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Retail Isn't Dead: Navigating the Overhyped Retail Armageddon (Part I)

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With traditional brands like Sears in transition, no retailer is immune to the challenges of ever changing market dynamics. Read on for the first of our two-part series on “*Retail Isn't Dead: Navigating the Overhyped Retail Armageddon.*”

Despite the dire warnings (and recent failures of notable name brand retailers) signs point to a surge in organizations that have navigated the current retail malaise. While more than 40 retailers have declared bankruptcy since 2015, there are strong economic tailwinds with an all-time high in consumer spending. GDP is expected to rise 2.9 percent in 2018, according to Kiplinger's Economic Forecasts, while unemployment fell to 3.9 percent in July 2018. According to a recent study by Business of Fashion, retail sales are expected to increase 4.5 percent, compared to 2017. As the sector changes and evolves faster than ever before, we believe there are 10 keys to success that every retailer, wholesaler, and direct-to-consumer business must adopt or else risk becoming obsolete.

This article, the first in a two-part series, outlines five of ten ways retailers can survive and flourish in the new world of retail. Below, we explore the customer facing aspects that retailers must focus on in today's market landscape. In Part II, we will look at the key support functions and operations critical to supporting today's retailer.

Part I: Five ways retailers can survive and flourish in the new world of retail

The most important job of a retailer is connecting customer to product. From the evolution of covered wagons, to catalogs, malls, and the internet today, we now live in a multiple access point world where consumers can put themselves on the path to purchase anytime, anywhere. Tastemakers are no longer confined to “designers” or “buyers.” Technology and social media have transformed the market so that anyone in the world (with online access) can define and promote trends. This movement has forever changed the customer's relationship with product providers. Many large corporations have found themselves flat footed in addressing the needs of this technology and new market.

Whether a legacy brand or a new disruptor in retail, the following are the core drivers of success:

1. Customer, Customer, Customer

Customer-centricity is at the core of any successful retail playbook. Delivering the right product and providing the optimal experience can only be created by truly understanding your customer. As technology allows retailers to touch customers closer and faster than ever before, so comes the responsibility to listen to what they are saying. Today, customer demand drives trends. If retailers don't listen, learn, and convert context into action, the customer will move on.

2. Brand

Brand is the DNA of all products and services. There is a core fiber of every brand that makes it successful and unique to the customer. Companies must explore, understand, develop and deliver their brand uniquely to their customers. Polo Ralph Lauren is one of the best examples in modern history of a brand that consistently delivers on its DNA. Polo understands who and what it represents and strives to cultivate this brand ethos with its customers.

3. Product

In today's hyper competitive market, product needs to be perfect or it runs the risk of irrelevance. Perfection means flawless execution in brand, price, quality and style for the consumers to react positively. That may sound obvious, but it is paramount. With the amount of access points consumers have, if product is not pristine in its value offering, customers will reject it in favor of another offering. Recently, A&M took on the assessment and implementation of key growth strategies for a multi-category retailer, with an eye toward ensuring product and assortment excellence. After years of stagnant growth and declining margins, the company hired A&M to assess its merchandising practices, evaluate product mix against consumer targets and competition, and highlight opportunities for improving the price-value

relationship. Through the A&M Rapid Results Program™, we were able to identify the path to implement an improved buying process, SKU and price optimization, and product execution. Result: a 15+ percent comp growth for FY2018.

4. Speed

Attention spans are shorter than ever. Consumers from ages 13 to 103 utilize social media to explore trends. Yearlong design, production and distribution cycles no longer cut it. To survive and thrive today, retailers must synthesize customer expectations, inject innovation, and streamline operations. As evidenced by the multibillion-dollar success of Zara's groundbreaking approach, the apparel company has proven it can deliver product from the runway to its customers in approximately 30 days. All companies must similarly optimize their supply chains to develop product on a large scale in a condensed cycle time. There are fashion brands like DSLTD.com that built their entire company on this concept and are growing at an enormous rate. Speed-to-market in the product development cycle is an imperative for survival.

5. Holistic Approach to All Customer Access Points

Brick and mortar, e-commerce, third party retail, pop-up shops—there are so many different outlets to sell product. Omnichannel was a buzzword; today it is simply the standard for success. Companies need to adopt a “many to many” approach regarding outposts for selling their product. Companies must be consistently aligned in all their distribution points.

Customer demand, shopping patterns, and tastes continue to be influenced and modified at hyper speed. Retailers who are maniacally focused on their evolving customer behaviors and understand how to pivot while staying true to their brand will win in the long-term. However, operational strength and excellence in execution will be the fuel to drive any organization's engine in today's retail race. In Part II, we will examine the key success factors in creating and maintaining a high performing organization.

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