

Department stores need to reinvent themselves

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A WHITE PAPER listing good practices in times of pandemic has just been published by the International Association of Department Stores (IADS).

IT was released on 9 November, as many countries were facing new lockdowns, with administrative closures of businesses going with them. No need to say that the White Paper *"Global pandemic, local department stores: Learning from the pandemic and addressing the future for the industry"* came at the right time for representatives of this form of business. Developed by the International Association of Department Stores (IADS), based on the experience of spring lockdown, this document lists and analyses in some fifty pages the *"good practices put in place"* to accompany the management crisis linked to the pandemic by the twelve members - one per country and bringing together 495 stores in 19 markets - of this very closed club.

Take the Initiative

It can certainly be seen as an inventory, but it is above all *"a source of inspiration and reflection for immediate and future actions,"* sums up Selvane Mohandas du Ménénil, the general director general of IADS. Those that will allow us to bounce back, *"take the initiative"* and adapt to the changes brought by this health crisis in order to make the practices meet *"the new realities"*. *"With the lockdown, the department stores realised that it was possible to work differently."* Today, there are still some benefits. This is the case for SM, which has 65 department stores in the Philippines. *"Faced with a very strict lockdowns for the population, the channel has set up a 'call to deliver' service that not only allows to be in contact with a person, but also to access all the store stock, unlike the merchant site."* The success was such that this service, originally temporary, was maintained and *"generates 15% of daily orders, twice the orders made on the e-commerce."*

This is just one example among other successful developments, such as the success of German *Breuninger*, which used *Facetime* and *WhatsApp* to contact its customers and ensure sales despite the curtains being down. While the Swiss *Manor* and the Thai *The Mall* have, as soon as the lockdowns were over, revised their organisation to make themselves more flexible and responsive in view of new resurgence of the crisis.

"Department stores need to re-adapt their offerings to better reach their local customers"

Selvane Mohandas du Ménénil is convinced of this: *"The department store is a format that is intended to last, but it has to go through a reinvention."* He was appointed last June to *"reform and rethink the association in order to address the current needs"* of department stores. Duly noted. Through this White Paper but also through all the meetings, exchanges, analyses that he pursues and strengthens, this is the goal he wants to achieve.

In the new situation, we obviously have to deal with the loss, or at least the drastic reduction, of international tourism on which many retail chains relied. This is the case in France where the flagships of *Printemps* and *Galeries Lafayette* on Boulevard Haussmann generate a large part of the turnover of each brand, and are dependent on more than half of the foreign visitors. In addition, there are specific stores such as *Le Printemps du Louvre* or the *Shopping and Welcome Center* of *Galeries Lafayette*. This ultra-dependency is one of the major

reasons for the current difficulties of these institutions, which are forced to resort to store closures and redundancy scheme.

However, this trend tends to continue. *"Given the absence of this foreign clientele, we need to relearn how to reach out to local customers. This requires an adaptation of the offer to their profile, their needs."* Add to this an emphasis on elements this audience is sensitive to, *"such as sustainability."*

Convinced of the relevance of the recentring of the catchment area, and of the recentring of domestic consumption, Selvane Mohandas du Ménéil points to the concrete case of Galeries Lafayette and El Corte Inglés (Spain) which, despite the difficulties, have seen *"their regional stores resist better than their flagships, more dependent on international windfall. This should lead the chains to review the size, role and positions of these flagships."* The social and humanitarian actions carried out by the retailers (the purchase of medical equipment for hospitals or the population, the provision of hotels for patients) have also helped to increase their favourable reputation among the general public. Especially since this has been widely reported in the media and on the networks.

Serving the store

Even before the crisis, the transition to the digital channel also appeared to be a necessity in the eyes of department store executives. But the driving force from the feedback is that it is essential to *"evolve towards an ecosystem."* *"The department store has always been and remains a human place of encounters and discoveries. In this case, digitalisation - which is not just e-commerce - should help it rethink the way it works and strengthen the links."* On this point, the General Manager cites the case of Falabella, IADS Chilean member, who is present in several Latin American countries. *"Ranking fifth in the world in term of turnover"* and second, for the same criterion, within the IADS. It seems very advanced on the subject, with an interesting approach to share. *"It sees itself as a cross-channel player with department stores, not the other way around."*

El Corte Inglés, which invests in logistics to manage the final kilometre of its deliveries itself, is another example of the ecosystem to reach. This is not the only challenge faced by department stores in this period of upheaval. *"I confess that this is an exciting timing for my entry in the association,"* assures the new General Manager of IADS, determined to multiply the talks, and exchanges of ideas and data between the twelve members. And why not extend this small club a little, to take advantage of more ideas...

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