentage of consumers who said special promotions were an important factor when shopping for clothes in the 4 weeks leading up to 29 March 2020

03.

Digital Escalation

Social distancing has highlighted the importance of digital channels more than ever and lockdowns have elevated digital as an urgent priority across the entire value chain but, unless companies scale up and strengthen their digital capabilities in the recovery phase of the crisis, they will suffer in the longer term. Consumers will continue to demand more in this space and brands must act fast to deliver.



Year-on-year increase in livestreaming on Chinese e-commerce website Taobao since the outbreak of Covid-19

FASHION SYSTEM

04.

Darwinian Shakeout

The crisis will shake out the weak, embolden the strong and accelerate the decline of companies that were already struggling before the pandemic, leading to massive waves of consolidation, M&A activity and insolvencies. To secure their future, companies must adapt to the new market environment by evaluating divestment and acquisition opportunities to strengthen their core and capture whitespaces that emerge from the reshuffle.



Percentage of fashion companies who would be in distress after more than 2 months of store closures

05.

Innovation Imperative

To cope with new restrictions, mitigate the damaging impact of the pandemic and adapt to economic and consumer shifts, companies must introduce new tools and strategies across the value chain to future-proof their business models. Fashion players must harness these innovations and scale up those that work in order to make radical and enduring changes to their organisations — and to the wider industry — after the dust settles.



The fashion value chain has been disrupted leading to rapid scaling up of innovation — from digital design to social commerce

What is the youth generation planning to do?





In the weeks following the global outbreak of Covid-19, it became clear that this crisis would not only temporarily stall the economy and upend our daily routine, it would also rescrumble our culture entirely. Will the same things matter to us when we emerge from this thaw? And will we want the same things we once cared about, even when stores are open again?

In order to get a pulse on how our generation's relationship to fashion and luxury has changed, we polled the Highsnobiety audience* to ask them about just that. In this data, we've found an emergent value system being born in self-isolated apartments across the world: one that is focused on the essentials, allergic to hype, and, perhaps surprisingly, very optimistic about the future.

Interestingly, this immunity to classic desirability-drivers seems to extend way beyond crisis mode, and into a new generational approach to the world. We ascribe this POV to a character we call the "Immunized Shopper."

In the first few months of 2020, to many of our readers, the word "essential" meant the perfect blank T-shirt, cozy sweatpants, oversized hoodies, and crisp denim — or maybe Jerry Lorenzo's Fear of God sub-label specializing in variations of those things.



(16 APRIL 2020)

THE IMMUNIZED SHOPPER

A WHITEPAPER ON THE POST-
QUARANTINE CONSUMPTION HABITS
OF THE NEW LUXURY CONSUMER

HIGHNOBIETY Q1

**The Immunized
Shopper
has been
sick with hype,
and now they're
sick of hype.**



Highsnobiety

Value versus Values

Although youth culture has become less anti-consumerist than ever before (the idea of “selling out” has become a Gen X anachronism), it seems that the readers we spoke to are taking stock of what they’ve accrued in a lifetime of chasing clout. Herein lies the difference between the Immunized Shopper and someone who simply dislikes consumerism. While the “labels are worthless” set detests the very idea of spending more than one needs on clothing, the Immunized Shopper still values connoisseurship, yet is now reckoning with a newfound aversion to the more shallow aspects of luxury.

To put in more bluntly: The Immunized Shopper has been sick with hype, and now they’re sick of hype.

The new journey of the Immunized Shopper — young people surfing through crisis — is therefore a process of separating value from values, wants from needs, entertainment from enlightenment.



FASHION'S FIRST RESPONDERS

If you told us three months ago that a New Balance N95 mask would be blowing up the Highsnobiety feed, we would have asked you what episode of National Geographic's 'Doomsday Preppers' you watched last night.

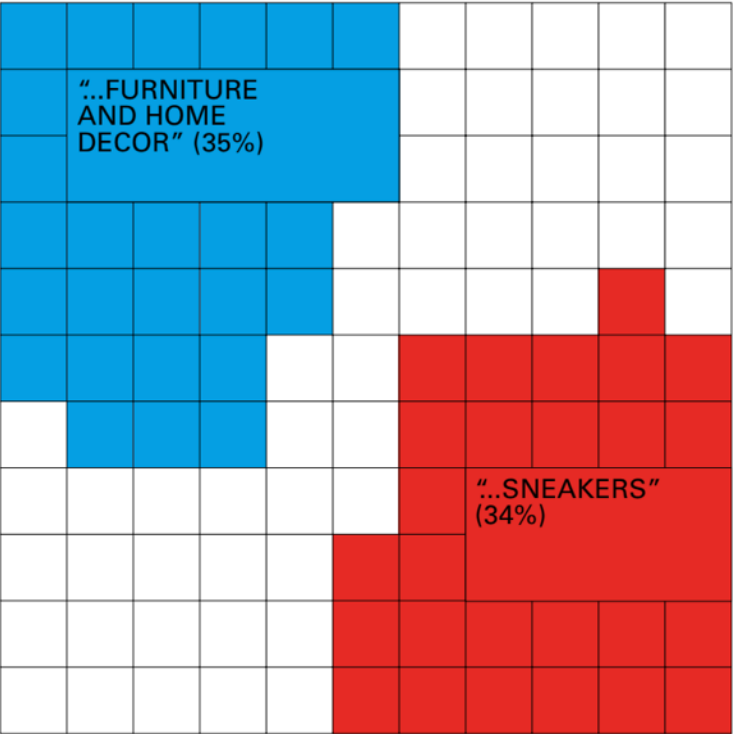
Yet today it is clear that brands have become (at least symbolically) first responders to public crises, turning perceived magnanimity into valuable consumer equity. And this is not the first time. When Notre-Dame was ravaged by an accidental fire, the wealthy heads of LVMH and Kering rushed in with a combined €3 million of aid. Indeed, brands and companies who use their massive platforms to do good reap double the benefits: positive sentiment and a swell in their communities.

Despite industry fear that now is not a time for fashion, **89 percent of our audience still wants to hear from fashion brands**, in some way or another — whether it's the efforts of LVMH and Kering shifting their ateliers to produce PPE, or it's small labels stressing the existential importance of supporting independent brands through this crisis.

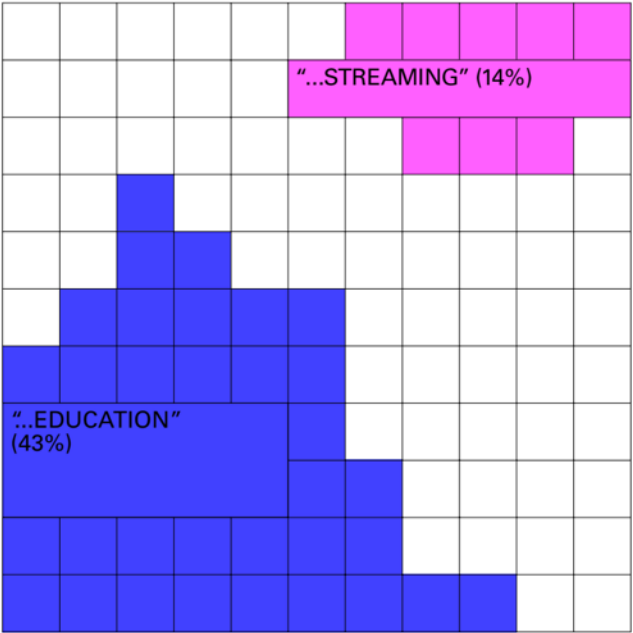
Rather than seeing it as a value-add, the Highsnobiety readers in particular almost **expect** brands to display a level of proactive altruistic involvement on the world stage — and they themselves **want to be a part of this conversation.**

JUST THE ESSENTIALS

“In the next 6 months,
I expect to spend
more on ...”

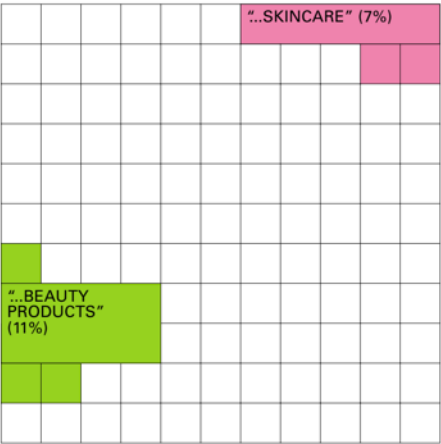


HE NEW LUXURY CONSUMER



LOOKING GOOD IS
RECESSION-PROOF

“In the next 6 months,
I expect to spend
less on ...”





NEW PRIORITIES, OLD ONES

"Since the Covid-19 pandemic I find _____ more attractive."



- QUALITY (60%)
- TIMELESS BRAND (50%)
- SUSTAINABILITY (43%)



- RESALE VALUE (8%)
- STATUS SIGNALLING (10%)
- INFLUENCERS (14%)

MINIMALISM, NOT AUSTERITY


19

CONCLUSION: A NEW OPTIMISM

Ironically, in times like these, the most unanimous result of our survey centered around optimism: 99 percent of the readers we spoke to expressed a positive outlook on their post-Covid-19 future.

It is therefore clear that the rise of the Immunized Shopper is **not a recession-era move toward purity, pessimism, and simplicity.** Rather, what we see now is desire for fashion to engage with its audience beyond the level of appearance and necessity: something that strives toward knowledge, education, and appreciation.

What's clear is our readers feel increasingly optimistic about their future despite the looming and lasting effects of Covid-19. Many cite the examples of brands like Louis Vuitton, Prada, Burberry, and Gucci as reinforcing their passion for the industry, galvanizing their connection to the global fashion complex. It echoes a sentiment shared by Virgil Abloh when he spoke at Harvard's Graduate School of Design in 2017: "Don't get trapped in the mentality of: Everything sucks, the world is coming to an end. That's just an internal mechanism to chill."



Where is retail going?
Bilyana's predictions &
retail trends' direction



Designers (no fashion shows, minimalism, Survivalism, collaboration between brands & designers – joined fashion lines),

Influencers (no powers anymore),

audience trends (Immunized Shoppers, minimalism)

building community of fans / clients and for the digital age (linked to SM)

environmental practices (from the 1st article)

eCom platforms (Amazon, Alibaba, Social media is turning into eCom platforms)

Experiential showrooms

actively implement new strategies around collaborations, core product, distribution, and messaging.

Remember this:

Retail will keep thriving. Only the tools and trends will change.



Deltra.

Sum up

**We need to start
transforming the
Business
Transformation.**

Bilyana Georgieva
Intuition - Evolution - Satisfaction

Next steps.


 Use your voice

 Use your knowledge and your experience

 Shape the New Normal

 Share that New Normal by:

 Sending emails to your management or / and the people you worked with previously

 Posting on LinkedIn (Tag us @DeltraGroup & @BilyanaGeorgieva and use #BizBily and #NewNormal on all your posts)

Why me?

 You are the experts

 People listen to your ideas and

 Share them



Why now?

✅ Businesses are opening their doors already

❌ If we DON'T act now and DON'T transform retail companies, the 12 to 18 months period will be much longer

👋 It is time to shake up the industry and...

🧠 Shape it the way WE want



Deltra.

Bilyana Georgieva
Intuition - Evolution - Satisfaction

Add me on LinkedIn today



Bilyana Georgieva 



PM me your questions



Deltra.

Bilyana Georgieva
Intuition - Evolution - Satisfaction

Session 4: Next Fri, 15th May.

Open Q&A session



A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, set against a clear blue sky. The perspective creates a sense of height and architectural grandeur. The image is used as a background for the Deltra logo and website information.

Deltra.

www.deltragroup.com