

Why Digital Storefronts—Not Physical—Matter Most Now

From Rodeo Drive to the Magnificent Mile and beyond, retailers ranging from CVS to Louis Vuitton have boarded up their storefronts as they brace for vandalism as election results come in.

Earlier this year, retailers incurred more than \$1 billion in insured losses, per early estimates from the Insurance Information Institute. The trade organization claims that damage committed by some people during protests over George Floyd's death in police custody could collectively qualify as the "costliest civil disorder in US history." (Walmart pulled gun displays in Philadelphia after the police shooting of Walter Wallace Jr. last month, citing the potential for "civil unrest"—which it did after Floyd's death, too—but reportedly reversed course just a few days later.)

Now, with results still unclear days after Election Day, the question remains how long retailers will stay boarded up in wait-and-see mode. From there, the larger question is what impact, if any, this latest disruption to normal life will have on consumers as we barrel toward the holiday season.

The short answer, it seems, is that this additional setback pales when considering the overarching effect of the pandemic on in-store shopping in general.

For her part, Forrester analyst Sucharita Kodali noted the boarded-up stores are a small percentage of locations overall and "will not impact retail at large even in the worst of circumstances."

"America is a large country, and one Sweetgreen that has been voluntarily boarded up does not mean that we are going to

experience martial law,” Kodali added.

Michael Mothner, CEO of Wpromote, was also skeptical about post-election disorder.

“I think there is an abundance of caution after the violence that came along with protests back in early summer, but I haven’t really seen any indication that we would actually see similar protests or violence after the election, regardless of the outcome,” he said.

While he conceded civil unrest is a possibility, Matt Baker, chief strategy officer of Deutsch New York, agreed “boarded-up shops, while a powerful and unsettling symbol of the specific moment we’re in, won’t define the future of retail.”

All in all, the decision to board up store windows is merely the latest burden retailers have had to shoulder this year.

“I don’t think any retailer is going to tell you the ideal storefront is one in which they boarded themselves up to, in effect, look like they’re prepped for some sort of natural disaster,” said Kyle Rees, director and sector lead at Gartner.

In any other year, having to temporarily board up physical stores might have been a bad omen. At the end of 2020, retailers are in many ways comfortable with crisis management by this point.

“If there’s something that has been somewhat impressive this year, it’s the high amount of uncertainty that retailers in many large metropolitan centers have faced,” Rees added. “I have been personally impressed by the resilience of retailers this year.”

What’s more, storefronts are arguably less meaningful during a pandemic when foot traffic and window shopping are out and ecommerce and BOPIS are in. Regardless of how many physical

locations are boarded up, 2020 has proven retailers with digital storefronts are best poised to survive.

“The Covid impact and subsequent recession will, like all recessions before it, expose the weak and accelerate change. So if retailers haven’t been focusing on their ecommerce capabilities and staying close to their consumer needs, they’re in for a world of pain,” Baker said. “Those that have may even come out stronger for it.”

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