

ANALYSIS

INNOVATION SPOTLIGHT: ITALY

Marco Eccheli
Managing Director
AlixPartners



Michele Paolo D'Angelo
Director,
AlixPartners



Lorenzo Novella
Director,
AlixPartners



In responding to the global crisis, retailers are having to focus on short-term operational issues whilst looking ahead to a very different retail landscape. It is a challenge never experienced before, but there are already some impressive examples of innovation. In the first of what will be a series of reports over forthcoming issues, AlixPartners will look around the world and focus on those countries hardest hit by the crisis, see what lessons have been learnt and highlight examples of best practice. To start the series, we focus on Italy.

LOYALTY GETS TESTED... AND WINS

Despite severe restrictions on movement, Italian shoppers stuck to tried and tested retailers and brands for their grocery needs. **Esselunga**, whose superstores are mostly located outside of city centres, initially saw hits to revenue because government recommendations asked that people limit visits to their most proximate store. However, the grocer was able to partially offset these declines by leveraging its customers' strong loyalty. Most purchases for the retailer during the period of closure occurred on its loyalty card. Esselunga took measures to increase social distancing and streamline the flow of shoppers in stores, and many loyal consumers preferred waiting in long lines to going over to a different store. The lesson? Building trust works even in a crisis, or maybe especially in one.

LUXURY WAKES UP TO ECOMMERCE

When it comes to luxury shopping, the experience is as much of a commodity as the product. Consumers prefer buying luxury goods in person – with the trip to the store, engaging with salespeople, and walking out with a branded shopping bag all factoring into the decision to shop at a brand. With the in-person experience absent over the last few weeks, luxury retail had to make rapid adjustments to continue one-on-one relationships with customers. Some brands hastily developed social media campaigns, such as **Salvatore Ferragamo's** Instagram trivia game. Marketing and engagement aside, ecommerce remains a frontier luxury is yet to conquer fully. This may be an opportunity to change that.



FRAGILITY OF APPAREL BUSINESS COMES TO FORE

With the national lockdown in early March closing apparel stores indefinitely and consumers diverting their purchasing power to essentials such as food and cleaning supplies, it was a rude reckoning for many specialty apparel retailers. Within the first couple of weeks of the lockdown, many specialty apparel retailers were facing cash distress and had to take drastic measures to cut expenses and save cash. The only exception was retailers catering to do-it-yourself shopping with sales shooting up as consumers tried to find ways to occupy themselves while stuck at home.



columbo.photog / Shutterstock.com