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Innovation in the Fashion Retail Experience

- a response to the COVID-19 pandemic -

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Abstract

In the year 2020, the COVID-19 pandemic has revolutionised the fashion retail industry. As national lockdowns across Europe were called physical retail to close. Brands had to redesign alternative methods to attract customers to their brand. This study aims to learn how brands used innovation to recreate a whole new customer experience, and how this new customer experience could shape the future of store design. Based on our literature review on retail innovation, we decided to conduct our studies through observational research and qualitative interviews. We observed different store and customer behaviour changes adjusted to safety requirements in the early phases of lifting restrictions. We then conducted qualitative interviews of industry professionals to gain a deeper insight into companies' strategies in response to the lockdowns. To conclude, the results show retailers have focused on implementing a variety of digital strategies, given digitalisation allows customers to mimic the offline store experience online. We believe sustainability will continue to be a topic of increased importance to the overall customer experience model. Lastly, this study has shown retail design can serve as a great tool when creating remarkable customer journeys in the future.

Keywords: COVID-19 pandemic, Digitalisation, Customer Experience, Retail Design, Sustainability, Business Model Innovation,

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Introduction

1.1 The Context and Background

In the past, fashion retail was typically associated with physical stores, perhaps located in nice streets, lined with other stores occupied by familiar brands and people walking in and out with bags and newly purchased items. Nowadays, retail has become a substantial part of our global economy as its value chain is located in almost all corners of the planet. It is a sector on which industrialisation and modernisation of our world have been based upon (Manchanda et al., 2020). Trends related to how we work, learn and entertain have drastically been shifted since the Coronavirus outbreak (Nyrop et al., 2021). Although, these trends have been part of our daily routines for some time, what we are seeing now is a drastic acceleration of the use of technology that we have never experienced before (Nyrop et al., 2021; Pantano et al, 2020). Retail is now turning to innovation to find ways that they could connect with customers, in a time when their main touchpoint, the physical retail store, has been affected by national lockdowns (The Economist, 2021.March.18; McKinsey & Co, 2020). Retail is colossal part of our global economy, and its disruption is not just on the side of the consume, much of the overall value-chain has been under great strains (Manchanda et al., 2020). The Coronavirus pandemic has left great economic strains and governments across the world are preparing contingency packages to ensure a robust return back to normality (Fernandez, 2020). Changes to how we shop have really become more digital and fight for brands to grab our attention is at its highest (The Economist, 2021. March.18).

Retailers quickly had to develop ways to shift their business models from predominantly physical retail stores to a more digital experience for their customers and cater to the swift lockdowns and the increased demand of shopping online (Nyrop et al., 2021). Throughout 2020 in Denmark alone, online retail grew by 10%, and it is expected to reach a market penetration of 89% by 2024, increasing by 4% from 2020 onwards (Ecommerce News, 2020). On a worldwide scale, in 2020 alone, four (4) trillion U.S. dollars was spent on online shopping, almost a third of 2019 (The Economist, 2021.March.18). Once the emergence of normal life resumes, the Coronavirus crisis possibly has left many brands thinking about how they will re-invent their physical spaces once lockdowns and other government restrictions are lifted, posing questions like 'how will they re-design the overall customer experience and digital strategy? What kind of need will there be for a physical store in the future?

Even before the Coronavirus crisis, it was understood that the retail formats and the locations used have a limited life cycle, just like their products (McCormick et al., 2014). It seems that one of the significant implications of COVID-19 is that many of the formats perhaps have now so quickly become outdated. Brands and retailers have now the opportunity to rethink their physical spaces and design new concepts that can meet the higher demands and expectations of the customer in their overall journey and connection to the brand (Jin & Shin, 2020). While all other innovative retail elements have come steadily and with time, the experience and digitalisation of the industry are being reshaped as the world collectively lives through a global pandemic in the modern times (Keyser et al., 2020). Previously, retailers' targeted experiences from offline stores and now have almost completely transitioned to a more digital experience to keep communities safe and slow down the viral transmission rate of COVID-19 (ibid). Over-night governments have urged the lockdown of stores and shopping malls and moved most workers to home-based offices (Pantano et al., 2020). This scenario quickly changed the landscape of customer behaviour and led many into a panic buying mode of the essential items (Ivanov, 2020). All other non-essential items were set aside as consumer confidence dropped when announcements of lockdowns came about (Pantano et al., 2020). The consequences of such a rapid shift in consumer demands exposed the weaknesses of the global supply chain, as the adverse effects of consumer behaviour in times of crisis promptly snowballed (Ivanov, 2020). Negative effects of a weak supply chain system are often not immediately seen, much of the disruption eventually starts small but quickly spreads to other geographic areas (ibid). This scenario could lead to further economic damage to the brands, if customers are left waiting long periods of time for products to reach them. The setback in the supply chain can affect customer experiences significantly (Keyser et al., 2020).

When it comes to retail innovation, we define this as the intertwining and the blending of the digital experience between online and offline stores. This growing trend could imply that the value of the physical store may change, and it may take on an entirely new role (Hagberg et al., 2017). Even though before the Coronavirus hit our economy, there was evidence where physical retail stores have been on the decline, new formats and designs have also strengthened the role that they play overall (ibid). We presume that the relevance of the physical store will now become an even greater concern for retailers.

Interestingly, the rise in 'experience' purchases that Millennials and Gen-Zs are increasingly expecting (Bonfanti, 2019), is also interesting to take into consideration. Companies may have a new opportunity to re-design the physical space to cater for more stimulating and engaging customer journeys. The concept of a holistic ‘customer experience’ first became quite significant when Pine & Gilmore (2011) quantified the value of things. They did this by integrating a positive experience into the product's service. Increasingly, fashion brands started to adopt sensational experiences and use the store's space to provide customers with a more dynamic environment. This change ensured customers would want to hang around the shop longer, often resulting in more purchased items (Alexander & Alvarado, 2014). The demand for a more engaging shopping could also tell us a little more about what customers may expect physical stores to look like after the Coronavirus lockdowns start to fade away. Will they want more digital integration or experiential marketing campaigns? With new hygiene regulations and adaptations to mask-wearing, it would be interesting to learn how customers may feel about returning to the physical store after extended lockdowns. How might the customer experience be impacted through the obligatory use of safety measures in stores? This new time is an excellent opportunity to re-evaluate what fashion retail can do to enhance the physical retail environment, assuming the physical space will have the most considerable impact on customer engagement. Although it is important to note that we are still living through the pandemic and are unable to conclude on any of its long-term effects by the end of our study.

In this study, we would like to explore how this instant shift, due to the COVID-19 crisis, has impacted the fashion retail industry. By considering the role of innovation to expand on the alterative available touchpoints and the role of physical stores in a new digital world. Since the pandemic, the way we work, learn and entertain ourselves has become more digital, that means the needs today are considerably different than to those of just eighteen months ago (Pantano et al., 2020). It is interesting to see how the fundamental values of consumers may have shifted over this period. Also, if brands have devised strategies to meet these new values that may centre around innovation, enhanced customer journeys, social responsibility and sustainable business practices. All concerns have heavily deepened as priorities to the consumer, over the Coronavirus period (Manchanda et al., 2020).

1.2 Motivation of Study

The motivation for this study stems predominantly from the authors' academic background in Organisational Innovation and Entrepreneurship (OIE). The OIE master's program studies these topics from a social science perspective and gives depth to the psychology of human behaviour related to the market. Our interest in studying retail innovation trends, that arose from the COVID-19 pandemic, was driven by the changes we felt in our own shopping behaviour as a result of the lockdowns that took place. This consideration grew our interest even more as we witnessed how the scale of the pandemic affected the entire planet and so much of what we base our economic growth and development on (Manchanda et al., 2020).

1.2.1 Introduction of Authors

Roberta Roggero works in the supply chain management department of a large research-driven pharmaceutical company. She has had the opportunity to see the relationship between the health of the population and the economic sector and how it affects the supply chain process. In times of crisis, it becomes evident where the vulnerabilities lie and how they affect companies in all industries. The effects of the current pandemic scenario perhaps may not only be of momentary value. This supposition considers the future presence of the virus in our society and its changes the way we live everyday social interactions. By investigating past design literature for fashion retail spaces, we have not seen the public health element's implementation. A scenario like the one we are experiencing in our society is unique. Therefore, we are in a position to be among the first to undertake such a study.

Sanja Kulic has an academic background in global health. Therefore, a substantial interest arose when real life and a rather obvious example emerged, displaying how sound public health policies strongly correlate to a healthy global economy. Through her global health studies, it has been evident that our economic system has many weaknesses, which the Coronavirus crisis has eventually exposed (Ivanov, 2020; Manchanda et al., 2020). It is interesting to reflect on how much of the retail world has proved itself not very sustainable. Studying how companies had jumped to adapt quickly when they had to, is interesting to see, as it can showcase the quick and swift changes our society can make for a healthier population.

1.2.2 Global Health Considerations

Global health is wide-reaching, and unsurprisingly it is part of every aspect of our lives. When referring to global health, many believe that it is mainly related to medicine, such as access to healthcare, international vaccination programs, access to food and nutrition, disease management, or even the general equality of different races or genders. However, global health has its roots in the economic globalisation of international policies (Chen et al., 2020). That means that there should be a global effort in building the capacity to uplift the whole global population in health standards (ibid). Ultimately, our regulators should come together to ensure all people, regardless of geographic location or racial differences, have equal access to health care and an opportunity to live healthy lives (ibid). As the very nature of our society and the systems that we created, good health will directly impact the growth and upward development of the global economy (Manchanda et al., 2020; Chen et al., 2020). Even though, for most, a pandemic like COVID-19 may have seemed to come out of nowhere. The community of Global Health experts saw a pandemic of this scale coming many years ago (Global Challenges Foundation, 2015; Gates, 2015; de Amorim & de Andrade Guerra, 2020). Many have come to recognise the shift of how important it is to maintain a healthy population for economic prosperity (ibid). Businesses worldwide recognise that environmental impact on our planet could cause even more viral outbreaks in the future (ibid).

This has increased the demand to create better environmentally friendly products from the business perspective. As a result, governments chose to increase spending and focus on incentivising better environmental policies, particularly across Europe (Manchanda et al., 2020; Ivanov, 2020; Guerriero et al., 2020).

Finally, what is primarily interesting about studying innovation in a crisis is that this scenario has brought us new technology and accelerated its implementation into our lives. In addition, we have also started to use existing technology in new ways (The Economist, 2021.March.18). In 2021, we live in a more digitalised world than ever before. The pandemic has brought about some global shifts in how things are done. Typically, a crisis is when significant innovative changes are propelled further than any other time (The Economist, 2021.March.10). Retail is one of the most adaptable industries. It has made some of the most considerable shifts towards new technologies and innovative approaches to improve customer experience in times of crisis (The Economist, 2021.March.18).

The main contribution we want to give to this field is developing further knowledge on how innovation can shape our lives and businesses can operate in times of economic crisis. This thesis is mainly addressed to fashion company managers and stakeholders, to navigate through the changes that may have been caused by the pandemic. Also, our thesis will contribute to the overall academic literature concerning the key elements of technology in fashion retail, as it is related to customer experience and innovation.

1.3 The Aim and Scope of our Study

In this study we aim to explore how fashion retail brands have used their capacity to innovate and adapt to the conditions posed by a global pandemic. We presume that the impact of COVID-19 will continue to shape the customer experience, by increasing digitalization and therefore, shift the purpose of the physical store. We want to determine if the pandemic has left any lasting changes on how fashion retailers will operate in the future.

In this study, we are not exploring how retail stores should be designed going forward, but rather the concepts and formats that they could consider in enhancing the new needs of customer experience. We are also not discussing what technology retailers should use, but rather how the technology that they would implement could contribute to efficiency in the store environment. Although we are exploring themes of sustainability, as it is a dominant component in the future of retail overall. It is important to stress that this is not a theme that we are focusing our thesis on. Our thesis will cover the effects of Coronavirus on customers and retailers, and the use of technology to bridge the gaps of a lack of access to the physical stores throughout the lockdowns.

As we embark on this study, we are aware there will be some significant limitations, we may face in our attempt to collect data. As we are currently in a national lockdown due to COVID-19, there will be restrictions on our ability to conduct in person surveys or interviews. We need to consider how the pandemic evolves to ensure our safety throughout the study. Due to this consideration, we decided not to conduct any customer surveys but instead focus our efforts on interviewing retail experts. In this way, we can gather their views on how the brand they work for has used technology to adapt their offer throughout the lockdown. We also want to find out how they enhanced the customer experience when their stores were not an available touchpoint. For further clarity, we will also interview a retail designer to find out what she thinks could be the future of retail design.

All interviews and data collection will primarily be done online with the exemption of our observational study. We will take the time to study how consumers behave in stores and analyse if there are any significant changes in the layout of the store environment. This is to study the real time effects of the pandemic as we are still experiencing its peak.

1.4 The Structure

When considering the structure of this paper, we thought the best approach would be dividing it into three distinct topics of interest. First, business model innovation, meaning how companies and brands may change their entire business model to meet market demands. Second, customer experience and how brands use different touchpoints to entice customers to become loyal shoppers. Third, retail design innovation discusses the specific innovative methods brands use in their physical stores to connect with their customers and engage them in their product offer. We will then move on to the research by observing current store conditions and interviewing retail experts for further insights.

The following displays the order in which we will conduct our research:

1: Desk research on past literature related to innovation, customer experience and sustainability, by diving it into different categories and elements.

2: Observational study where we observe customer behaviours related to the new store environment.

3: Qualitative interviews where we will be gathering insights from a retail designer to understand how the stores' format may have changed over the last twelve months and how new ideas have sprung up to make retail more relevant to a younger generation. We will also interview experts in the industry with insights on how they adjusted their customer experiences online and their viewpoint on the future direction of the fashion retail industry.

1.5 Research Delimitation

The scope of this thesis is to understand the fashion retail space in the post-COVID-19 pandemic period by considering all its implications. The study aims to understand the innovation process of retail companies in times of crisis. We would like to explore some of the strategies fashion retailers have adopted when their physical stores had to close due to a national lockdown.

By having identified the physical fashion retail spaces as one of the most impacted by the imposed lockdown restrictions, we firmly believe this sector is at high risk of economic loss. This study will be conducted from the perspectives of a retail designer and industry experts within the brands Vero Moda (Bestsellers), a fashion brand, and Pandora, an accessories retailer. We will be looking at it from a broad perspective, and we will assume that many other brands may have had similar experiences as the ones we decided we will interview.

We chose to focus our efforts on fashion related stores as we see that much of the innovation that could arise throughout the pandemic period, might affect the use and design of the physical stores. Nonetheless, also other types of retail environments can benefit from the findings and recommendations found throughout our research. Accessory brands that sell jewellery may have slightly different needs because much of their product is small, and customers trying it on may pose more health threats. Studying a company that retails jewellery could give us more insights into the health measures that could be implemented for employees and customers safety.

Observational studies and qualitative interviews will be conducted as we explore some immediate changes that have taken place. We will then do more research on industry reports that can unveil more details about past and future expected trends and how they may have changed. For logistical reasons, the conducting of research is in the city of Copenhagen, Denmark, or online, since we expect several limitations that may arise due to ongoing lockdowns and restrictions of the Coronavirus pandemic.

In the research and analysis phases, the study will consider both physical and online fashion retail spaces. This approach will gather a broader industry view, which will help build recommendations and future research possibilities. Nonetheless, the conclusions brought up by the study will target the overall retail experience and the impact of innovation practices. The particularity of this research study is the time in which the research phase takes place. The interviews will be conducted in April 2021, when the vaccine programs are expected to accelerate throughout Europe and physical restrictions of the retail stores in Denmark are already easing up.

Overall, gathering findings and recommendations will help fashion retailers decide on more aggressive innovation strategies for the future, while addressing the fast-changing retail environment.

1.6 Research questions

Q1: How did fashion retailers innovate their value proposition in response to the COVID-19 crisis?

With this question we would like to dig a bit deeper into the relationship between the COVID-19 crisis and the immediate changes that affected the fashion retail industry. The answer to this question could give us a better picture of how brands navigated through the situation as it unfolded.

Q2: How can fashion retailers use innovation to uplift the customer experience going forward?

Through this question we want to understand the role of innovation in relation to customer experience, as companies had to quickly think of new ways to connect with their customer base. The answer to this question could give us further insights to the evolution of the retail experience.

Q3: How could the new value proposition thus far shape the future of fashion retail design?

This question is looking into the long-term effects of COVID-19 and how the increase of digitalization will shape the design of future stores. The results to this question could lead us to envisage what fashion retail will look like in the future.

In the following chapters we will attempt to address the above-mentioned questions. In which we will explore the existing literatures as well as theories that cover the topics of interest. As the situation of COVID-19 is still relatively new, we will use news articles from popular media sources. To understand the implication of the effects of the Coronavirus we will use different methods of approaching our study to explain the outcomes on the fashion retail space of the future.

Literature Review

The fashion retail industry has experienced various changes in the past decades. The industry has shifted the focus from the traditional physical store experience to new and disruptive retail practices (Jin & Shin, 2020). Creating different channels through which customers can go shopping and using different formats. The last few years in technological advancement have seen brands transform how they use technology to reach their customers (ibid) and how they use their stores to attract new customers (Alexander & Alvarado, 2014).

As the ongoing changing reality evolves around us, organisations should rethink how they recreate their business models. One way is to consider the value-based approach discussed in detail by Breuer and Lüdeke-Freund (2016). In their book called Value-based Innovation Management, they explore how values apply to the core of innovation and organisational transformations. Normative, instrumental and strategic management styles are elaborated on, in which they identify these driving values as an integral part in innovating new business models. Rather than viewing them as hindering the processes, they argue that they could be used as a creative tool instead (Breuer and Lüdeke-Freund, 2016). Many organisations do not consider the overall business model when they come up with new products or services (Jin & Shin, 2020). In times of a crisis, traditional customer behaviours are being challenged, and business concepts are being questioned. Implementing a holistic approach, using new values that customers have adapted throughout the pandemic could inspire change and company direction. Innovation could enable organisations to recharge their focus and reshape how they serve their customers.

A new retail strategy could be implemented using the basis of the value-based Innovation theories in the improvement of the store environment. Using new consumer values acquired over the Coronavirus crisis to positively influence the customer's experience. Petermans & Kent, (2017) have identified two significant changes that could be used to better utilise the store environment; a) rethinking its physical retail spaces and how it is used by the customer and b) a new entertaining approach to customer engagement. The two elements are strictly related to each other, given that the design of retail spaces has the responsibility to enhance and develop communication between customer and brand (Christiaans & Almendra, 2012).

As the rise of online shopping continues to increase, the old-fashioned store could start to become outdated. New, more innovative stores could find ways to blend digitalisation and new customer engagement practices throughout the journey. Turley & Chebat (2002) offer the view of *"the store environment as a strategic retail tool"* (pp.126). In this analysis, the 'customer experience element' must be considered. This concept, primarily emphasised in management theory, must be continuously reinvented to adapt to the different consumer generations. *"Linking retail strategies and atmospheric design with consumer behaviours and issues"* (ibid, pp.125) is vital for retail brands' success.

When investigating on the future of the fashion retail industry we should take into consideration the role sustainability plays, given the rising awareness customers have towards it. Sustainability could have different applications and scopes. Grant (2020) states *"sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs".* What this research investigates is sustainability from a business perspective, meaning coordination of environmental, social and financial sustainability (Wigmore, 2013).

"The first challenge for the retail designer is to adopt a holistic view" (Christiaans & Almendra, 2012, pp.1900). The physical fashion retail space's rethinking must identify the overall context where the changes will occur. The design approach must consider its strategy, products, services, and target customer to meet its goals. The 'holistic retail design competence model' proposed by Quartier et al. (2020) is a helpful tool in better framing the future of retail design. With their contribution they aim to give a *"(...) better understanding of how the developments of digitalisation and omni-channel retailing influence the expected competences of (future) retail designers"* (ibid, pp.1). From this study emerged that *"skills as understanding the consumer, defining and analysing the retailer's needs, and translating them into a concept, design and brand experience are highly appreciated"* (Quartier et al., pp.7). We believe the role of retailers designers goes beyond the physical store environment. Different channels and all customer touchpoints should be considered (ibid).

The digital element could be viewed as an extension of the physical retail space, which could also contribute to the overall retail design process. The implementation of digital and interactive components will be further explored throughout this research as it is of central importance in designing an innovative customer journey. Technology plays a crucial role in switching from physical and online shops to an omnichannel retailing approach (Hovmøller & Tambo, 2014). When designing and implementing such approaches, the overall aim is to make the customers feel closer to the brand and its products to make sure their *“journeys will be supported far beyond a brand’s front door”* (Boudet et al., 2019).

We believe there is a need in the retail market to revisit and rethink the overall customer experience. This viewpoint brought us to a new dimension in which retailers will have to operate, with new public health regulations and increased pressure to ensure a more sustainable business model throughout the entire value proposition, including the design of retail spaces.

2.1 Business Model Innovation in Retail

In times of economic crisis, companies may realise that with crisis, major societal shifts may occur. With that, businesses should consider what role they may need to play to help their customers and target market get through the crisis. Companies that can adapt quickly to their customers' needs also survive the crisis and become viewed as organisations that translate values beyond just their abilities to make money (Pantano et al., 2020). Generations like Millennials and Gen-Zs are most likely to notice the application of such values and are likely to choose the company even when the pandemic ends (Amed et al., 2019). It would constantly develop new products and services, processes, or even business practices (Jin & Shin, 2020). Although Business Innovation comes in many different ways, we wish to explore innovation related to business model innovation and how this happens in crisis times. We want to understand how a retail business model is set to change post the pandemic era. Jin and & Shin (2020) describe a variety of cases in which innovative organisations have transformed their business offer and have differentiated themselves with a specific product or service that is hard for competitors to match. *"A business-model innovation can coexist with traditional companies instead of completely replacing them"* (Jin & Shin, 2020, pp.303). They describe that one key element of business model innovation is how companies focus on the overall value proposition. It is not just the product itself but also a holistic set of deeply integrated values into the business model.

The peculiarity of business model innovation is that it does not necessarily have much to do with the product offer or the service itself. Business model innovation consists of the organisation changing their value proposition in order to create more value for customers and this can change the underlying operating model that businesses use (Jin & Shin, 2020). Zott and Amit (2010) describe a business value being a process of 'total value creation' in which it involves the company and all its stakeholders, particularly so their customers. A re-design in the company's business model gives a new focus point on how they operate and what they can bring to the table (ibid). This aspect plays a significant role in redefining their strategy when a crisis hit quickly. In some instances, many supermarkets have re-designed how they act within the community and their role to support the community in times of need (Pantano et al., 2020).

In the paper 'Innovations in business retail models', Sorescu et al. (2011) have defined the business model with a relatively strong connection to our current times and relevance to the retail industry today. One standard definition they defined is that a business model incorporates a *"…set of structures, activities and processes into an integrated system"* (Sorescu et al., 2011, pp.4). They go on to explain that a business model is not just the single concept of cost structures, revenues and resources availability or just the value proposition. But it is all of it combined, seamlessly intertwined and in sync with each other that ultimately fulfils its purpose and main objective of what it serves to do (ibid).

In times of global health and economic crises like the Corona crisis, innovation is accelerated, and companies consider what they need to change to meet new customer demands. This global event changes the customers' worldwide perspectives and behaviours; therefore, a rapid change comes about in what they are looking for, the brands they buy from and the stores they regularly use (Pantano et al., 2020). With so much disruption to the retail operations, a new strategic shift to the business model can regenerate a new perspective on the role brands and retailers play in our community (ibid). The Coronavirus crisis may have allowed companies to embark on a new possible strategic shift. They now focus on the new customer's existential values since a pandemic is a great time to re-evaluate them (Pantano et al., 2020). Most certainly, the evolution of COVID-19 may have people thinking about what makes them feel comfortable, safe and ethical. Companies could integrate these new values, which have been a significant focus throughout the pandemic. They could provide a whole new value to the customer experience or to overall ideal value of the brand (Breuer & Lüdeke-Freund, 2016). It is an excellent time to drive innovation given the extensive use of technology in our everyday life (The Economist, 2021. March.10). While the world was in lockdown, we have seen the new possibilities available to companies to change how they could operate.

Although relatively advanced, retail innovation had to quickly rise to the occasion in an emergency. Companies that have not had a solid online presence before the pandemic are very likely to struggle to survive in the aftermath. In contrast, the companies that were forward-thinking and have invested their time and effort into innovative retail strategies, have also been quick to react to the changing economic environment that the pandemic brought with it (Pantano et al., 2020).

According to much of the literature, business models are pushed to be innovative in times of more significant disturbances. It can be a crisis like a Coronavirus crisis or even the climate crisis, one of the leading disrupters to most industries. The new mainstreamed generations that have grown in the market are Millennials and Gen-Zs, who are prepared to pay more for brands and products that uphold their environmentally responsible values (Salesforce, 2021). For years now, several movements have pushed companies to consider their environmental footprint when it comes to how they operate as a whole (Bonfanti, 2019). It is not enough that they just upgrade their products, but rather create a more holistic change. New generations are expecting sustainable products and services across all sectors and are not necessarily willing to compromise this (Kapferer & Michaut-Cenizeau, 2020). It is expected that the pandemic and the aftermath of all the lockdowns will supercharge the topic of sustainability even further (Manchanda et al., 2020). That means that companies who have not taken this time to consider how they will step up to meet these consumer demands, may fade away and render themselves irrelevant. The pressure for companies to ensure they are not just about making a profit but being a greater good in our communities and play that role is now bigger than ever (Pantano et al., 2020).

2.1.1 Innovation in times of crisis

The Coronavirus crisis has flipped almost every aspect of our lives on its head. No matter the product, service or overall company and brand, how we see it, use it and interact with it, and how we perceive its value in our life today is significantly different from that of a little over a year ago (The Economist, 2021.March.10). A recent McKinsey report shows that 90% of executives see the COVID crisis having a fundamental shift in how a business will evolve in the next five years to come, and 85% believe that the crisis will have a permanent effect on what consumers will want and need to purchase and the things that customers will be willing to spend their money on (Bar Am et al., 2020). With such high rates of expected changes, there would be many possibilities for growth and innovation (ibid). However, in areas where maintaining a business's core has been dramatically affected by the virus, those businesses are more likely to consider new innovative strategies as paramount to maintain a market presence (The Economist, 2021.March.10).

As the new normalisation of a post COVID life in our society comes about, how can organisations create value in times of crisis and be innovative to meet the new values that have shaped our societies over the past 18-24 months? It would be plausible to believe that brands and retailers consider vastly new strategic approaches in operating and creating a more customer-centric focus of their business and value proposition. Customer values have changed over the pandemic, and new standards of what people consider to be important have naturally adapted to the new circumstances (Pantano et al., 2020). Managing an innovation process on a value-based approach in times of crisis could potentially aid a strong comeback for businesses, for them to claim back a pre-pandemic market share. How retailers decide to evolve their business model may have critical consequences if they chose not to move with consumers' trends and expectations. To understand the value-based innovation approach slightly better, we can use the Breuer & Lüdeke-Freund (2016) value-based innovation model, which describes three main management dimensions: the normative, strategic, and instrumental. The normative level of management looks at societal values, which overarch us all and guide our cultural and moral philosophies; these values use innovation levers of organisational culture and overall company identity.

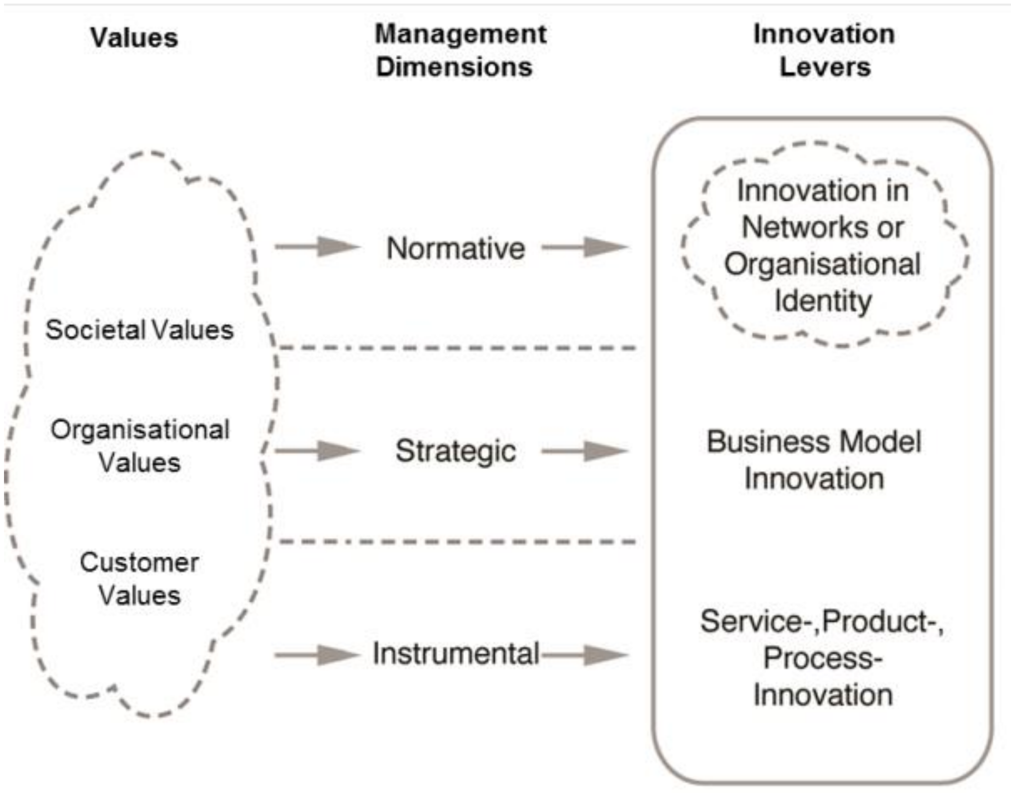


Figure 1: Value Based Innovation Model, Breuer & Lüdeke-Freund, 2016

Breuer & Lüdeke-Freund (2016) then describe the strategic management dimension with organisational values guiding them to their company. This sets the business model innovation level which consists of all business structures, activities and processes. Finally, the authors explain that the instrumental dimensions are linked to customer values, where innovation levers on the product, service or even processes (Breuer & Lüdeke-Freund, 2016). It explains how much of the societal, organisational and customer values slowly evolved with time, at a relatively steady pace, before the crisis. Innovation in many instances happens around the instrumental values, where products, services and processes were at the centre of the innovation focus (ibid). As we embarked on the global health crisis, a shift in all the societal, organisational and customer values happened incredibly quickly and all at once (McKinsey & Company, 2020, November 19). Pushing management decision on to define new business models and new approaches to attend to the customers in times of emergencies. Companies could allow for ‘collaborative reasoning’ catered to serve values that may be neglected given the situation we are in (Breuer & Lüdeke-Freund, 2016).

Future retail innovation is heavily driven by public health and safety measures and when people will feel safe interacting with society as they did before the pandemic (The Economist, 2021, March 18). It is unclear when that could happen, but the increased use of technology when interacting with customers is a definite growing scope of business and unlikely to go away (ibid). Digital retail will also determine how physical stores are used and their role concerning the brand and the customer’s needs (ibid).

2.2 Retail Digitalisation

In times of economic crisis, our economy's weaknesses are heavily exposed, which is no different for the retail industry (Nyrop et al., 2021). The declining brick and motor business model for many retailers would likely keep declining as it has for many years. With strict lockdowns and government health and safety regulations, it becomes evident that many retailers have not been prepared for such a shock. They have had to quickly scramble to recreate a new viable strategy (Nyrop et al., 2021). In March of 2020, CEOs across major retail brands have considered the Coronavirus pandemic as a short-term inconvenience’ (Repko & Thomas, 2020). Shortly after, it was evident that the pandemic carried much deeper cuts, and the permanent transformation of the retail sector would be imminent (ibid).

In a short timeframe, retailers that recognised they needed to sustain their business quickly, shifted how they could reach out to their customers and service them better. Enabling more convenient and safe shopping methods allowed customers to quickly shift their needs to brands they could trust (Pantano et al., 2020). Companies that showed that their values are in keeping people safe, both customers and staff, have also seen an increase in consumer confidence over companies that placed profit over people (ibid). These changes in what consumers value during the pandemic have also meant changes to business models (ibid). These changes should bring the brand closer to the values consumers expect to see from the stores they regularly patronise. Meaning that many brands will see an increased focus on digital services, sustainable materials and sustainable business models as a whole (The Economist, 2021.March.10).

Many retailers and famous brands have interestingly adopted new business models throughout the 2020 crisis using digitalisation. Some brands like Ikea and Gucci have turned to Augmented Reality (AR) to connect with customers while their stores were closed in the lockdown times (Papagiannis, 2020). Other companies like Zara and Nike started e-commerce sales via social media sites like Instagram and Facebook, when this feature was introduced back in 2019 (Balkhi, 2019); by mid-2020, it naturally grew as the need to transition to digital solutions became a necessity (Johnson, 2021). Retail trends have been leading further into digitalisation and e-commerce structures to ensure that they can meet customers' demands, translating to an increase in the online experience (Alexander & Alvarado, 2017). Which can open up doors to what can be expected once life goes back to normal.

We can see that perhaps new ideas might arise in how customers interact with brands. By the end of 2021, two–thirds of Danes shop online each month (Culpin, 2021). Indicating that a digital strategy is paramount to a retailer's survival, since so many are now willing to shop this way. Only Norwegians are superseding the Danes in spending online per capita (ibid). Therefore, a growing attempt in omnichannel retailing aims to integrate different ways to reach their customers and provide them with a new and invigorating customer experience (Alexander & Alvarado, 2017). The different options in how customers can purchase goods lets customers easily switch to more convenient ways that would suit them better (Alexander & Alvarado, 2014, 2017; Beck & Rygl, 2015). This switch also can open the available time frame in which customers can engage in shopping activities. Physical stores do not necessarily have to stay open while still engaging with their customer base and providing them with an authentic shopping experience. Furthermore, innovation in retail will affect the brand and consumer interaction as it can help customise services and become more personalised in their offer (Alexander & Alvarado, 2017). Perhaps the increase use of online channels has played a central role in how brands survived, when the Coronavirus restrictions in 2020 started. Stores that had a digital strategy before the Coronavirus could quickly transfer their offerings and customer interaction through their different digital touchpoints

Digitalisation has increased the retail space's innovation and how new shopping experiences will emerge in the future. Post a global pandemic, the experience in the physical retail space could become a critical business concept to ensure customers will still want to come and shop in-store whenever they can (McCormick et al., 2014). As the world experiences this shift from the offline to the online experience, the store design then becomes a marketing tool to many brands. In this way, they effectively could use the physical store for activation activities and stay close to what customers want in their journey. New technology in information and communications can help retailers gain better insights into consumer behaviour, enabling them to develop effective retail and market strategies further to meet needs and demands (McCormick et al., 2014). Millennial and Gen-Z generations have much bigger expectations from the brands they will purchase than any other generation before them (Young, 2021). They expect an increase in service, product quality as well as deeper engagement strategies that resonate with Millennials and Gen-Zs (Bonfanti, 2019). Increasingly, technology plays a big part in delivering a remarkable customer experience that customers will remember and want to come back to. It creates a two-way interaction between brands and customers to expand their touchpoints in real-time (Alexander & Alvarado, 2017).

In 2021, fashion retailers would have to integrate their business model into all the channels that would allow them to market their brands experience holistically (The Economist, 2021, March 18). This competitive advantage that retailers may take is critical as it allows them to target their consumers' groups more accurately and encourage loyalty and brand growth (McCormick et al., 2014). Technological advancements in fashion retailing allow us to consider new and innovative retail designs, customer experiences, media marketing and innovative processes that build on new retail strategies.

2.3 Customer Experience

In the 1950s, new research in marketing was conducted, and the author Peter F. Drucker made a statement in his book ‘The Practice of Management’ about the shift that managers should consider moving their focus away from ‘product centric’ marketing and explore ‘customer centric’ marketing practices (Parniangtong, 2017). This idea essentially birthed a new way in which managers should shape their product that would have a real differentiation against their competitors (ibid). These concepts have been some of the very first to have formed what we know now as ‘customer experience’ (ibid). When considering how to maximise value customer centricity then becomes a strategy that companies often take that incorporates satisfaction of the product itself, or the services offered post-purchase. But also, the actual process customers take in the whole experience of the brand itself (McCormick et al., 2014; Parniangtong, 2017).

Back in the 1990s, considerable research was done on this topic, and the term ‘customer value’ was popular when considered marketing products and service (Fish, 2018). It was more to highlight the experience customers have with the products’ ‘post purchase’ services that companies made available. Since then, the term ‘customer experience’ encompasses a much broader spectrum of customers who interact with the brand (Trevinal & Stenger, 2014). Customer experience now refers to the entire customer journey from the moment they are introduced to the brand, to post-purchase and beyond. Technology is the primary driver in changing the traditional customer experience. It can make shopping more convenient, but it has the potential to transform the store appearance, and this will further impact how customers make decisions (Alexander & Alvarado, 2017).

Moreover, when devising a strategy that is fit for this day and age, it needs to be considered how customers will repeatedly want to come back for another purchase, in which a customer-centric approach could lead to more planned out concepts and store formats, so that customers can enjoy a more holistic journey (Petermans et al., 2013). Therefore, brands and retailers should consistently consider what they can do to ensure that the experience is holistic. Particularly so in 2021 and beyond, when technology plays a key role in blending virtual and physical experiences, it is worthwhile considering how brands can stand out (Alexander & Alvarado, 2017). As the new generations are rising and becoming the most significant market, they also seek authenticity in the products and brands they frequent (Kapferer & Michaut-Denizeau, 2019). This adds yet another layer of ensuring that retailers can provide an experience that meet demands.

There are several theories on this topic, and in this section, we will examine three well-known theories. We will discuss a little more on what 'Customer Centricity' is and how this shapes what we implement in retail design. We will then dive more into the 'Experience Economy' concept and its huge potential for differentiation and creativity, which was introduced by Pine and Gilmore (2011) and 'Experiential Marketing', introduced by Schmitt (1999), which takes the experience even further by immersing customers into brands through different interactive channels. We will seek to understand what role physical retail spaces play in these theories of customer experience, and how this may change over the coming years with the rise of digital platforms and the effects of COVID-19 on our consumer habits.

2.3.1 Customer Centricity

To enable a positive customer experience, companies have to shift their considerations of how they market their products and services to a more customer-centric approach (Parniangtong, 2017). Since the 1950s, many firms have committed to focus on putting the customer first. According to Drucker, the role of a business, its products, and its success probability is determined by its customers (Drucker, P. F., 1954). Its central role must be emphasised at all levels of the business. What customer-centricity means is "*putting your customers and their needs at the centre of your organisation*" and, at the same time, "*consistently supporting that perspective through your people, culture and how you do business*" (Customer Centricity - CIO Wiki, 2021). A firm's profits are about "*cultivating the lifetime value from each customer*" (Parniangtong, 2017, pp.91). The focus on keeping a customer-centric organization is to ensure that companies meet customer needs, as it is not solely about just selling products to them but rather specifically meeting what customers wish to have in their lives (Parniangtong, 2017). Parniangton (2017) uses the four pillars of 'customer equity' to describe the strategy companies can take, that can cultivate profitable customer relationships. Parniangtong (2017) argues that customers can receive a unified and flawless experience of the brand across different touchpoints.

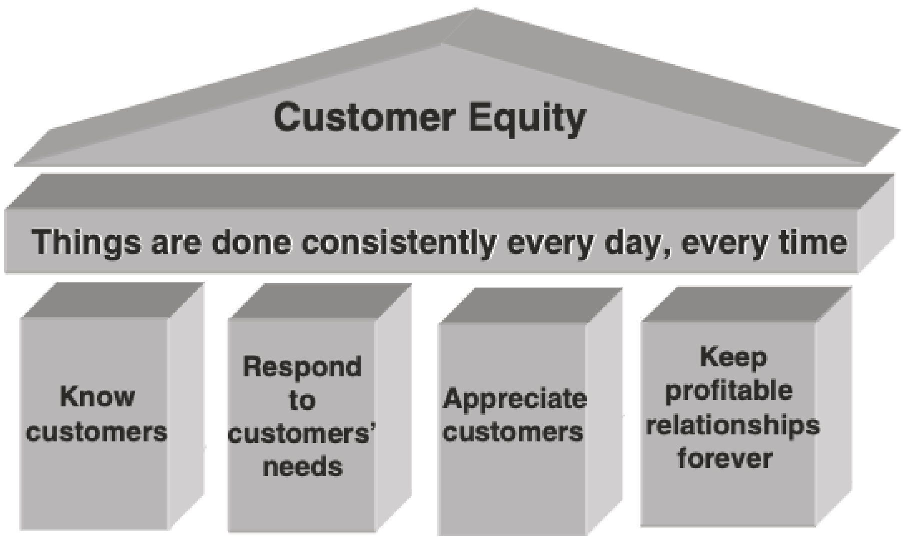


Figure 2: Four Pillars of Customer Equity, Parniangton 2017

We can interpret this strategy by Parniangton, of being customer-centric in today's terms that brands would have a deep understanding of who their customers are and how they can make them feel a certain way when they shop. Perhaps, meeting the needs of the customer in terms of the actual product itself could be one thing, and perhaps many customers are easily satisfied buying the product alone. However, this gives retailers a new opportunity, and that is to design stores in such a way, using sensory cues that would give customers a certain feeling when shopping with them (Petermans et al., 2013). As the use of technology rises, brands now need to work on uplifting this through a different medium, both in-store but also online (Alexander & Alvarado, 2017).

Now that COVID-19 has become an integral part of our daily lives, we are once again focusing on the physical stores more than ever. The customer should feel welcomed back into the store environment, and most importantly, this experience should provide new additional benefits. Therefore, in the first phase of reopening, physical retailers must create an environment where the customer feels safe going back. In these new reopening times, we are faced with health concerns, and companies need to establish how they will ensure customers will feel safe (Pantano et al., 2020). In the short term, these can be the implementation of practices like limiting the number of people allowed in the store at once, available hand gel stations, introducing contactless payments, and many more (BearingPoint, 2020). Based on this, implementing queues and one-way systems can be a great way to reassure the customers and facilitate their journey. Some inspiration can also come from the online retail sphere; for instance, introducing 'online booking systems' could offer an efficient way of handling queues quicker and offer unique in-store services. Click-and-collect is also a great alternative to merging the online and the physical environment by limiting touchpoints in the store (ibid).

In these times, the fashion store customer is seeking a new 'store experience'. After relying on online retail websites and platforms for about one year, digitalising the store experience could be a step in the right direction. By investigating customer journeys and touchpoints, fashion brands could implement new practices for their physical and online presence. For example, *"investment in virtual fittings rooms and 'try on' tools will help customers visualise styles and colours virtually"* (ibid).

Before people can safely get back into the store, fashion retailers must ensure that the online retail experience is delivered just like the shopping experience customers had in store before COVID-19. One takeaway element of the physical retail space is its personnel's assistance during the shopping experience. Nonetheless, *"an increase in digital interactions will also provide retailers with valuable data"* (ibid). Thinking about this in a long-term time frame, investing in online systems is not only beneficial to the growth of e-commerce but also to better analyse customer patterns and preferences (ibid).

These are some examples that COVID-19 may have forced some brands to think in a more customer-centric way. The pandemic has certainly shifted what customers expect from brands and how they operate. Brands now need to make decisions where they will invest in meeting these new demands (ibid). The marketing of products then becomes focused on what is more convenient for customers to use and how can brands meet these new demands (Trevinal & Stenger, 2014).

2.3.2 Experience Economy

Pine and Gilmore (2011) coined the term 'Experience Economy' when they described how an experience is formed for a customer when they enter the store. The ambience of the design inside is enhanced by static elements like where the shelves are positioned, the products and all signage of the store and the dynamic factors like the service that customers may receive when entering the store. These combined give an experience of the overall look and feel of the brand. Pine and Gilmore (2011) explain that experiences are memorable, and people are spending a great deal of money engaging with products and services that can give them experiences. Experiences are personal and individual, and people are willing to invest money into them, this is particularly true for Millennials and Gen-Zs (Kapferer & Michaut-Denizeau, 2019).

Effectively these memorable experiences make products and services ultimately more desirable, and in creating this desire, companies and brands could eventually create strong differentiation of their products and services compared to others (Cheng & Horn, 2010). Therefore, experiences due to their sense of uniqueness and creativity can be commoditised, because experiences are intentional as *'…when people buy an experience, they pay to spend time enjoying a series of memorable events that a company stages to engage them in an inherently personal way.'* (Pine & Gilmore, 2011, pp.3). Alexander and Alvarado (2014) describe that the experience comes from a sensory state which can be powerful enough that it can change how customers act and what they end up buying. Meaning that brands can tap into the emotions of customers through the experience they provide and can engage with them in a very holistic way. On the other hand, with a growing Millennial and Gen-Z consumer base, experiences have become an integral part of their shopping process (Kapferer & Michaut-Denizeau, 2019). When reading the literature, in regard to how the younger generations view shopping. We could potentially argue that the experience is what they pay for, and the product becomes merely as a souvenir; they take home as a memory of that experience. That could further mean that the experience supersedes the product itself, as many companies can meet the need of having the product but delivering the experience requires a bit more complexity (Bonfanti, 2019).

In times of growing digitalisation, there is a new opportunity in creating even longer-lasting experiences for customers. Ones that can continue to be experienced even once the customer leaves the retail store's physical environment (Alexander & Alvarado, 2017). Alexander and Alvarado (2017) present an idea conceptualised by Piotrowicz and Cuthbertson (2014) in which physical stores could take the role as a centralised focal point that converges all sales channels and therefore could provide a more personalised customer experience. Digitalisation creates a whole new variety of ways brands can connect with their customers now days. For example, an increase in demand on personalised services, brands can curate and optimising logistics to ensure more consistent delivery methods (Alexander & Alvarado, 2014). Digitalisation can be utilised to collect data that can tell brands more about who their customers are as individuals to better service them. It has been a growing trend for some time now, and in 2020 during the Corona crisis, the trend for personalisation and customer engagements has skyrocketed as people are sitting at home in need of human contact (Pantano et al., 2020; The Economist, 2021.March.18). The Coronavirus can yet again shift how retail could approach a new generation of consumers and introduce them to their products utilizing all the available channels. Now that more touchpoints for customer engagement have become the norm, retailers can use their creativity in ways that can deliver ultimate experiences and perhaps cash in on the experience itself.

2.3.3 Experiential Marketing

In 1999, Bernd Schmitt wrote about 'experiential marketing', a theory on the growing trends of generating customer experiences. Schmitt (1999) identifies three significant developments that allowed companies to transition from the '*features and benefits*' kind of marketing to provide a unique experience in whatever context the customer wants. Schmitt (1999) explained the traditional marketing method and how companies focused mainly on selling rather than stepping back and looking at how the whole company promoted their products. He claimed that traditional methods left out any focus to market the brand as a symbol of everything they offer. To indicate the importance of marketing for the company as a whole, Schmitt (1999) defined four critical characteristics of experiential marketing as a focus point; customer experience itself, consumption as a holistic experience, that customers are rotational and emotional beings and that methods and tools to experiential marketing are heterogeneous. Which means that it is not limited to only one way of doing things but can be used in as many creative ways as one can come up with. Schmitt's theory makes sense when looking at the generational expectations of retail and how brands can satisfy customer needs. Bonfanti (2019) describes customer needs and expectation in three categories; indispensable, which are needs and requirements that are a must-have in a store; one-dimensional needs, which are elements in a store that are nice to have but not essential to enjoy the experience; and attractive attributes of the product or service which ultimately, if not provided, does not actually change how the customer feels initially but could increase their excitement as it becomes an unexpected benefit (Bonfanti, 2019). We can interpret this connection as adding layers to the interaction's brands can provide their customers and really draw fun and exciting experiences. They could perhaps use the 'attractive' elements of service to continue surprising customers through in-store giveaways or exclusive events.

In another study about customer experience, Pertermans et al., (2013) interviewed different retail designers to find out how they adjust their designs. They found out that even with all elements that can support a positive experience, it is a very subjective matter; customer experience is contextual and holistic. 'Experiential Marketing' on the other hand, is a form of direct engagement with the customer, the product and the brand. The essence of the customer journey is enhanced through different marketing campaigns that deliver stimulating events. These experiences are not always there, but occasionally this becomes a special marketing strategy to enhance brand equity (Schmitt, 1999).

Businesses driven by technology have seen an increase in omnichannel retailing, in which customers have access to learn about the brand more regularly. This means that building a positive image of the brand is paramount for companies to survive. Schmitt (1999) argues that customers take the features and benefits of a product or service as given now; even a positive brand image is also expected. They are now looking for brands that know how to communicate and market to them in a way that enriches their senses, speak to their values, or inspire them mentally (Schmitt, 1999). A further theory that he discusses is the Strategic Experiential Modules (SEM's) that derive from cognitive science in which they use to define '*circumscribed functional domains of the mind*' (Schmitt, 1999, pp.60). They us the term 'Module', as Schmitt (1999) describes it, to have a process and a structure in which an experience can be created. These modules can be experienced in a combination of five; a) sense, which are the sensory experiences; b) feel, as emotional experiences; c) think, which can be cognitive or creative experiences; d) act as physical or behavioural experiences and e) relate as experiences of connection or relation to others (ibid). These appeals tend to combine, mix and match the different experiences and create more dimensions (ibid). This is particularly important for Millennials and Gen Z's, in which they most certainly are looking for more interaction and authenticity in the brands they support (Bonfanti, 2019). While Millennials are looking to be mentally stimulated constantly, Gen-Zs are looking for the brand's solid values to come across in their business model (Salesforce, 2020). For example, there is continued pressure from both these generations on brands to be sustainable and ethical in their use of material and production processes (Manchanda et al., 2020). Now brands have the opportunity to prove to their customers that they are willing to invest in enhancing their business model to be more sustainable, ethical and price competitive at the same time (BearingPoint, 2020).

Experiential Marketing, therefore, is becoming an increasing marketing opportunity for brands and retailers. As described by Petermans et al. (2013), customer experience is not just when they are in the store or at the point of sale, but rather a dynamic process influenced by past experiences. These experiences are also prompted by elements that the designers and retailers can influence. The concept of the stores and how they look and feel (Petermans et al. 2013) can in themselves become avenues of interaction by merging digital and physical environments to create focused engagement (Alexander & Alvarado, 2014). The physical stores are therefore becoming a central piece in providing this sort of marketing to customers. In another study by Curt Lund (2015), he argues that the experience is in the senses. Using design, brands can shape a customer journey by considering the physical retail environment and connecting sensory cues to accentuate products, characteristics and desirability of use. Lund (2015) explores all the senses and how they are used in different retail environments through design, to enhance what customers come to experience.

Importantly brands should remember that younger generations like, Millennials and Gen-Zs will spend some time researching products before committing to their purchase (Kapferer & Michaut-Denizeau, 2019). Word of mouth is still a robust marketing tool, together with delivering experiences to customers through interactive engagement (Alexander & Alvarado, 2017). Alexander and Alvarado (2017) have also considered the importance of sensory implications of the shopping experience as they claim that consumers motivated to use the physical retail environment have already spent a lot of their time researching the desired product online. Therefore, a seamless blend of the two could be essential to keep customers interested in coming back.

2.4 Innovation in Retail Design

This section aims at creating a starting point for the layout of recommendations for fashion retailers. The aim is to analyse the present scenario surrounding the fashion industry and investigate the role offline stores will have in the future. In this section, we are outline retail design theories and an overview of the Danish fashion retail sector. Since the start of the pandemic, much of how we operate in our society has shifted, and retail stores have had to quickly reconfigure how they can service customers during that time (Pantano et al., 2020). Many brands had to move away from their physical environments to enhance their digital business models. Still, coming back from the pandemic, retailers will need to incorporate these digital enhancements and adjust the retail stores to new consumer behaviour and expectations (The Economist, 2021.March.18). The implementation of health measures is likely to continue even after lockdowns are lifted, and the design of the retail stores will have to be rearranged to accommodate. For example, that could mean implementing one-way systems or dispersing shelving to make space available for social distancing measures (Pantano et al., 2020).

2.4.1 Fashion Retail Design

Fashion Retail Design is a tool able to add to a brand's retail strategy. The design process can both 'define' and 'redefine' the brand's identity (Petermans & Kent, 2017). Retail design is often perceived as one of the most articulated fields of design. It is because it entails direct effects on consumers, retailers and designers (ibid). Lund

(2015) confirms that enough research was done to support the notion that, while most purchase decisions have been made in-store, the store environment strongly influences the customers' decision-making process. Even though the pandemic has shifted the shopping behaviour to online, the stores still serve as the primary way of engaging with customers (Deloitte Canada, 2020).

The fashion retailing world has experienced significant changes during the past decades. An expansion of the fashion retail industry and, by consequence, fashion retail locations have taken place. To meet increasing consumer demands, retailers started expanding in 'out-of-town superstores and shopping malls'; retail design was always there to ensure that customer experience is being met and consistent in how shops were recognised independently from their location (Petermans & Kent, 2017).

Fashion Retail Design is characterised by its multidisciplinary element, which requires a holistic approach to be applied. (Christiaans & Almendra, 2012) For instance, in today's society, the implementation of digitalisation into this field is considered an element of change; it is able *"to blur the boundaries between traditional and Internet retailing"* (Quartier et al., 2020). Nonetheless, in the future of fashion retail, the store environment will still play a crucial role. Retail design very much plays into the theory of experiential marketing and customer-centricity. Petermans and Kent (2017) describe the design as being a medium in delivering 'products' (also in terms of experiences, activities and serves) to its 'users'. So, design is what is used as the communication tool and is dominant roots in human centricity as it exists for human use (Petermans & Kent, 2017). Therefore, we can interpret that retail design is one form in which brands can communicate their message to their customer base. When considering the definitions of Pine and Gilmore (2011), what they define as experience economy is that retail design is the art form through which customers can experience a brand. The emotional reactions and cues that the design emits to its customers, becomes an experience that helps us make decisions in our purchases. Although retail design is still related and referred to the physical stores, it would be interesting to see how this may translate to the online brand experience. As companies had to shift to a virtual space, retail design could take action to change how it operates as society starts to recover from the virus (The Economist, 2021.March.18).

The store environment is one of the main components influencing the consumer's perception of the 'global store image' (Baker et al., 1994). By recognising the impact level, the store environment has on consumer behaviour, retailers should devote and invest resources into their design and merchandise presentation activities (Kaltcheva & Weitz, 2006). There are evident links between store environment, merchandise quality, service and store image these help shapes customers overall attitude towards the brand (Baker et al., 1994).

In this context, the inference-making perspective theory is based upon the concepts that describe "*consumers make inferences about merchandise and service quality based on store environment factors*" (ibid, pp.328). Subsequently, these inferences can influence store image. This theory suggests that consumers, without a complete understanding of the brand or its products, tend to rely on aesthetics for their purchase decisions. Elements in the store environment are the primary source of stimulus and the perfect example of visual information (Baker et al., 1994).

Nonetheless, many different elements could be playing a role in the future of the store design. For instance, a very comprehensive study by Xu et al. (2012) investigates how physical proximity between people in a store can influence their choices as consumers. More precisely, they decided to conduct experiments on how the density of customers in a retail environment influences their decision. In other words, if the store feels more crowded this influences their customer decisions in a negative way (ibid). Overall, when consumers feel social proximity to other individuals closer than they wish for, "*they may feel that their individuality is threatened, and these feelings may stimulate them to reassert their identity by making unique choices that are unique or distinctive*" (Xu et al., 2012, pp.5). Even if the study dates back to 2012, it is a very topical subject. Meaning, further research could be carried out, considering the pandemic scenario (ibid).

The store environment offers several stimuli, which could "*provide cues that consumers use for their quality inferences.*" (Baker et al., 1994 pp.328). Overall, the store environment is considered an effective marketing tool, of which the quality impacts consumers' purchasing choices (ibid).

2.4.2 Fashion Store Trends

In this section, an analysis of some of the rising fashion retail store trends will be carried out. We aim to show that the three listed trends in the physical fashion retail industry have already been on the rise, even before COVID-19. Nonetheless, during the COVID-19 period, the trends were merely accelerated to adapt as quickly as possible to the changing environment and the new realities of a public health crisis (Nyrop et al., 2021).

- The establishing of flagship stores

A first trend is the establishing of flagship stores. These stores are defined more generally as "*the most important, expensive, and representative store of the brand*" (Sabbadin & Aiolfi, 2019, pp.123). Among other elements, this is the largest store owned by the brand, that is able to "*show the full range of products and services offered*" (ibid, pp.123). It has been an arising trend in the past three to four decades, starting in the fashion and luxury sectors but expanding into new retail areas.

This exciting aspect of this research lies in the particular store design solutions for making the flagship store shopping experience unique. Among its elements, the following two play an essential role. The size (significantly more prominent than a regular store of the same brand), and the location (these types of stores are often positioned in popular and central shopping areas), give the flagship store the chance to provide the customer with a unique experience and for the brand to experiment with its design. This particular store type "*should enhance brand image and provide animation and entertainment value to the brand*" (Sabbadin & Aiolfi, 2019, pp.123) by applying strategic design practices.

- The rise of pop-up stores

Popup stores are considered a great example of taking advantage of market opportunities. Their characteristic is that they can be open for a shorter period of time, in a major city or mall and not commit to long term lease contracts (Paksoy & Chang, 2010). Pop-ups are a great tool to attract consumers' interest in an impactful way. They offer a unique and multisensory experience, unlikely to be found in a permanent store concept. The nature of these stores being temporary and different from the traditional store, gives people a reason for a visit (ibid). They are often used to show new collections and unique products, often at reasonable prices (Smajovic & Warfvinge, 2014).

- The decline of malls

The decline of malls is a remarkable trend to mention when discussing the topic of the fashion retail environment. These shopping centres were once known for their unique store names, big food scenes and meetings with friends. Nevertheless, with the rising of online retail and new retail trends, it might be tough nowadays to be a mall owner. Before analysing this trend, however, it is crucial to outline the role these shopping centres play in our society. Mall's act both as service providers and employers to members of the local community (Deloitte Canada, 2020). This aspect can be worrying if we consider the data showing that "*real estate investors expect a quarter of the 1,100 malls in the U.S. to close by 2022*" (Dukes, 2019, pp.1). The only way out of this decline is to act on their repurposing, by investigating new retail consumer behaviour trends.

Consumers are craving new retail experiences beyond the traditional store with which we are familiar with (Deloitte Canada, 2020). They require a change, which most probably is not going to include traditional fashion retail practices. In this scenario, two main factors play a crucial role in the declining trend. First, generational changes have taken place. A few generational differences have also impacted the role of the mall in customer shopping behaviours. The younger generations have abandoned car ownership, as they are moving closer to the city. This may make it difficult to travel to the malls, typically located in suburbs (Dukes, 2019). A second aspect is the crucial role online retailing is playing in the sector. In the past, retails used to own an extensive store portfolio, with the ultimate aim of maximising store space. However, online shopping reversed this trend by decreasing the number of stores for a brand and investing more resources into different ways customers can purchase (McCormick et al., 2014). In this context, "*online sales grew 16% annually in 2018, outpacing overall retail sales growth of only 5%*" (Dukes, 2019, pp.3). Finally, the future of malls seems to be taking a new direction, in which fashion retail is going to play a critical role. Landlords should be focusing on offering their customers an "*experience-driven destination*" (Deloitte Canada, 2020). By focusing on both convenience and safety and rethinking the role of stores in the context of customer experience. The future mall will be a destination incorporating both "*functional requirements of our lives as well as our need to be social*" (ibid pp.12).

2.5 The Danish fashion retail industry

The Danish Fashion retail industry has become the fourth largest export industry in the country, playing a crucial role in its economy (Team, 2020). With a turnover of DKK 44.9 billion in 2018 (an increase of 4.1% concerning 2017), the industry has been more than ever focusing on its exports (ibid). These represent 65% of the industry's total turnover (accounting for DKK 30,8 billion in 2019) (Team, 2020). According to the Dansk Møde & Textil, Thomas Klausen CEO, Danish Fashion companies "*need to have a clear strategy for e-commerce*" and "*a strong brand and design expression*" (ibid).

2.5.1 How COVID-19 affected the Danish physical fashion retail store

While we are currently seeing a potential end to this scenario, fashion retail brands are now getting ready to experience a 'new normal' with unfolding vaccination plans (BearingPoint, 2020). Store closure has profoundly affected consumer demand for the industry. The shift to online retail has been immediate, with 38% of consumers (in March and April 2020) relying more on online transactions than ever before (ibid).

Three separate documents published by the Danish governmental institution have been analysed to understand better the past year's evolving Danish fashion store scenario. The guidelines were respectively published in April & September 2020 and January 2021. The ultimate aim of the publication of such documents is to provide restrictions and guidelines to make sure the consumers feel safe shopping in a retail environment again (ERHVERVSMINISTERIET, 2020).

In the document dating back to 30th April 2020, both recommendations and imposed restrictions were covered (ERHVERVSMINISTERIET, 2020). In the following lines the main points concerning the store environment are summarised:

- There must be a restriction on the number of people allowed in the store, calculated upon the available squared meters
- The display of the products has to be done suitably for the infection risk to be minimised
- The layout should maximise the distance between customers
- Water, liquid soap or alcohol-based hand sanitiser must be available in all stores.
- The establishing of physical barriers between staff and customers in situations where sight-to-face contact within two meters is unavoidable is strongly emphasised
- The retailer should encourage customers to shop alone and to use the entire store's opening hours

The guidelines mentioned above have been further explored in the document published on 24th September 2020, and more points have been specified (ERHVERVSMINISTERIET, 2020). For what concerns retail stores:

- There should be a possibility of a minimum of the 1-meter distance between customers. However, there should be kept at least 2 meters away in situations where there may be an increased risk of droplet infection
- Stores to which the public has access should be re-designed in such a way that: the risk of infection is minimised, and a distance can be kept at any time (including entry and exit areas)
- Stores are advised to avoid queue and punch offers, activities that can create queues and density around individual areas of the store

- Excellent and frequent ventilation and recirculation of air should be ensured as far as possible
- There must be water and soap or hand disinfection (for the alcohol-based at least 70 per cent alcohol, equivalent to approx. 63 pct.) available to customers, visitors and employees

Finally, the guidelines dating 23rd January 2021 provided specific clarification in the already imposed and suggested measures (ERHVERVSMINISTERIET, 2021). More precisely, the ones affecting the retail environment are:

- Rooms to which the public has access should be arranged so that the risk of infection is minimised, and a distance can be kept at any time including entering and exit areas. Each store sets its guidelines for staying in the shops, e.g., behavioural regulating devices. As well as measures that support keeping a distance (clear distance marking at the checkout where bottlenecks may occur)
- For retail stores with less than three floors, it is encouraged to prepare a similar risk plan, which includes concrete measures to ensure that their health requirements are met, including how to ensure optimisation of customer flow throughout the store

As we are now approaching a time of recovery for fashion retailers, changes will occur to address the modifications related to new consumer habits and shifts in shopping behaviour. The challenge will lie in the ability of retailers to cope with the costs and restore sales (BearingPoint, 2020).

2.6 The Future of Retail Design

As we emerge from the pandemic, we can argue that COVID-19 has had a great impact on the retail landscape as a whole. Due to increased digitalisation of retail, the have options in services, products, but most importantly they have a lot of options in how they can purchase. It could be said, consumers have the power to drive innovation forward and make companies really re-consider their market strategy.

A way of implementing such approach would be to consider an agile co-creation process. This would shorten the lead time between changes in consumer demand and retailers' responses (Sjödin et al., 2020). Retailers should aim at collaborating with their stakeholders (i.e., consumers, suppliers, employees) to create value (ibid). More collaboration with stakeholders is therefore needed (e.g., by soliciting feedback during the operations) to make them feel part of the process (ibid). In other words, retailers should move away from their traditional plans to capture organisational changes made necessary with the pandemic by implementing a new agile approach.

Schriber & Löwstedt (2020) discuss the importance for firms to respond to a dynamic environment. In this context ordinary and dynamic capabilities are outlined. As stated by Teece (2017), what distinguishes the latter is their ability to "*enable an enterprise to profitably build and renew resources, reconfiguring them as needed to innovate and respond to (or bring about) changes in the market and in the business environment more generally*" (pp.698). In the COVID-19 scenario, implementing dynamic capabilities could develop and deal with new consumer demands and government pressures on how businesses are to be run.

2.6.1 Investing in Social Responsibility

"Much like the chicken and the egg debate, the argument over who shares responsibility for business practices can never be clear cut" (Emerald Insight, 2019, pp.31). Even though a lot of research exists out there concerning ways for businesses to be more sustainable, still not much attention has been brought to the role the consumer has in this dynamic (ibid). Given the customer plays a vital role when it comes to the need to understand and care about social responsibility (Emerald Insight, 2019, pp.32).

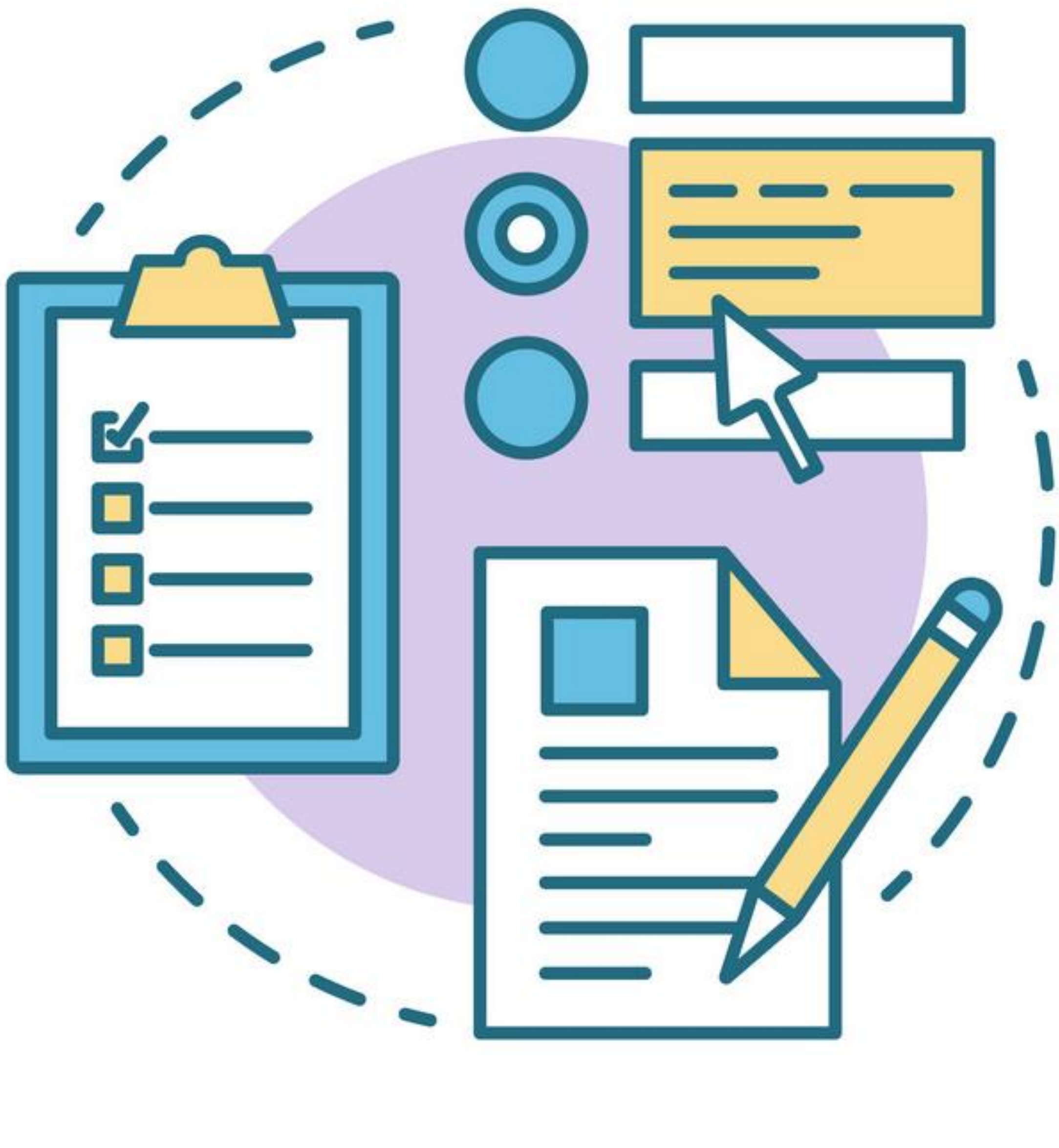
Trust and confidence are the two values retailers need to gain back from customers (BearingPoint, 2020). In a recently conducted survey, 77% of customer respondents have affirmed that they value "*trust and reputation as much as price and convenience*" (ibid). In research, customers are typically following a *"defined cognitive pathway"* for their consumption choices (Emerald Insight, 2019, pp.31). Nonetheless, this is solely based upon knowledge and rationality, while the customer's emotional sphere is ignored (ibid).

Coming out of the Coronavirus pandemic and all of its implications will mean store employees will play a vital role in ensuring the customers feels safe and welcomed going back (BearingPoint, 2020). Furthermore, as the consumers will get more and more used to being back in a store environment, the focus will shift to the brands' sustainability initiatives in both the social and environmental sphere (ibid).

"A critical factor here is that sustainable and socially responsible consumption typically costs more" (Emerald Insight, 2019, pp.32). Affordability in the fashion retail sector plays a critical role. In this circumstance, it is the responsibility of companies to make those products more accessible for customers by changing their business focus and practices (ibid) and, at the same time, ensuring radical transparency on company ethics (BearingPoint, 2020).

While customers shopping habits have been deeply affected by the changes brought on by the Coronavirus crisis, retailers have experienced an acceleration of trends and realised the need for a sector transformation (BearingPoint, 2020). Customer's retail approach is *"becoming increasingly purpose-driven; they want to turn to responsible and sustainable fashion retailers"* (ibid). Right now, more than ever, the industry must reveal how it can meet the new expectations while at the same time be able to manage new complexities (BearingPoint, 2020).

Methodology



Through this research we want to find out how retail brands navigate through the COVID-19 crisis by applying innovation strategies. In order to answer our research questions, we decided that collecting qualitative data would have been the best option given the circumstances in which we were conducting our study. To achieve our aim, we also collected secondary data based on news articles and industry reports, as well as previous studies on some of the key themes we discussed.

Although top-tier consulting companies have published many reports on how retail may evolve in post-pandemic times, there has been little academic research on the impact of COVID-19 on physical fashion retail and on related innovation practices, understandably so we are still living through it as we write our study. An exciting benefit is that we can note changing trends as they happen and get a look at the live reactions of everything that is going on. This is the reason why we find the topic itself very motivating and simultaneously challenging.

We decided to collect primary data through qualitative studies. By interviewing various stakeholders who have experienced an understanding of the changes taking place. Using knowledge from different disciplines will allow us to gather new insights, which could not have been obtained by solely focusing on one research method (Saunders et al., 2015). In addition, we decided to conduct observational studies to understand the context of the situation. In the following sections, we will unfold the methodology and the methods we decided would be the best approach to our study.

3.1 Philosophy of Science

In this section, we will describe the philosophy used to approach this research study. The nature of this research consists of trying to identify new trends and consumer behaviour patterns. As the world has come to a significant shock that affected our health systems, economy, and overall society, we have also witnessed how people have quickly adapted their habits and behaviours to suit a new reality. Businesses had to figure out how to meet demand in evolving circumstances. It is also why we decided to approach this study as a human behaviour study.

In research, we need to define first the ontological approach that we are taking. The ontological approach is defined as the nature of reality and existence itself. Ontology has two main branches of understanding reality. The first one being realism which is highly objective, and in this approach, it is believed that there is only one single truth and therefore truth can be discovered using objective measurements (Easterby-Smith et al., 2015).

This approach does not apply to our study as we wanted to find out the experience of different people through their perspective and their particular role. Therefore, we were looking for more subjective results. We believe that relativism applies to us, both in the observational study as well as the interviews we conducted. Relativism is the belief that there are multiple realities and that it is highly subjective to the people describing it. Therefore, we cannot generalise the results but can only transfer what we learnt into different contexts (Easterby-Smith et al., 2015). Our choice to use observational research and qualitative interviews has been decided for the purpose of exploring and understanding the context of a situation.

Epistemology is mainly concerned with the nature of knowledge and how scientists go about their study. There are two main directions in which social sciences are conducted: positivism and social constructionism. Whilst positivism views the social world as an external existence and that it can be measured by objective means (Easterby-Smith et al., 2015). Social constructionism views knowledge as determined by the interaction with other people (ibid). Therefore, as we were taking on a relativist ontological approach, it would make sense that for the most part we were also taking the social constructionist epistemological approach. However, we do approach part of our observational study through the perspective of positivism, as we describe the changes that the pandemic has caused to the physical retail stores themselves. By this, we imply that the reality of the pandemic is the same for everyone, as everyone has to comply to the health measures imposed by the government. When we approach the staff to ask them questions, we divert back to social constructionism as we find more subjective results of the individuals experience. From an epistemological perspective, the information gathered throughout this research has value because it considers the changing reality and the changing human nature of interactions.

As we have defined our philosophical approach, it made sense that the methodology we would use to gather our results would be grounded in qualitative research. When using 'Qualitative research' researchers are often confronted with the dilemma of selecting an appropriate approach within which to situate their research (Awuzie & McDermott, 2017). It is usually due to the need to establish a link between the theory and the research conducted (Ali & Birley, 1999). For the purpose of this research, we have decided to follow a 'deductive approach'. In literature, 'deductive theory' is perceived as *"the commonest view of the nature of the relationship between theory and social research"* (Bryman, 2012, pp.21) as its characteristic lies in the way of working from the general to the specific (Bradford, 2017). The process of deduction is articulated into six different steps. 1. Theory and 2. Hypothesis drive the 3. Data Collection process, which will display if the 5. The hypothesis is confirmed or rejected and will direct the researcher to a 6. Revision of theory (ibid). In our case, the hypothesis is represented by the research questions, which will be wholly or partially answered after analysing the collected data. The last one, (6. Revision of theory), requires the researcher to step in the opposite direction, e.g., apply an induction approach (Bryman, 2012). In analysing the findings, the researcher finds links to the theory initially studied (ibid). Nonetheless, the process might seem more linear than in reality. The steps mentioned above are not always followed in order due to the study's eventual changes (ibid).

As we conducted our research, we ensured to use information from published sources in peer review articles and other academically accepted media to justify our findings. However, as we are still in the midst of the pandemic, we need to rely on many different news sources and analyse similar content. Nonetheless, we are aiming to use articles from widely known media sources that would be the most accepted by academic research.

3.2 Research Methods

Our chosen methods for the conduction of this study were decided on taking into consideration the national lockdown due to COVID-19. Therefore, alternative data collection methods such as surveying shoppers would have been difficult to conduct due to the national lockdowns. This would imply our options would be to reach out to our network in a digital format, which could have skewed the results. We also considered different industry professionals; however, we did not have the network for this purpose. Ultimately, we believe surveying as a method would have not given us the type of insights that observational studies and qualitative interviews have. Although quantitative methods are considered very valuable, for the purpose of our study our chosen approach gave us a richness of information where we could explore different perspectives of the themes researched. Meaning, we could ask more in-depth questions as we went on about our study.

"*To many people, data collections represent the key point of any research project*" (Bryman, 2012, pp.10); therefore, it is necessary first to define its structure. "*Research can be designed to fulfil either an exploratory, descriptive, explanatory or evaluative purpose, or some combination of these*" (Saunders et al., 2015, pp.174).

Before laying out the research method undertaken, it is necessary first to understand all of the above-mentioned approaches' peculiarities. "*Exploratory research is one which aims at providing insights into and an understanding of the problem faced by the researcher*" (Surbshi, 2017). This type of research is often used when collecting data on a precise phenomenon or issue while not being sure of its nature (Saunders et al., 2015). In comparison, descriptive research "*aims at describing something, mainly functions and characteristics*" (Surbshi, 2017). In some cases, it is also described as an extension to exploratory research (Saunders et al., 2015).

The emphasis of explanatory research is the study of a specific scenario to connect eventual relationships among variables. (ibid) Lastly, "*the purpose of evaluative research is to find out how well something works*" (Saunders et al., 2015, pp.176); in management research, it is usually connected to a company's business strategy effectiveness (ibid).

By taking into account the pros and cons of the four methods, conclusions have been drawn. We believe it could be argued that this research study incorporates different elements from three research approaches: exploratory, descriptive and explanatory. Given that the most consistent data source comes from semi-structured qualitative interviews, implementing exploratory research has the advantage of being "*flexible and adaptable to change*" (Saunders et al., 2015, pp.175). Simultaneously, incorporating a descriptive and explanatory approach allows gaining more detailed data and explanatory responses. We do this in our observational study, where we described the store environment, the context and the overall atmosphere we found ourselves in. We then connected the relationship between our observational study and our interviews in our discussion to give more depth to the learning. If a study "*utilises description, it is likely to be a precursor to explanation*" (ibid); this is also identified as a descript to-explanatory study in research.

The analysis of the study is based upon the collection of primary data through observations and qualitative interviews. In other words, the choice for this research has been based upon different research methods, which in research can be summarised with the term 'triangulation' (Evans et al., 2014). The methods presented in the following section have been selected to best answer our research questions.

3.3 Data Collection

Given the novelty of such a topic we are focusing on, we have decided to conduct our primary research work. For the collection of our primary data, "*research methods such as participant observation and semi-structured interviewing*" (Bryman, 2012, pp.10) have been chosen. In this way, we can keep an open mind on the shape of the information gathered so that theories and concepts could merge out of the data collected (ibid). This analysis has been conducted as "*a systematic method with procedural and evaluative steps*" (Johnston, 2014, pp.619).

3.3.1 The Participant Observations

Observation is not a popular method in management and business research (Saunders et al., 2015). Nonetheless, we believe it is an excellent opportunity to implement observations when the customer approaches the store for the first time in months. As there has been a national lockdown, all stores have been closed for the period of almost three months, meaning all non-essential shopping moved predominantly online. We decided to conduct participatory interviews, where the researcher "*enters into the social world of those to be observed and attempts to participate in their activities by becoming a member of their (...) community*" (Saunders et al., 2015, pp.356). We acted as customers while browsing the stores, as we tried to gather as many observations as possible. The observational study has been conducted in the main shopping street Strøget in Copenhagen, Denmark, on the 3rd of March 2021 between the hours of 10am and 3pm. We decided to enter into the most popular stores, including brands like Mango, Zara and Søstrene Grene. We recorded information that we found by note taking of a predesigned observation guide (Appendix 1).

A detailed description of the observational study will be laid out in the analysis chapter, including all relevant aspects. The essential elements of an observational study, to be taken into account for this research, are: "*the systematic viewing, recording, description, analysis and interpretation of people's behaviour*" (Saunders et al., 2015, pp.354) (Appendix 1). While conducting participant observations, we aimed at experiencing the context and scenario just like any potential customer. It is also important to point out that this is why we did not consider conducting a customer survey. We wanted to personally observe and have the chance to confront customers and store employees where possible.

3.3.2 The Qualitative Interviews

We went about finding who we should interview as our personal network was not wide enough with people in the industry. We asked our thesis supervisor to provide us with contacts from her professional network. She was kind enough to initially send us a list of eight individuals, predominantly retail designers, of which only one agreed to be interviewed. We then followed up with our thesis supervisor in which she gave us three additional contacts, of whom all declined our interview invite.

The initial idea for this research study was to limit the conduction of qualitative interviews to retail designers. However, as soon as the interview process started with our only participant at the time, Natalia (Interview 1, 2021), a retail designer, who we interviewed about fashion brands she collaborates with, we immediately became more curious about the people she worked with in the process. We then asked Natalia to help us contact people within her network that would be suitable for the purpose of our study going forward.

Whilst we were waiting for Natalia to respond, we conducted further research on the LinkedIn social media website, and we managed to contact three more people we found who could be a good fit for the interview. We did not receive any responses from any of these individuals.

The second interview came through our personal network when we discovered we had an acquaintance that works as a Digital Product Manager at Pandora. Meanwhile, Natalia (Interview 1, 2021) successfully locked-in our third interview with a Visual Merchandising Manager from Vero Moda. Finally, we established contact with the Global Retail Standards and Operations Manager from Pandora, through our second interview participant. This meant that we managed to secure a total of four participants, two of which work with Vero Moda, and two who work for Pandora. Their different backgrounds would ultimately give us a diverse perspective on the situation in relation to our studied themes.

Conducting an interview is essentially "*asking purposeful questions and carefully listening to the answers to be able to explore these further*" (Saunders et al., 2015, pp.388). The ultimate aim for our interviews was to understand the impact of the COVID-19 pandemic on fashion retail design practices by investigating the digital transformation, customer experience and the sustainable determinants. For the gathering of reliable data, we decided to apply a subjective approach. This approach is usually "*linked to the perspective that views about the social world are socially constructed*" (Saunders et al., 2015, pp.390). It is about combining the interviewee's views and the interviewer's interpretations (ibid).

We identify the conducted interviews as semi-structured interviews. We came up with two interview guides (see Appendix 2) to assess the diverse interviewees' professional background. The retail designer interview guide is of a more structured nature. In contrast, the second interview guide targeting industry experts has been intentionally designed to be semi-structured. Nonetheless, we decided to follow a free flow with all four interviews. At times questions have been omitted, perhaps the order has been changed, or additional questions came up out of curiosity (Saunders et al., 2015). The nature of such interviews meant the best method to analyse the data was to capture it through a video/audio recording. In this way, a thorough analysis of the themes investigated has been carried out.

3.3.2.1 Interview Guides & Transcript

As mentioned in the previous section, the two interview guides were developed to guide the interview process. Kvale (2008) argues that an interview guide is a way to structure more or less vigorously the conversation between the interviewer(s) and the interviewee. Taking the decision to conduct semi-structured interviews and only defining the main conversation points through open questions has allowed new discussions to open up (ibid).

The interview guide developed for the retail designer's interview is divided into two main sections. In the first section, three questions were designed to get to know the retail designer background and the retail environment she works in. The questions covered the description of her role as a retail designer, the type of retail environment she usually works in, and the projects undertaken during the past year. In the second part of the interview, by first introducing the COVID-19 global pandemic issue, we aimed to understand her view on the topic and the changes concerning the retail environment. Different questions were raised, from the importance of a brand's physical retail space to future trends that will play a crucial role in retail design.

We decided to focus on the main themes taken from our literature review for what concerns the interviews with experts within the fashion retail industry. The themes were taken as the basis to guide us through the interview; however, they were slightly adjusted to ensure relevance as we grew our understanding of the themes. Following our first interview with Natalia we re-evaluated our interview guide and concluded that going forward, a semi-structured approach would allow us to have a free-flowing conversation and go in more details on the discussed topics. Through this approach a lot of exciting and unexpected finds arose.

The interviews were conducted online through video calls. They were then transcribed with the help of the transcription tool 'Otter.ai' (for personal preference reasons). The recordings have an average duration of forty (40) minutes, and they all have been conducted in English. As Saunders, Lewis and Thornhill (2015) mention, transcribing audio-recorded interviews can be quite time consuming, given that the transcriber does not only have to understand if the online tool has picked up the right words, but also the tone used by the interviewee. As this was true for us, we adjusted some of the responses to ensure they represented what the participant wanted to say. Nonetheless, since we decided to limit our interviews to a total of four participants, the process has been manageable taking into account time limitations.

3.3.2.2 Conducted Interviews

This section will present the four qualitative interviews conducted, including a short description of the interviewees' profile, social context, and contribution to this study. Also, the interviews are presented in chronological order they have been conducted in.

Respondent 1 (R1): Natalia Konopka

Date: 7th April 2021

Format: Microsoft Teams video call

Duration: 67 minutes

Natalia Konopka is a Concept Designer/Senior Architect at RIIS Group. With the mission of creating spaces where people want to stay (RIIS Group, 2021), the company designs spaces for retail stores, restaurants, cafés, offices, hotels and lounges (ibid). Natalia is an educated architect, specialised in interior design. Her role at RIIS primarily consists of being part of concept development and concept up keeping making new products and developing products. She primarily works for fashion brand clients like Bestseller and Vero Moda, with whom she says to have a very close collaboration with.

Respondent 2 (R2): Birna Halldóra Ólafsdóttir

Date: 19th April 2021

Format: Microsoft Teams video call

Duration: 26 minutes

Birna Halldóra Ólafsdóttir is a Digital Product Manager at Pandora. She works on e-commerce and digital customer experience, covering sixteen different markets. Birna recently worked on a virtual try-on and online style assistant projects. She gave us many insights into how Pandora shifted the physical store experience online after the COVID-19 pandemic hit. On a daily basis, she collaborates with other Product Managers for external solutions.

Respondent 3 (R3): Ryan Joseph Kennedy

Date: 21st April 2021

Format: Microsoft Teams video call

Duration: 42 minutes

Ryan Joseph Kennedy is a Visual Merchandising Manager at Vero Moda, a Bestseller company. Vero Moda was one of the first brands to launch what later became the BESTSELLER family (https://www.veromoda.com). With a trademark of a vibrant and accessible approach to fashion, Vero Moda has been present in the mind of stylish young women looking for new trends, accessible styles and fashionable must-have items (ibid).

Until August of last year, Ryan worked in construction and store design, representing the brand and working in partnership with Natalia (R1). Now in his new role, managing the merchandising team, he takes care of everything the customer sees and interacts with within the retail stores. His role goes hand in hand with the physical store design.

Respondent 4 (R4): Dan Nathan

Date: 21st April 2021

Format: Microsoft Teams video call

Duration: 24 minutes

Dan Nathan is a Global Retail Standards & Operations Manager at Pandora. With 20+ years of experience within retail and brand development, Dan has worked for corporates, start-ups and owned an award-winning brand. His predominant expertise is working in retail brand development, procurements and retail design. Before Pandora, Dan was working for fashion brands H&M, Adidas, Levi's and Topshop. He had started to work for Pandora two weeks before the pandemic hit. With his relatively new team, he works on all the retail initiatives driven out on a global level by Pandora.

Analysis

This chapter will be based upon the conducted observational study and the four interviews with experts. First, the findings from the observational study will be displayed as a way to introduce a user perspective and relate it to the main theoretical concepts. Secondly, a thematic analysis of the interviews will be carried out. This type of analysis will enable a more explicit focus on the key themes of this research, guiding us towards an accurate answer to the research questions.

4.1 The Participant Observational Study

One of the interesting sides of studying the impact of Coronavirus on physical retail space was observing how quickly companies could adjust to it. Retailers had to rapidly introduce new health measures to ensure a safe environment for both employees and customers.

As previously introduced in chapter 3.3.1, we decided to conduct a participant observational study. We aimed to observe if anything would strike us in a store environment as being significantly different to what we are used to. To record all elements, we had developed a guide that helped us make sure all of the relevant aspects were included. While developing the guide, we came up with four main focus areas to emphasis: the store layout, health and safety, the customer experience, digitalisation and innovation. This process enabled a better categorisation of the analysed elements.

The participant observational study has been conducted on the 3rd of March 2021 between the hours of 10am and 3pm. In the main shopping street Strøget in Copenhagen, Denmark. It is relevant to mention it was a day when independent stores had recently re-opened, and many people were populating the streets. We decided to start by first gathering our observations and then discussing and recording what we had just experienced. The goal was to create a set of notes describing the context, including elements of the store staff and the customer side.

We decided to limit our observation to three stores, precisely chosen for their characteristics. The first store we decided to enter was Mango. Different elements drove our decision; it is a flagship store, which opened during the pandemic, and at the same time, the only Mango store in all of Denmark. We were very curious to see how a newly opened store adapted its layout to cater for the safety of its customers and employees. Our second chosen store was Zara, we noticed many customers were drawn to it, given the long queue outside. We were curious to see how they could manage the number of people allowed into their store. Finally, we agreed on going into the Danish store Søstrene Grene. Even if not categorizable as a fashion store, Søstrene Grene is one of the few stores that has consistently implemented a one-way system layout. To experience such a system that enables customers to avoid encountering others throughout their journey in the store.

Once the observations had been gathered, we first asked ourselves three key questions in order to describe the overall setting of our observational study.

<u>What is happening around us?</u>

We were in a bustling street. Most stores were open, with long queues at the doors. Many stores were busy, reaching the maximum number of customers allowed. People crowded the street by going from one queue to the other, with shopping bags in their hands. In accordance with the Danish Health regulations, it is only mandatory to wear a mask once you are in the store; however, many people seem to feel safer wearing them while queuing outside also. At the same time, all customers kept a distance of at least a meter between each other, where it was possible to do so.

<u>What are the main characteristics of the setting? What was the overall atmosphere?</u>

We were in the main shopping street of Copenhagen. All popular brands in Denmark have a shop in the area. It is a very long street, with shops on both sides. For us what described the overall atmosphere best was ‘chaotic’. Both customers and employees seemed happy to be back in the store. We got the impression some customers were shopping alone, while the majority had the company of a friend or a partner.

<u>How are we feeling? How is the context influencing what we are observing and recording?</u>

While answering this last question, we tried to better examine ourselves in that context. It was for sure something we did not experience in a long time, and it felt a bit overwhelming at times, being around so many people. We must point out that we were very aware of the people around us, the distance we kept with them, noticing whether or not they were wearing a mask and, in some cases, if they were wearing it correctly. Although we were not there to shop, we noticed that this could have a substantial impact on the overall customer experience in the store. We both felt like we wanted to leave the store after some time spent inside. Therefore, it would be noteworthy that we, ourselves as the researchers, experienced some level of anxiety being around so many people.

After this first analysis of the overall context, we decided to singularly analyse every store we visited. In the following sections, we will present the main findings.

4.1.1 Mango

Mango is an affordable Spanish fashion brand. This brand decided to open its only Danish store in the midst of the pandemic, replacing the location of Topshop, which once occupied that space. As mentioned in the previous section, this is a flagship store with a large capacity, newly built and designed. We approximately spend around 35 to 40 minutes in the store.

- Store Layout

The store layout did not seem very different to what we are used to seeing in a fashion store. The products were mainly displayed on the side walls. A few displays were populating the central area of the store, with quite a lot of free space left for customers to browse around. We decided to focus on analysing the fitting room area. An employee was there to indicate that only one person could enter into one fitting room at a time. She was also checking that customers were taking with them, no more than the maximum number of items allowed by the store regulations. Once the customers were out, they could return the items they did not wish to purchase back to the shop assistant.

- Health and Safety

While standing outside the store, we saw no queue, no staff at the entrance indicating the need to sanitise hands or counting how many people could get in. Nonetheless, there was signage to encourage keeping a distance among individuals and indicating the requirement to wear a mask. Entering into the store, we noticed not many customers were there, maybe because it was a newly opened store. We tried approaching one of the girls for more questions, but it appeared that they were understaffed and were not able give us many insights.

- Customer Experience

There were not many customers in the store at this time. However, we tried to capture some behaviours from the ones that were there. While we observed Mango not all people that came in sanitised their hands; however, they were all wearing a mask. The usual flow in the store resembled a one-way system, but customers could freely walk around the different sections. The customers followed what might have seemed like a circular path from the entrance, following the perimeter of the store.

- Digitalisation and Innovation

No interactive digital elements were present inside the store. So, we decided to look at the Mango website while still in the store. We were able to identify a correlation between the e-commerce page and the physical presence of the brand. The colour preferences on both, giving you the impression of a continuous element between the two channels. The only limitation was that this particular store sells only women fashion, while they also sell men and kids' fashion online.

4.1.2 Zara

One of the stores we decided to look into was Zara. This is a large international brand, and we have read several articles about how the brand is managing the pandemic over the last twelve months. In the early phases of the re-opening plan by the Danish government, they allowed stores of up to 5000 sqm to re-open under strict safety guidelines, and Zara fit that description (Barrett, 2021). Due to the size of the store, it was interesting to us what retailers would do, to ensure the safety of both employees and customers. We spent approximately 30 minutes in the store.

- Store layout

As we started walking through the store, one of the most noticeable differences is the separation of the clothing racks around the store's floor. There were a lot less displayed products that were positioned in the store, and much wider room was made available for customers to move around. The lights were bright as ever, and all the clothing was neatly lined up, making visibility of the outfits and the single items, easily seen from a distance.

Staff inside wore masks and blue latex gloves as they were walking around busily, making sure that all items were stocked back, and the store maintained its clean appearance. As there were significantly fewer people inside than there would typically be, before the COVID-19 restrictions, the store felt emptier overall. This might have been because there was enough time to fix the store since fewer people were touching the items. Meanwhile, you can notice that many customers were sticking to their groups, and everyone seemed clustered. Perhaps due to space, the store has given people more room to move around and not focus on one spot. The clothing was laid out by colour categories. Their store appeared very clean, and the clothing was the element that accentuated the colour scheme of the store.

- Health and Safety

The first observation was the existence of very long queues at the entrance of the store. The other access was entirely closed for safety reason, and the front door served both as an entry and exit point. We ask the security guard why they were implementing such practices, and he replied, *"so we can count how many people are inside the store*". He stood there and had a clicker that counted exactly how many people were allowed to walk inside. The distance from the door to the end of the line was approximately 20 meters we vaguely measured, and the time it took us to get in was around 15 minutes. Most people in front waited and had no problem doing so while we were there. Many people were partnered up with some friends or relatives that accompanied them. Almost nobody gave up on the queue in the time that we were there waiting to go inside. Once inside the store, we were first asked to ensure that we had a mask on our face covering both our nose and mouth and also, to sanitise our hands before walking in. We followed as requested to ensure that we met all safety measures.

- Customer Experience

In our observation of Zara, we saw signage throughout the stores, such as where people can stand and the distance that they have to keep between others. Most people in Zara seem to have complied with what was asked of them, and the experience felt peaceful. We both agreed that when visiting Zara before the restrictions were made, the feeling we often experienced was chaotic. Many people were inside all the time, the store was often in a much messier state than what we observed this time around. We agreed that perhaps it is worth waiting some time to walk in if that would mean that the experience of shopping at Zara could be elevated with fewer people pushing around to look at items.

Finally, as we approached the end of our observational study in Zara, we decided to ask one of the shop assistants a few questions about what she felt was different working in Zara now, in comparison to the pre-COVID days. The shop assistant had been working at Zara only during the last year and a half, she thought there were enough safety precautions established to keep her at a distance from others. She told us, "*People are browsing and have really been respectful to make sure that they would wait if we were cleaning or stocking a section*". She said that since they removed many racks from the middle, it gave more space to move around, it was more accessible for customers to keep their distance. In addition, they are always ensuring to keep only a limited amount of people in the store at any given time, so it also allows for a constant flow of people during the day. "*That way, we can organise better as we don't really have to consider the variation of customers in peak times*" she said.

Overall, our observation of Zara concluded in the space of approx. 30 minutes in which we saw a natural store shift that has a strong sense of safety and discipline. To ensure that people are guided throughout the floor signage was installed. It also moved people along a little faster, making room for more customers to come in.

- Digitalisation and Innovation

The Zara online store did not change much from a customer perspective. The web shop was categorised in clothing items with some suggestions of outfits that one can choose from. The physical stores are mainly categorised by style and colour pallets. In the physical stores, you had a colour combination of outfits to mix and match. The only difference that we noticed is that the online store kept crashing when we tried to move items to the basket. We tried this a few weeks later again, which made us think that perhaps they had some trouble in uplifting the capacity of their technology. However, one significant change to Zara is that they did have an effective online presence as most queueing people were actually there to pick up parcels. This was evident by the number of boxes that were available by the cash register and the several cages full of boxes and bags next to them.

4.1.3 Søstrene Grene

The final store we decided to conduct our observations in was Søstrene Grene, also located on the main shopping strip in Strøget. We spent approximately 40 minutes in this store.

- Store Layout

Søstrene Grene is famous for items that range from homewares to arts and crafts and even some fast consumer products with delicatessen food items. One of Søstrene Grene's concepts is that it has always been designed as a one-way system. All customers can only enter from one point in the store; they then are lead through a maze of different sections like a labyrinth type of experience. Customers are essentially taken through the store and are exposed to most of the items available. As it is a one-way system, this plays quite well in times of a pandemic because in this way, everyone is facing the same direction when moving through the store. As all products were displayed against the wall, we did not notice a decrease in the availability of products in the same way we noticed in other stores that did not have a one-way system.

- Health and Safety

Once customers walk in, there is a shop assistant that stands at the front of the entrance. Each customer is asked to take a basket, even if customers did not intend to purchase anything. The shop assistant advised us that the baskets were used to count the number of people inside. We did not experience a queue in the front of the store as we did with Zara. However, the store assistant advised us that since Søstrene Grene has the one-way system, they could allow a few more people in, so in general, the queues were anyway shorter. We were also asked to use the hand sanitiser available, after which we were free to start our shopping journey. We took a little extra time to ask her how she felt as a staff member in ensuring her own safety, she replied "*it feels pretty safe for us; we are often not around customers as we stand here at the front directing people and also at the end when people need to pay for their items. We control the store influx and how many people can be let in. That way, we can reduce the customers coming in, restock or clean up quickly, and resume increasing the volume. It also feels like we are safe while doing our job*".

- Customer Experience

In our observation, the experience in Søstrene Grene did not feel much different to what it was before COVID-19 lockdowns started. The added safety requirements did not change how the store felt overall. Perhaps at the moment it consists of fewer people coming in; however, this was not so obvious as the store is typically narrow. There were still enough people that many stopped at particular locations, and we had to move around them as we walked through. The store seemed fully stocked, and everything was available to customers.

- Digitalisation and Innovation

Søstrene Grene's website before Corona was very simple. It had a catalogue, and you could view the latest items almost as if you are going through the booklet itself. Since the Coronavirus pandemic, we have noticed an upgrade on the site to a more standard version and in addition, the option of purchasing items online. It seems the company upgraded their e-commerce to cater for increased online traffic over the lockdowns. Unfortunately, we did not have the chance to take a screenshot of the old website for comparison. We also could not confirm if people spend more on the new Søstrene Grene website or less, as the shop assistant that we spoke to did not have this information. However, we confirmed that they upgraded the website, and there was an option in purchasing items online now.

4.1.4 Conclusion to observations

In conclusion to our observational study, we felt that most people were hyper-aware of the safety they needed to ensure for themselves and others around them. People were peacefully queueing and making sure they took their safety seriously.

Most shoppers were there with a friend, and it felt like people wanted to be very social in their shopping journey. The lockdowns did not seem to make them not want to shop in a physical store when they have the chance. It is a strange time, and everyone is very aware of others around them. Overall, people were mainly trying to go back to the normality they had before the lockdown.

Meanwhile, stores seem to be focused on increasing their digital presence. More possibilities to do so have been presented, through online channels in which younger generations could be more involved in shaping their shopping experience.

4.2 The Interviews

In the following, the four conducted interviews will be analysed. We decided to implement an Analysis Thematic Focus because it enables us to be more involved in the interpretation of the interviews. The approach has been described by Guest et al. (2012) as one that " *(...) move(s) beyond counting explicit words or phrases and focus on identifying and describing both implicit and explicit ideas within the data, that is, themes*" (pp.9).

The five themes are:

- COVID-19 Implications
- Sustainability
- Digitalization
- Customer Experience
- Retail Innovation - The Future of Fashion Retail

4.2.1 The Impact of COVID-19 on Fashion Retail

The strong impact COVID-19 has had on fashion retail stores is no secret. When asking Retail Designer Natalia (Interview 1, 2021) about how the pandemic has impacted her work, she felt it had changed everything and nothing at the same time. With fewer store openings, she is now more focused on developing new concepts, mainly for shops in other retail industries. She mentioned it is like a waiting game, where fashion retailers are getting ready for what will come up next, investing their time to be prepared for reopening by rethinking and coming up with new concepts. She explained most shops have been standing still because of the uncertain future they are now facing. All development has been now stopped. She also mentioned, talking in broader terms, most brands are opposed to opening new flagship stores because of the current scenario. Finally, referring to her client Vero Moda, Natalia said they are not only not opening any stores, but they are closing some, and practices like reusing furniture are being implemented.

Dan (Interview 4, 2021) gave us some background knowledge of Pandora's scenario in the past year. He explained Pandora has a very healthy cash flow and strong performance coming from it. Therefore, they decided to "*put the gas pedal down*" (Interview 4, 2021, 5:43) when everything built up with COVID-19 and store closures worldwide started. Dan explained there are brands in the textile and jewellery who unfortunately have not coped well with the past year and they have been suffering a lot. But on the other hand, brands with a healthy cash balance like Pandora have worked on new projects and are now starting to benefit from that. With a very stable year, Pandora has been able to place its focus on new and innovative projects, Dan explained, "*purely COVID driven*" (Interview 4, 2021, 10:33).

While Birna (Interview 2, 2021), being a Digital Product Manager at Pandora, gave us more insights on new initiatives the brand has implemented during the past year. She mentioned that a team of about ten employees was established to come up with new initiatives that could help the brand cope with the significant change. In this way, they had developed a final set of practices to implement into the Pandora's website. Birna also mentioned these new projects would be still on the roadmap if COVID-19 did not happen, she said "*COVID really pushed us to do it*" (Interview 2, 2021, 10:47). These practices are going to be analysed more in detail in the digitalisation section of the analysis.

4.2.1.1 Public Health Measures

Natalia (Interview 1, 2021) believes implementing safety measures in fashion retail stores is all about balance. She mentioned that, on the one hand, people need to feel comfortable and protected, but on the other hand, not feel like they are in a hospital either. It's more about integrating all of the elements in a seamless way. For instance, hand-sanitisers dispensers will need to be integrated into the store environment for customers to know they are there. They are visible, but they are implemented into the store design. She thinks more design solutions will be developed for hand sanitising dispensers since she believes they are not going away soon. Since she said, we are now very aware of hygiene measures, which protect us from getting this type of virus and make us less sick in general. We are now washing our hands more than ever, and this is going to stuck with us.

Retail designer Natalia (Interview 1, 2021) explained how before the pandemic hit, she had small requests from her customers to add a stand for sunglasses or nail polishes. Now Natalia (interview 1, 2021) thinks this will shift and be directed towards creating shelves for masks or hand sanitiser. In her opinion, this is inevitable, not something that can be avoided. She said: *"just like handicap fitting rooms, it is something that we always have in a concept. Whether the customer wants it or not, that's not my decision (...)"* (Interview 1, 2021, 33:57). She described this implementation as something her and the team take for granted. It is not necessarily part of the design concept but simply something they need to integrate. This goes for the implementation of dispensers, space dividers, etc.

When asking Birna (Interview 2, 2021) if they started any project concerning public health measures, she mentioned a fascinating one. They came up with a way for customers to avoid queueing at the store entrance and standing very close to others, with the risk of not maintaining the required distance. Customers can, through the app, take a number and be assigned a waiting time, which would lead them to have access to the store once it is up. In this way they would not have the hustle to wait in a queue and, once they enter the store, they know a safe number of people are allowed in at the same time.

Also, regarding Pandora, Dan (Interview 4, 2021) mentioned how cleaning the jewellery is a crucial store activity, now more than ever. There is a massive focus on health and safety practices because it is critical for the customer to feel safe in a store environment. He also mentions a lot of businesses in the health sector that has increased their product portfolio. Pandora has implemented UV cleaning machines and is constantly working on new solutions to have a safer retail space. This aspect also applies to payment methods offered to customers in a Pandora store. With the implementation of mobile-driven payment technology, they aim to reduce physical contact in the payment process as much as possible. This is something a lot of brands are looking into at the moment. *"How can our touch points be as fingerless as possible, as remote as possible?"* (Interview 4, 2021, 12:45). The future of store payments is going to be contact-less, using our own mobile devices. According to Dan, this is the direction all brands will go within the next five years (Interview 4, 2021).

- The Store Layout

The store layout was another discussion point during the interviews. As mentioned in the retail guidelines published by the Danish Government (ERHVERVSMINISTERIET, 2020), the store's layout should maximise the distance between customers. During our conversation with Ryan (Interview 3, 2021), he mentioned that in Vero Moda, they generally tend to work with products displayed on the walls, without having too much furniture standing in the middle of the store. However, its strategic placement is vital in ensuring that customers have the space they need. In his opinion, it is about removing racks or grouping them differently or shifting furniture around to make sure there is no dead-end area to avoid them bumping into other people on the way. Ryan (Interview 3, 2021) discussed balancing the space designated for displaying products and ensuring customers have a safe store to move around in. It is a store-by-store calculation, where these elements must be adjusted, considering the local guidelines. However, in his opinion, this could lead to fewer products being displayed.

Natalia (Interview 1, 2021) mentioned that changing layouts very often can be costly for companies. For fashion brands, already changing a window can be pretty expensive. So, when it comes to changing store designs, brands like Bestseller are somewhat reluctant. *"They're very careful with colours and that kind of stuff because things need to last"* (Interview 1, 2021, 52:28).

Another aspect when considering social distancing regulations in the store designing is the cash desk layout. Ryan (Interview 3, 2021) said that it could be pretty challenging, given that only a few customers queuing can take up a lot of space. In most stores, the standard practice is to create just one line, even if the store has five cash registers. Nonetheless, it can be pretty challenging to keep a distance in this way. With such a setup, customers are facing each other, which might not be ideal. And, at the same time, the queue could get long, taking space from other store areas. Another approach he mentioned is creating a line for each cash register, where everybody faces forward in the same direction. In addition, customers have the chance of exiting the store without worrying about bumping into other customers on the way. Nonetheless, customers might not like it if a person in the line to them might take less time just because the person in front was quicker. To conclude, Ryan (Interview 3, 2021) emphasised the need for brands to investigate creating areas with more open floor space.

- One-way Systems

Ryan (Interview 3, 2021) explained how in summer 2020 in Germany, only one-way systems in retail stores were allowed by the regulations. This aspect impacted stores, especially fashion ones. In these types of layouts when customers enter, they do it from the right side, following a designated path, like in a circle, to finally exit on the left side. He stated it was pretty challenging to implement such a system in a fashion store like Vero Moda. Generally, they would put the fitting rooms at the back of the store, while by implementing this system, the fitting rooms happened to be halfway through the customer journey. They could not rebuild the store just to adapt to this. But what they have done was considering product placement and how the staff interacted with customers. The latter can be quite a critical element. They had to be more on the side or handling customer items. They had to change the way customers and employees moved around the store and interacted with each other.

Natalia (Interview 1, 2021) mentioned she was working with Søstrene Grene on a new concept. They did not change the overall layout of their store, except the number of customers allowed at once. In her opinion, it is quite a challenge to work with the restrictions introduced by the one-way system. She said: *"I think it's been easier with shops like Vero Moda where you sort of have more space on the floor, and then you can avoid others by standing on the other side of a rack"* (Interview 1, 2021).

- Fitting rooms

Another area of interest during our conversation with Natalia (Interview 1, 2021) discussed how fitting room areas could address the need for a more hygienic space. She explained that when designing fitting rooms, they usually implement curtains. However, when the sanitary issue of the virus arose, they started to rethink this element. At first, they thought about adding a washable fake leather part where customers would grab the curtain. However, from a psychological customer perspective, by indicating only to touch a specific part of the curtain, they will grab everything but that. She explained people do not want to touch where everybody else touched before them. It gives the opposite effect. Another idea Natalia (Interview 1, 2021) mentioned was putting doors instead of curtains. However, this has never been traditionally implemented due to the costs involved, and at the same time, curtains are more flexible and easier to change. She recognised this is a problem area when designing a store. People might not feel comfortable being in a small room where they know others have been just before them. Therefore, we might see new attractive solutions arise soon. Finally, Natalia

(Interview 1, 2021) argued that buying and trying at home could be a new trend. In this way, the customers will not have to go through the fitting room and return the items eventually.

According to Ryan (Interview 3, 2021), many questions arose about this specific area of the store. *"How do employees work in the fitting room area? How do we get customers going in and out in what's usually a sort of small, closed space? How can we do it in a safe way?"* (11:18). They had ideas about creating dedicated waiting areas where they can be called one at a time when a fitting room is available. Nonetheless, he mentioned such statements could take a lot of floor space, which are not doable when a company is trying to cut down on their costs (Interview 3, 2021).

4.2.4 Sustainability

In this section of our analysis, we will present the findings from the interviews on sustainability. Being such a broad topic, we decided to divide it into two sections, covering sustainability from an economic, social and environmental perspective.

4.2.4.1 Economic Sustainability

It has been quite a challenge for fashion brands to cope with the changes brought by the pandemic restrictions during the past year. Ryan (Interview 3, 2021) stated the most significant challenge Vero Moda had during the past year is coping with the costs related to the new health & safety measures. From putting up Plexiglas at the cash desk to supplying hand sanitiser or masks, he mentioned all of these costs could add up for a brand, which is already suffering from an economic perspective. Ryan describes it as 'being hit by both sides'. For instance, when the stores reopened after the first wave of the virus hit, they had to provide hand sanitising stations at the store entrance. This started being quite an issue because some people would steal the whole set up. Even if it might seem like a small thing, Ryan explained, it can add up very quickly to the costs of a store. Then, they understood that investing in a stand with a heavier base, with a touchless sensor, to place inside the store was the most reasonable decision. Nonetheless, with this example, Ryan (Interview 3, 2021) wanted to give us an insight into how brands had to develop strategies to keep the costs down.

The scenario lead brands asking themselves, *"when is a store worth keeping?"* Ryan (Interview 3, 2021, 19:45) emphasised that all major brands are now reconsidering which stores should be saved or not. Because when you start adding all the costs related to one store (new safety implementation, employees' wages, etc.), he explained, it might not be worth keeping it open. According to Ryan (Interview 3, 2021), it is about putting everything into a new perspective. He mentioned that Vero Moda, being a big company with a great local real estate team in each country, has been quite good at handling costs related to store leases. Being proactive in negotiating the terms with shopping centres has been a common practice in these times. In addition, Ryan (Interview 3, 2021) mentioned that taking a quick and strong initiative to talk to landlords has paid off, especially in the short term. This is mainly because shopping centres want to avoid having vacant spaces since it would look bad on them. Practices like renegotiating the lease and asking for an extension have been applied while assuring the landlords of being present, updating the store, and other benefits.

4.2.4.2 Sustainability In-Store & Beyond

Sustainability has become a hot topic in the fashion retail industry. We first decided to discuss with Retail Designer Natalia (Interview 1, 2021) how a brand can implement sustainable practices into the store design. She explained that to her, sustainability is part of the material used. Natalia mentioned: *"I believe that making designs that hold, last, is the best solution. It is not really finding another cool plate of mixed plastics, because that really is not going to mean that much at all"* (Interview 1, 2021, 42:04). In her opinion, it is about choosing more sustainable materials like wood. A good neutral and lasting base, which could be reused and recycled in a relatively easy way, is vital for a store to be more sustainable. It is about finding quality products that a brand does not have to replace throughout the years. She said, *"for me buying a cool plate because it is reused, but made with so much glue, and then we hate it in two years is not the way"* (Interview 1, 2021, 42:04). Nonetheless, Natalia explained she is pretty flexible in listening to the needs of her customers when it comes to sustainability. Either by finding new recycled materials or decors to implement in her designs. It is peculiar to the store concept and gives the customer identity (Interview 1, 2021).

Once we had gathered insights from a designer perspective, we were curious to understand how Vero Moda and Pandora approach sustainability. Ryan (Interview 3, 2021) believes sustainability is not going away, that the focus of customers on sustainability is there. He mentioned the example of the different types of items' packaging for online orders. In his opinion, there can be a variety of eco-friendly labelled packages, but the customer needs to have suitable facilities and get rid of them in the right way. *"So, there's a lot to say about the illusion of sustainability versus reality"* (Interview 3, 2021, 30:20).

We then decided to ask Ryan (Interview 3, 2021) if he felt like now, due to the COVID-19 scenario, Vero Moda had pressure to be more transparent around sustainability. He answered, saying: *"I don't know if I would say that it is accelerated by COVID, because it was already quite high in what customers want (...)"* (Interview 3, 2021, 30:20). In Vero Moda, they focus on the type of materials they use, working on design store practices to limit the carbon footprint and implement innovative circular concepts. He introduced to us the German company CORTEC. This business makes hangers out of grass and a water-based resin, with a metal hook and a circular approach. Customers can send the hangers back for them to break them down and reprocess. In addition, said Ryan, *"this company bought a field beside the factory where they're growing the grass or weed that they're making the hangers from, so they've also reduced the emissions in shipping that raw material"* (Interview 3, 2021, 32:18). He also mentioned implementing these more sustainable hangers can be more expensive than implementing regular ones. Mannequins were another point of discussion. Ryan explained they are usually made out of fiberglass or plastic, not-so-great materials. But he also mentioned implementing a more sustainable alternative could be quite an issue. The reason behind it is in the joints through which the different parts of the mannequin are connected. The metal attachments must be there, and for them to be recycled, the metal section has to be removed, shipped to the manufacturer (very often located in China). Ryan's point was that what a company could save carbon wise when using a mannequin is somehow offset when the mannequin is shipping worldwide to be processed. He concluded by saying, *"there are so many things in the entire process to consider when it comes to sustainability. It might seem like it's so easy and great to have all of these materials, but if we're not processing them in the right way and using them in the right way, then they're actually no better than the rest"* (Interview 3, 2021, 33:39).

During our interview with Dan (Interview 4, 2021), exciting insights into Pandora's focus on sustainability. Dan first suggested we go and read Pandora's website page on sustainability direction in the coming years. So, by following Dan's indication, we investigate the company's vision on sustainability. We found that "*Pandora is committed to becoming a low-carbon, circular and inclusive business, and we are taking significant steps towards this aspiration*" (PandoraGroup Sustainability, 2020). As Dan (Interview 4, 2021) mentioned, for Pandora, this is everything, from the metals used for the jewellery to the packaging implemented. It's about working within a circular economy, which also involves the store. He could not give us specific details on this; however, he mentioned they are now in a transition phase. But, by considering the sustainable changes in the jewellery, packaging, how shipment methods the company is trying to implement, we can grasp the direction Pandora is now taking.

4.2.2 Digitalisation

To understand the role digitalisation and its importance throughout the Corona virus crisis we decided to take note of what our interviewees would tell us on how they saw digitalisation play a part in their companies.

4.2.2.1 Digital Growth

As the lockdowns descended, we naturally asked our participants where they saw the first opportunity to implement more digital solutions to ensure the company could continue to provide their services to their customers. Most of them unanimously responded that an uplift in technology was where they could ensure to stay competitive.

In our third interview with Ryan (Interview 3), he told us that "*Luckily, we are within an organization that was already very well on their way, in terms of the digitalization journey, we're also lucky to have the resources*..." (8:04). We discussed how Vero Moda has had it in their plans for some time to digitalize the overall shopping experience and customer journey. That this was indeed a priority and something that they had been planning throughout Bestsellers for some time now. Ryan said that *"the Corona crisis has really accelerated their urgency to ensure that it happens faster"* (Interview 3, 2021, 24:24).

When we interviewed Birna and Dan (Interview 2 & 4, 2021), both from different departments of the jewellery giant Pandora, they told us about the success Pandora had when digitalising their product to uplift the online experience. This virtual try-on feature comes in when customers browse the online web shop on their phone. Customers now have the option of selecting a product they wish to see more details of and use a creative new feature that is able to show how the product looks on them through their phone camera. This would let customers turn their camera on and the product would reflect straight to their body as a filter. This application that they decided to work on once the lockdowns began, ended up being the single most successful project Pandora had according to Birna and Dan (Interview 2 & 4, 2021). Birna told us that "*Normally it is like around 2-2,5% of all the customers that purchase something online, while for the virtual try-on solution. So, if a customer opens up the virtual try-on solution, 9% of all these customers end up buying and so that was like, a really is extremely good numbers"* (Interview 2, 2021, 4:25). The digital uplift of their web shop ended up giving them a far higher conversion rate then it was even thought possible.

Dan (Interview 4, 2021) also mentioned the virtual try-on and told us that it was one of the most successful features they had created. When we interviewed Dan, he mentioned *"we're definitely going down and more* *technology driven route within our stores, which will, which is what you'll see in most big global brands"* (Interview 4, 2021, 10:33). He further indicated that digitalisation retail services will be a key component for retailers to stay competitive and said that *"…technology driven application to either improve client telling or personalization for the consumer..."* (Interview 4, 2021, 10:33). Dan throughout his interview indicated that technology will be an ever-growing element of retail in a variety of forms.

4.2.2.1 Multi-channel Experience

In our interview with Natalia and Ryan (interview 1 & 2, 2021), who gave us insights on Vero Moda, they both touched base on the multi-channel experience that retailers are trying to implement. Natalia told us: "*there is a big wish from all our retail customers to unify. So, to make one world, one experience, because they've all moved 10 years ahead in this last year on the digital solutions, but the shops haven't been standing still*" (Interview 1, 2021, 17:13). We talked about how this translated to the overall retail design and the way her role is also shaped in making space for more technology to run through some of the design elements that she is working on. Natalia elaborated by saying *"those that are coming now, the new briefs, they're saying like okay, we've done this, this is our new virtual reality, this is our omni channel. We need to make these work together in a way it all loops, so people have the same experience when they click, and they go into the shop they feel it's one and right now it's often not"* (Interview 1, 2021, 17:33).

The omnichannel approach implies the shopping experience has the possibility to start either in the physical store, the online web shop or social media platforms (Hagberg et al., 2017). Both Birna and Dan (Interview 2 & 4, 2021) indicated that the omnichannel approach is growing and more significantly, the blending of the digital world with the physical stores is increasing is importance. Therefore, now it is a good time as the world resurfaces from the pandemic to actively integrate the digital and physical worlds for better customer experience outcomes (Hagberg et al., 2017). Ryan described one element that Vero Moda introduced recently, which seemed to have worked quite well; "*We had, of course, an existing sort of online store, which is running and it's part of Bestseller. All of the brands together in an online store. But what we really did that has actually worked quite well for us is focusing on local Instagram and Facebook accounts. So, each store has its own account. The girls working in the store are often doing a small fashion show with the other employees, and they're live streaming it.*" (Interview 3, 2021, 35:12). This approach gave Vero Moda a bit more of a connection to the community as Ryan explains, *"…also in terms of building this relationship with the customers, because suddenly the customers who live for example in Aarhus and see the Instagram account from Aarhus, they know the girls who are working there. So,* *you have this new sort of relationship where it's not just a mega-brand with one Instagram account, but you really have this personal local connection."* (Interview 3, 2021, 35:12). He also explains that when people buy from the social media account, that purchase goes towards the store that managed that account, *"There has been so much talk about supporting your local retailers, supporting small businesses, and this really allows the customers to feel like they are helping girls that are in smaller towns in Denmark.*" (Interview 3, 2021, 35:12).

Natalia and Ryan (Interview 1 & 2, 2021), supported the point that omnichannel marketing is being filtered through the digital world and the physical stores. Both agreed that their role heavily implies the consideration of the two working together.

4.2.2.2 Digital Elements in Store

Throughout our interviews we discussed how the digital experience may influence the store concepts and the store design as well as look at the function that the physical stores have overall. When we interviewed Natalia, she told us that *"All these digital solutions in store, for example, traditionally, it has never really worked because once the customer is in store they want to be in store. I personally don't believe in integrating a lot of screens and different digital solutions and mirrors that can show you how you look and all that*" (Interview 1, 2021, 21:17). As a store designer she told us about her view on how technology maybe entering the overall stores in a slower paced way like *"…if anything I believe in maybe some small codes, you know QR codes where you can get something on your own screen, maybe some other solutions with an app that navigates you in some way. But honestly, I believe that if you come to a physical shop, you want to be where you are (…)*" (Interview 1, 2021, 21:17). Natalia explained that she sees a more mindful approach in which people could use the stores to really experience something new. She believes that this new experience is the reason why people go to the physical stores; "*this is why you come to shop, because you want to try, you want to feel the textile…, you want to have a little chitchat with the staff, all this is part of why we actually go out there [the store*]" (Interview 1, 2021, 21:17). She elaborated on the fact that customers don't come to the store to see more screens but rather to get away from them. This was very evident in her body language. She felt it just started to become too much with too many screens everywhere, she also said "*I don't believe that integrating a lot of screens and technology in this kind of old, traditional way, where you just really see them all over the place, half of the times it doesn't work. It's not the way forward I think (…) customers are in physical stores to sense*" (interview 1, 2021, 21:17).

Throughout this topic we discussed if perhaps adapting digitalization in the physical retail stores would have something to do with either the generation that would use them the most or the culture. We wondered if perhaps cultures with a deeper relationship to technology, such as in Asia, may in some way be more accepting of having a more digitalised store experience. Natalia went on to say, *"…that's sort of where Asia is actually, really quiet on a certain level. I don't think our European customers would have taken that [virtual mirrors] to them. I think there is a certain interest in technology with maybe a younger generation, I would maybe believe stores that are bit for younger crowds, I think it's a gimmick. It's fun, it's an Instagram kind of moment*" (Interview 1, 2021, 24:04). Natalia continues to explain *"but in reality, this is not how you want to try clothes, or this is not how you want to be inspired by where you are*" (interview 1, 2021, 24:04). Natalia was aware that much can change but as it stood now with the experience, she was pretty confident to let us that, although digitalisation is a growing trend, she believed that it was not going to take over the physical stores just yet.

Finally, when it comes to digitalising the instore environments the insights we got from Ryan, Birna and Dan elaborated on some projects that were in the works regarding digital elements more linked to the COVID-19 issues and the health and safety of customers and employees. Ryan told us that there was an application, Vero Moda was working on that could ensure a limited amount of people in the store at any given time. He said *"…there was one using the customer counter, …that would actually count the number of customers in the store and have sort of a stoplight system*" (Interview 3, 2021, 15:34) a system that could tell people if they can enter in or if they have to wait. In addition, they are working on a system that would give people a queue number so people could leave the store and only come in when it is their turn. Giving customers more flexibility to ensure their safety and not congregate them in small spaces (more on this in section 4.1).

4.2.2.4 Supply Chain Issues

The issue of supply chains has come across in the interviews a little more than we expected. While we tried to focus on the overall physical stores and the customer journeys, our interview participants made comments indicating that the biggest digitalisation process that is expected to take place is directed to ensure a seamless supply chain process. This was an element that was also hard hit as much as the closing of the physical stores were during the lockdown period. Ryan drew our attention to this point "*you know, you have factories shutting down in Bangladesh, or in India, or, you know, entire cities in China, where a lot of things are happening. It could also be that those are factories that we were ordering products from, like supplying fabric or sourcing…"* (interview 3, 2021, 8:04). As the shift online occurred it also shifted the supply chain management to more online orders. Dan explained *"So, there was of course a shift to online, but then suddenly, there's also this realization that maybe we don't have the products we need to sell online. So, it was kind of a double-edged sword for us*" (ibid). Even though everyone was in a lockdown the demand for new products did not go away according to Dan and that the elements of the supply chain were also as heavily effected, "*but we often don't see this as a customer*" (ibid).

4.2.3 Customer Experience

4.2.3.1 The Customer Journey in times of COVID-19

From our research and experience we understood that the Corona crisis has changed how we experience shopping. When we had the chance to explore this further, we took the opportunity to ask our interview participants, what were some of the key issues facing the overall customer experience and how the Corona crisis has impacted it. When we spoke to Ryan he stated "*The customer journey has been a little bit challenging. It's been, of course, challenging for us…*" (Interview 3, 2021, 2:40). Since stores were closed the Vero Moda team was tasked to come up with ways, they would mitigate health concerns in the physical stores when they were open. Ryan explained "*we have huge considerations in regard to the stores that are open, because each market has different requirements in terms of how many customers per square meter they are allowed to have or even the physical space they have in the store. There were restrictions on how people can move throughout the store too and we have to adapt to all of these local situations*" (ibid). All our interview participants explained how the physical environment has had some key changes that were adopted to ensure they complied with health and safety regulations. They all confirmed that each store was fitted with hand sanitisers, elaborate signage to indicate where people could stand as well as clear dividers to ensure the safety of their staff. Shop assistants had to be trained on the safety protocols and they all had to ensure that rules like mask wearing were continuously enforced.

4.2.3.2 Changes in the shopping Experience

Customer experience should be a holistic journey as it integrates different channels and touchpoints to achieve a memorable experience (Pertermans et al., 2013). Natalia our first interview participant gave us her opinion on what shopping represents to customers. She believes that shopping is not just for the sake of buying things; "...*shopping is about experiences*" (Interview 1, 2021, 49:12).

In this section we want to examine what we found in terms of changing customer experiences and how the Coronavirus pandemic has changed what we want to get out of our shopping activities. Natalia elaborated on what this particularly means, "*retailers need to understand this [that's hopping is not just about buying things],* *and in order to do this, you need to either have a flexible space, a place that can be shifted…*" (ibid). Further elaborating that customer probably want shops that are Instagram friendly and can take pictures and tag themselves in it, therefore "*it is the nature of Instagammable spaces that need to be constantly changed*" (ibid). They need to change as they need to be dynamic to bring customers back for a new picture or experience. Natalia explains that these 'Instagrammable' moments are like an art piece, something that needs to be changed on an ongoing basis.

Since the lockdowns started the shopping experience almost immediately turned digital. In our Interview with Ryan, he confirmed this was a topic discussed for years. They discussed "*if the online shopping experience is killing the physical retail stores*" (Interview 3, 2021, 24:24). Despite the push to digitalise the experience Ryan explains that the point of the physical retail store is to give customers something they can't have online, such as a place they can try on new clothes in one of their oversized fitting rooms as they give customers the opportunity to be more social and have friends come and try clothes with them. Now during the Corona crisis this trend of shopping with friends has become quite a hit for many young Vero Moda customers. Ryan explains "*Shopping becomes less about the act of just buying something and it becomes more about doing something together, it becomes more social, something you can't really replicate online*" (ibid).

One strategy that Ryan (Interview 3, 2021) mentioned was the focus Vero Moda has had over the lockdown period in connecting the shopper's community online, while enhancing the customer experience using social media rather than changing it entirely. Vero Moda did this by connecting the different channels and blending them together to come up with an overall seamless customer experience. Ryan gave us an insight into their social media approach that he said has worked remarkably well over the period of the pandemic. The company opened social media pages for each of their stores and gave the staff the task to post social media stories and posts and connect to the people in the area. Ryan (Interview 3, 2021) elaborated on this strategy Vero Moda implemented where he explained how customers can purchase items from the actual social media page that would directly link the purchase to their local stores. This allowed the company to further implement a new idea, creating a delivery system similarly resembling food delivery systems such as Wolt. Ryan said "*customers could just write on Instagram or buy it through Shopify, select what they want and have it delivered. We actually have a guy with a big Danish bike that would ride within eight kilometres radius, and he would bring the package to you"* (Interview 3, 2021, 37:24). This idea came about as the company wanted to meet the experience of shopping in the physical store as much as they could during the Coronavirus. Ryan believes that one of the reason customers come into the store is so they can have the items immediately, "*it gives people the possibility of being impulsive*" (ibid). In this way if they did not like the item they purchased, they could just come back to their local store to return it. Ryan indicated that this process was faster overall, and it was also easily set up when the lockdowns began. During the interview we asked if they had thought about a system where you can select items you want to purchase, have them delivered and decide then what you want to keep. Once the store receives items that the customer did not want the money gets released. Ryan said that they work with a company called Klarna in developing similar solutions.

As we continued our interview with Ryan, we discussed how the store experience has changed. He moved our attention saying that what actually makes the physical retail experience, are the elements that we can experience through our senses. He stated it is "*everything from the music that you play in the store, and what sort of vibe you have, but it is also the lighting, it's the customer service, which is, of course, one of the biggest things that you can get in a physical store, that you don't really get online*" (Interview 3, 20210, 26:02). He acknowledges that much of the store has become digitised. Vero Moda is considering reformatting stores and creating more space to accommodate for new customer behaviours and increase the desire to be in a physical store over shopping online.

Under the digitalization theme we discussed the solutions that Pandora had with the virtual try-ons and the virtual style assistant options customers could take advantage of. While in this section, we just want to touch base on these ideas in the context of customer experience. When the pandemic started Birna and Dan (Interview 2 & 4, 2021) explained to us that Pandora set up a team of around ten people that would brainstorm ideas that by passed the physical retail stores to connect with customers. The virtual try-on was supposed to imitate the experience of seeing what the product itself could look like against your own skin. Since customers were not able to try the products due to the store closures, this feature became the next best thing according to Pandora. The other idea was to simulate interaction with a store employee for which they created a virtual assistant feature that would connect with the customer via a communication app like (e.g., Zoom) and talk them through different available products. Birna confirmed *"the virtual style assistant (…) basically as you would do when going in the store. It was supposed to replicate the store experience, just like talking to a person*" (Interview 2, 2021, 2:50). During our interviews, we were told that the virtual style assistant did not end up being so popular in Denmark as it was in the UK.

Despite the changes, Ryan confirmed the brick-and-mortar stores are unlikely to go way. Customers have come back with overwhelming feedback that they are excited to go back shopping in the physical stores. Ryan explained "*People have this urge to be among other people, to be in an in an environment which is different from their own home and their own screen*" (interview 3, 2021, 24:24). The changes in the experienced so far have given Vero Moda staff the impression that customers are more understanding and accepting of changes like mask wearing and sanitizing hands before entering, Ryan confirms "*people knew that it's something that we didn't decide. They knew that we were doing our best to make it safe for them, then you build a different level of trust, when you're talking about keeping someone safe*" (Interview 3, 2021, 5:05).

4.2.3.3 Customer Service

A major element of the customer experience is the customer service, typically best provided in the offline store. Here, we touched based on how customer service was carried over on the digital space when the stores were forced to close. When we spoke to Ryan, he gave us more insights on the role store assistants have when customers come in and ask them about products. "*They need to know what's the hottest trend, who's the influencer, you know, all of this stuff that comes into it. So, they really, more than ever before, have to be experts on everything*" (Interview 3, 2021, 28:10). Throughout the interview we had with Natalia we talked about the cultural differences in customer service and the difficulty of creating authentic service in a store that generally employs many young people with little experience and not much time spent training them, we discussed how COVID-19 may change this. One element that we mentioned about customer service when discussing with Ryan was how they adapted it to the social media strategy. At Vero Moda they introduced the same day delivery option when purchasing through the social media page. Ryan explained to us that this type of service was introduced to enhance the online shopping experience (Interview 3, 2021).

To meet satisfactory levels of customer experience when brands are cut off from their physical stores was quite challenging (Interview 3, 2021). As we investigated this issue, all interview participants indicated that the shifted this virtually to be able to connect with their customer base (Interview 1-4, 2021). While Vero Moda focused on the social media part and connected local customers to their local store staff, Pandora created a virtual style assistant that would be able to give advice and information about all the products via a conference call (ibid).

4.2.3.4 Customer Centricity

An element that we have also wanted to explore a bit further is how the companies we got insights from stayed focused on customer centricity throughout their new improvements and if they have considered different customers or just the ones that found technology easy to use. The interviews heavily focused on the digitalisation of the customer experience and how the different initiatives were implemented.

In the interview with Natalia (Interview 1, 2021), she mentioned that a lot of the changes were really geared heavily towards the younger generations and demanded more consideration for older generations. Natalia explained that when making changes in how shopping is experienced in a time of uncertainty, companies need to consider writing easy-to-follow manuals that could be adopted by generations that do not see technology as easy to use.

As we conducted our interviews there was very little reflection on how older generations would use these new digital solutions. In our interview with Dan, we asked him specifically about Pandora's main customer base, in hope that he could define how they target their solution. He replied by saying "*I don't know, I mean anybody buying jewellery*" (Interview 4, 2021, 20:54).

In our literature review we defined customer centricity to be a strategy in which customer needs are put in the centre of an organisational value proposition. In our discussion with Natalia on this topic, she indicated that this was possibly a reason people still like physical retail as it gave them the opportunity to be looked after, and have their needs met by a real person rather than just being behind a screen.

4.2.5 Retail Innovation - The Future of Fashion Retail

In this section we will analyse the gathered information on how innovation within retail has been used to counteract the negative impact of the Corona crisis. In times of crisis some of the greatest technological advancements come to life (Pantano, et al., 2020). Throughout our research it feels that this too this too has been the case in the COVID-19 pandemic. It seems that innovation may have created a whole new world of ideas regarding how to connect with customers when physical retail stores closed.

4.2.5.2 How COVID-19 Changed the Retail Strategy

In our analysis section on digitalization, we have analysed how the strategy of retail brands has moved into focusing their efforts to uplift the digital interface and digitise the physical retail experience as much as possible. As virtual try-on features started to emerge and virtual style assistants became available on our screens, we were told by interview participants that even before the pandemic increasingly people were shopping online (Interview 2, 2021). However, since the lockdowns, this trend has been amplified according to our participants (interview 1 & 4, 2021). The Pandora team told us how they used Design Thinking to come up with new innovative ways that can ensure a growing customer base. Dan (Interview 4, 2021) told us about the agile project teams that who would work in fast ‘sprints’ of two weeks to come up with new ideas that could be implemented quickly and could have some of the biggest impact. Dan informed us that the team had come up with 140 ideas, which then were narrowed down to 11. Birna and Dan (Interview 2 & 4, 2021) mentioned that the company had to pivot a lot of their roadmap to focus on the current situation and adapt quickly. The aim was that customers would not perceive a difference between shopping online or shopping in the store.

4.2.5.1 Transformation of the Physical Retail Store

When interviewing Natalia (Interview 1, 2021), we discussed the traditional uses of physical retail spaces. Being a designer, she always focused on keeping customers in the store wondering as long as possible. We find that perhaps that traditional idea of keeping customers in the stores can bring a health hazard to other customers as well as the personnel (Interview 1, 2021). Therefore, we discussed how retailers may have to reconsider designing stores that reshape the way customers behave in the stores. Natalia reflected on an increasing trend of brands downsizing even before COVID-19 had started; and she shares her ideas on what this may possibly look like going forward. *“I think it will be more of a showroom in a way. Of course, you're supposed to be able to buy clothes, but I'm not sure if it's going to be all those rows of T-shirts, or if you're going to be able to try and then you know, maybe it's smarter stock control, maybe some in store stock so you can get the product right away. But you know, it's more of an experience to come into the store”* (Interview 1, 2021, 13:10). Although these trends, Natalia explains, can have different phycological effects on customers. Sharing her expertise, Natalia (interview 1, 2021) conveys to us that shops that look more like a ‘showroom’ also have the tendency to appear more expensive in comparison to shops that have more items of clothing and are fuller in design.

In the interviews with the Pandora team, we discussed the use of virtual queues which would contribute to physical retail stores design in the future. As a jewellery store that requires handling the items, this could pose many health risks. Therefore, such features could really help shops ensure people are not congregating inside. The idea behind the virtual queue system could be a more permeant implementation (Interview 4, 2021). Dan gave us his honest opinion on the transformation that retail stores could take in the future and mentioned: *“the new store concept that some of the teams are working on was not related to COVID but had the outcome of COVID. Perhaps that’s where some of the new store concepts will go towards in the future. We're definitely going down a more technology driven route within our stores, which is what you'll see in most big global brands, I would* *say, there'll be some form of technology driven application to either improve client telling or personalization for the consumer"* (Interview 4, 2021, 10:33). We further explored this topic with Ryan as he also noted that already before COVID-19 there was change in the way retail stores were being designed. He believes that going forward we would see way more of these changes, more so now that COVID-19 seems to have accelerated how we use the physical stores and what they now mean to us. Ryan elaborated "*I think this is a little bit less related to Corona because there was already a shift happening in the retail industry, how we design stores and what our customers expect when they shop in a physical retail store"* (Interview 3, 2021, 22:07). Our discussion focused on clarifying that COVID-19 was not the catalyst to the change but was very much a key play in what Ryan believes would shape the change. "*You're going to see much more temporary or movable furniture; you're going to see stuff that can be shifted from location to location without a big cost. You may even see things go as far as furniture that can be sort of flat packed so, that it's easier to take apart. All of these design elements, where we used to really build a lot and make the space into a place where the brand could live, and function for 15 years will change. You'll see a lot more flexibility in that way"* (ibid). Ryan (Interview 3, 2021) seemed to be of the opinion that changes in retail will come across faster and designs will change more frequently. This idea about how fast retail design might change in the future was also very similar to the opinion that Natalia held, as she described the design to be more connected to art then a traditional retail store.

As we discussed the future of retail design with Ryan, he also pointed out that at this stage we do not have much of an understanding what of these changes are permanent and what trends are just useful due to the Corona lockdowns. As we do not know the long-term effects of the virus, Ryan believes that people really want to go back to a normal, but he is aware that nobody knows what that looks like. What kind of restrictions might follow us into the future? When we will be not live-in fear of contracting a virus?

4.2.5.1 The Role of Sustainability in the Future of Retail

As we spoke to our participants, they all had strong indication that sustainability will be an ongoing reason to continue innovating and creating new ways of doing it. It was quite evident throughout the interviews that just being a year into it a lot of changes in our lives have happened. The one thing they all agreed on was that people were not going to let go of the holding companies accountable to ensure transparency. We cover a lot of how sustainability plays a major role in retail in our section on sustainability. This section elaborates on the effects of this demand and on continuous retail innovation.

When interviewing Dan (Interview 4, 2021), we asked if he felt the company was under pressure to act environmentally conscious. His reaction was very enthusiastic as he confirmed that customers are very much anticipating that companies will change evermore to show their efforts on being environmentally strategic. He directed us to Pandora's website to read about the strategy they have formed, and the extent that they are willing to go to. Birna (Interview 2, 2021) gave us an insight on Pandora's strategy to make man-made diamonds more popular and more common in their collection (Teather, 2021).

The interviews gave us some incredible insights that could be well complemented to the theories and literature we explored earlier. In our discussion we will cover the meaning of these results, their implications and all the limitations.

Discussion

In this section, we will be presenting the findings of the participant observation and the conducted interviews. We have decided to structure this chapter into five areas to answer the five main themes explored throughout our paper. In this way, we will ensure the consistency of the research and how it was conducted.

After spending quite some time researching different papers and interviewing people in the industry, the conversation around our key topics has stayed consistent. Digitalizing the customer experience could be the ultimate solution to bringing people back to the physical stores. It is a time in which retailers most certainly would have turned to technology to ensure both the public safety of their customers and employees, but also ensure that even through a health crisis they maintained a growth in sales. All studies thus far showed that brands that did not focus on uplifting their digital customer experience, would struggle to survive long. The pandemic was a definite push for many organisations to ensure that they met the technological needs even faster than the natural market had demanded them to (Interview 2 & 4, 2021).

The observational study allowed us to explore human behaviour as a significant health crisis took place. This allowed us to see how customers felt shopping in physical stores during a health crisis as lockdowns slowly eased. The interviews allowed us to explore in-depth concerns on how retailers worked towards providing well-rounded customer experiences even when physical stores were an inaccessible channel to their customers. We gathered interesting insights on how physical stores were being handled to ensure public health and safety. In addition, other approaches that enhanced the overall customer experience through a more digital strategy have been analysed.

5.1 Interpretations

5.1.1 The COVID-19 crisis

Many businesses have been highly affected by the COVID-19 crisis, in particular retailers in the fashion industry. From our understanding and the insights gathered, we believe there has been a fracture in our idea of traditional fashion retail. Many retailers faced challenges in reinventing their business models and different reactions arose.

Since the beginning of our research, as mentioned in chapter 2.4, the aim has been to analyse the present scenario to understand the offline store's future role. During the past year, "*the business models of the past have all but collapsed*" (Angori, 2020). Governmental restrictions made customers rely solely on digital channels, increasing the need for retailers to increase their online presence. In order for companies to survive, they had to act quickly. Nonetheless, during the interview process we came across two main scenarios. On the one hand, as explained by Natalia (Interview 1, 2021), retailers have been standing still and waiting for what is to come next. However, on the other hand, companies like Pandora have been able to innovate and find new ways to deliver their products to customers (Interview 2 & 4, 2021). These businesses have been experiencing the pandemic as a time to reflect on future strategy and direction.

Implementing health and safety practices is for retailers of crucial importance, not only for them to comply with governmental regulation, but most importantly, for the customer to feel safe in the store. As previously mentioned in chapter 2.4.1, the proximity of customers in-store has an impactful effect on consumers' purchasing choices (Xu et al., 2012). Now more than ever, this aspect is highly relevant for retailers. It is their job to make customers feel safe in a store environment by ensuring all safety measures are complied with and relevant information is available to customers (5 Star Plus Retail Design, 2020). Such measures could go beyond what we perceive as customers. As mentioned by the interviewees, this could be found in the implementation of contactless payment methods, UV cleaning machines or innovative queueing technology (Interview 2 & 4, 2021). As explained in the article by 5 Star Plus Retail Design (2020), practices like measuring body temperature, screening vital functions, and AI systems could also be implemented to ensure employees and customers' health conditions.

An interesting finding gathered through the conducted research is that such practices are not going to be lifted in the short term according to public opinion (Phillips, 2021). The awareness around the number of customers allowed in the store, ensuring distance between individuals and implementing hand sanitising stations is something our interviewees see also in the long term—the main reason being how such measures contribute to people's wellbeing (Interview 1, 2021).

COVID-19 has perhaps dulled down the physical store experience due to customers' fear of being in close contact with other people and stores not being fully compliant with safety measures. "*Retailers have to be aware of consumers' vulnerability, (...) and should not underestimate the effect of retail service on consumers' sense of wellbeing*" (Pantano et al., 2020, pp.211). In this scenario, the role of the retail designer is to come up with new concepts and solutions to these challenges (5 Star Plus Retail Design, 2020). For instance, re-thinking the store layout plays a vital role in accommodating the changing need for physical distance. During the interviews, the cash register and fitting rooms have been identified as critical areas, and one-way systems in a fashion context have been questioned if this would work well (Interview 3, 2021). From our understanding, it is not only about finding and implementing solutions that could work well for one store but could be challenging to implement for another one. What we have been able to capture from these insights and what we want to highlight is the need for stores to be flexible and be able to adapt the store layout to unexpected health and safety regulations. Not only, in the future offline stores could have different purpose and functionalities, and retailers must be ready for such changes (5 Star Plus Retail Design, 2020).

To conclude, different opinions on the long-term effects of the COVID-19 pandemic arose from our study. It is pretty challenging to predict which health and safety measures will stay in the future. Nonetheless, from the analysis of our insights, we feel the pandemic will have a lasting impact on fashion retailers' strategy and the role of offline stores (5 Star Plus Retail Design, 2020). There is now a need to innovate the store experience by reinventing the physical space and adopting a new approach to customer engagement.

5.1.2 Sustainability

In the following section, business sustainability will be discussed, implying "*coordination of environmental, social and financial demands and concerns to ensure responsible, ethical and ongoing success*" (Wigmore, 2013) for a business.

Throughout the pandemic, shops experienced a lack of sales and an increase in costs. As emerged from the conducted interview, businesses had to face expenses regarding compliance with health & safety regulations (Interview 3, 2021). The implementation of such measures can add up quite quickly for a brand with many stores (ibid). Furthermore, costs related to employees' wages and uplifting online presence must be considered. With a sharp decrease in sales, fashion companies had to minimise such costs to survive (McKinsey & Company, 2020. April 1).

The gathered insights displayed companies implementing practices to ensure costs related to store leases would be minimised. Vero Moda engagement in lease renegotiation with mall landlords has paid off in the short term (Interview 3, 2021). As mentioned in the earlier section, "*the decline of malls*", shopping centres have been suffering the closures of many stores during the lockdowns; with vacancies increasing to 18.4% in the first three months of 2021 (BBC News, 2021). For fashion companies engaging in such practices could be very beneficial to review their retail cost structure.

Nonetheless, a pandemic does not just cost a store in sales; a fashion brand must consider the stability of the entire supply chain. The COVID-19 pandemic has exposed how impactful supply chain issues could be for a company operating in this industry. In analysing these issues, we reflected that reviewing such processes could mean something more from a social and environmental perspective. "*No longer will it be acceptable for fashion retailers to focus only on tier one suppliers but rather to invest in sustainable practices for the whole ecosystem of which they are part*" (BearingPoint, 2020).

As discusses in the analysis section, Pandora was exposed to solid setbacks and uncertainty due to critical scenarios in India, Bangladesh and China, where most of the product manufacturing takes places (Interview 4, 2021). Countries like India have been hit very hard by the pandemic due to the instability of the health system. The pandemic has brought up how an unexpected event could lead to significant consequences for an entire sector. To conclude, it is in the interest of these companies to put value into a balanced sourcing strategy and a responsive supply chain (BearingPoint, 2020). And in addition, to implement more social and environmentally friendly solutions.

Customers, more than ever, are turning their attention to brands that show radical transparency on sustainability and company ethics (BearingPoint, 2020). From the analysis of the collected information, different examples of environmental sustainability practices arose. According to our interviewees, sustainability in-store is about implementing durable, lasting materials and accessories from circular economy concepts (Interview 1 & 3, 2021). However, from a broader perspective, sustainability is also in the packaging, the shipping methods and the way the products' materials are sourced (Interview 4, 2021). They all mentioned it is becoming a greater focus in the industry. Nonetheless, when approaching this topic, we felt a bit lost. Sustainability appears to be of great emphasis to many brands; however, they seem to have different definitions of what being sustainable means, which at times does not seem very explicit. We believe sustainability is a much broader topic to be discussed, for which more empirical studies should be conducted in order to assess the implications of sustainable practices (Karell & Niinimäki, 2020).

From what just discussed in the above sections, we can draw meaningful conclusions. First, reviewing the cost base could be very beneficial to fashion retail companies. Secondly, having more control of the entire supply chain will imply a more efficient industry in the future. Lastly, by providing transparency on company ethics and implemented sustainable practices, a brand in this sector will achieve greater trust from its customers (BearingPoint, 2020).

5.1.3 Digitalization

The ongoing growth of digitalisation in retail is supported in our findings through both the observational study as well as our interviews, and COVID-19 is the catalyst to the direction in which retail brands are shaping their digital strategy. Our findings are supported by a recently released report by Nyrop et al. (2021). They discuss how the Corona crisis will permanently change e-commerce in Denmark, where they argue that investing into online services will help companies materialise their position as leaders in the market (Nyrop et al., 2021). We also find this to be true throughout our observational studies where we came across a large number of customers coming to the physical stores to pick up items they ordered online, as well as our interview participants have all confirmed that the companies for which they work (Vero Moda and Pandora) have focused their efforts on their digital strategy over the last 12-14 months. Many of the research papers we found indicated pretty strong trends of where retail as a whole was going and how the stores themselves could be transformed. Statistically speaking, there was a steady trend of digital demand in retail for some years before 2020 (Statista, 2021). In 2020 we can see that this trend only continued its growth pattern (Statista, 2021). Also see Appendix 5.

In our interview with Dan (Interview 4, 2021), we discuss how, before the Corona pandemic, many western-based retailers were relatively slow to adopt new technology online and offline. To quote him, Dan says most retailers were "*plane sailing*", meaning that pre-COVID retail, for the most part, was working so companies didn't see a need to change much. According to Dan, retailing in Europe has had quite a slow progress in digitalising compared to the Asian markets. Even when we spoke to Birna (Interview 2, 2021), she confirmed that much of the roadmap they were working on before the pandemic had to be scrapped, and they jumped straight to the digital aspect of their service, proving that digitalising their offer now took a priority they have not had before. Even though this was the perception of our participants have, through our literature review we can see that there has been an abundance of innovation within retail before COVID-19. Predominantly this innovation was centred around logistics, product quality and diversifying sales options (McCormick et al, 2014). We mention this as these backstage elements of innovation play a large role in brands having the resources to upgrade customer experience capabilities now.

When we observe digitalisation in relation to the physical stores, we can see a direct link to how COVID-19 has played a significant role in shaping physical retail to become more digitalised. We can see this being the case in what our interview participants have said and the information that continues to come through our ongoing desk research. Pandora, for example, has adopted some strategies that would mitigate health risks to both employees and customers in the physical retail environment, and they used digital techniques to do this. Both Birna and Dan (interview 2 & 4, 2021) discussed a project they are working on, where Pandora is implementing virtual queues that will allow customers to be in a queue virtually. They then can go out of the store and come back when their time comes up. This would reduce the number of people in the store at any given time and evenly distribute the flow of customers coming in and out. Ikea has also implemented a similar idea by allowing customers to book an appointment online before coming to the stores (Pantano et al., 2020). Integrating technology into the into the physical stores, can enhance the customer experience and bring more focus to the connection of the other digital sales channels the brand offers (Alexander & Alvarado, 2017).

Another interesting point we came across within digitalisation is how retailers had to digitalise the store experience to ensure that customers do not feel the lack of access to the physical space. In the interviews with Pandora, both Birna and Dan (Interview 2 & 4, 2021) confirmed that as soon the news broke that their physical stores were to close, they established a team that would brainstorm ideas. The team needed to simulate the experience of being in-store somehow online. They needed to find ways to engage people and to allow them to comfortably use their online stores as they would physically. In Pandora, we have seen this through the project concerning the virtual style assistant, to assist shoppers through a conference call and help them in deciding their purchase. This is an attempt to digitalise the physical store experience by having a real person to talk to and ask questions. Vero Moda has also tried simulating the physical store experience by providing a service that lets customers purchase items from their local store. This allows the company to commit to delivering the items in a shorter time frame, like a couple of hours or in the same day. Typically, some of the main reasons customers shop in the physical store would be to try the products and cut the waiting time in which it would be theirs to take home (Interview 1 & 3, 2021). This idea takes inspiration from popular food delivery services such as Wolt to deliver fashion.

Furthermore, both Birna and Dan (Interview 2 & 4, 2021) discussed the remarkable success of their digital try-on solution. Birna (Interview 2, 2021) boasted about the massive conversion rate of online shoppers from 2% to 9% as they introduced this feature, again indicating the market maturation of digitalising the physical environment. Moving the many benefits of what the physical stores offered us into a digital space.

5.1.4 Customer Experience

Reflecting on our observational study, in which we witnessed long queues to stores, mask-wearing patrons and hand sanitisers being part of every entry and exit of each store; we see a glimmer of the profound effects that

COVID-19 has had on the physical retail experience thus far. We can further argue that since the emergence of technology, we have come to a point where the shopping activities that we have become used to, now have a new dimension, as companies have made attempts to digitalise what we know.

As we have gathered information throughout this research, we have seen the efforts that companies have taken to digitalise the physical retail experience. The "*try-on*" feature implemented by the Pandora team was an example of a physical experience becoming digital, and successfully so. Pandora was not the only company to try and do this as many brands have resorted to Augmented Reality (AR) to uplift the customer experience in times when the physical stores we unavailable due to lockdowns (Business Insider, 2021). We also know from Birna and Dan (Interview 2 & 4, 2021), this was a success in their organisation. They both confirmed that this feature helped them increase the online conversion rate and therefore also increased the online sales by 103% (Interview 2 & 4, 2021). This can be confirmed by the Pandora financial statements of 2020. Furthermore, Pandora then attempted to digitalise their shop assistants into virtual 'style assistants'. In this way, customers can have a closer relationship with the brand by having a person talk to and help them in their decision-making process. Although this element has not been as successful in Denmark as it has been in the UK, according to Dan, perhaps it won't be long before customers become perfectly comfortable in using these services, perhaps with some adjustments or a 'getting used to' period.

By introducing features like virtual try-ons or virtual style assistants, they essentially emulated the physical store experience. In contrast we see the customer experience that Vero Moda tried for their customers was more focused on extending the physical store experience beyond the store by bringing the community of people together through social media platforms. Using local stores and delivery systems that sped up the delivery times. An ongoing effort of the digital integration between the digital and the physical world is transforming customers' experience across multiple channels and integrative technological platforms (Beck & Rygl, 2015). The direction of digitalisation does not seem to have changed, as admitted by Birna (Interview 2, 2021). She states that much of projects that came up during the pandemic were already on their roadmap, but far more distant into the future. The new solutions were designed to compensate for the lack of the physical stores being available and ultimately broadening the scope of where customer journeys could lead us to.

These initiatives show an evolution of a more 'customer centric' approach to brand management and product design. Parniangtong (2017) talks about the importance of managing product design and user experience (UX) towards a more customer focused strategy, by ensuring to meet their needs and expectations of your products, or service. Many of the initiatives seem to have taken this 'customer centric' angle during the pandemic. Another point we collected throughout the study was that shopping is increasingly a social experience, as Ryan (Interview 3, 2021) discussed with us during his interview. Natalia (Interview 1, 2021) also shared her insights in how clients considered the physical stores and their ability to be quickly transformed into different art pieces, so that they could adapt them for different experiences for the customer. We see this being also very relevant in the theory on experience economy by Pine and Gilmore (2011) which teaches us about the value that new and exciting experiences have in our society. Particularly so for younger generations, who welcome a situation in which they can immerse themselves in an experiential context and experience the brand in a more entertaining fashion (Bonfanti, 2019). When evaluating the impact of COVID-19 on the customer experience theme we can see the value that experience economy could play. The reopening of stores will have customers even more excited to have a new experience when shopping. Brands can use this opportunity to creatively stage memorable moments for their customers, by using technology to enhance the sensory, emotional, cognitive, behavioural and relational values that Schmitt (1999) describes in his theories. Ensuring that the use of brand image and colours can be experienced throughout all the available channels and ultimately end with the physical experience instore. This is much of the idea of the 'hub' concept elaborated on by Alexander and Alvarado (2017). Perhaps this could be the case for the experience itself but keeping firm on diversifying sales efforts throughout the different channels.

The success of the Vero Moda social media strategy is indicative that the physical stores could also be more focused on achieving experiences that revolve around our desire to be more social. Particularly so after COVID-19, as long times of isolation will likely increase our need to be connected to our social networks (Pantano et al., 2020). Trevinal & Stenger (2014) reference Borges et al., (2010) in discussing how the shopping experience is ultimately enhanced when we share this activity with others. The exchange of social interaction can be powerful in our feelings of overall connectedness to our community and people that we identify with being alike (Trevinal & Stenger, 2014). This then opens the further discussion on the purpose of physical retail stores and how COVID-19 may have accelerated their ultimate transformation. In the following section on business innovation and future of retail design, we will discuss how physical retail stores could be repurposed to meet the social needs that the digitalised customer experience cannot offer us.

5.1.5 Retail Innovation - The Future of Fashion Retail

Our deep dive of retail innovation indicated that if we are digitalising the physical experience as it is today. It should leave room to reinvent how we want the physical experience to look like going forward. Something new and different that we cannot easily digitalise. If enhancements through contactless technology are increasingly implemented, then the role of physical stores and how we design them would also be transformed. When we look at some of our previously studied literature by Schmitt (1999) in which SEM's can create dynamic results in a multitude of different experiences as they both connect and interact with each other. The concept of this theory could be used in the evolution of retail design, which enhances the experience for customers beyond connecting with retail staff and trying items on. Currently, these basic reasons (connecting with staff and trying products on) that people would go to a physical store for, are now digitalised. This now means a new opportunity for retailers to drive customers back to stores by enticing the with experiences. Companies could use this opportunity to find ways in blending the new innovative technology they brought to market with new store concepts. Ongoing research was pointed out by Alexander and Alvarado (2017), in which they argue that the impact of technology also can be used in shaping the physical store design, as it can add to the cues of the store ambience. The physical store could also be redesigned as a 'hub' for which all the focal points of the different omnichannel can come together and be integrated as one (Alexander & Alvarado, 2017). Although we can also argue that since the COVID-19 crisis, brands may wish to decentralise their sales channels precisely to ensure they do not rely on one focal point in which they can integrate everything. Especially a physical store, which is inflexible and can be easily shut down if similar situations like COVID break out again.

These new technological features, such as the projects Pandora brought to market, are some of the new concepts' retailers have come out with due to COVID-19 restrictions (Business Insider, 2021). Birna and Dan (Interview 2 & 4, 2021) tell us, that these ideas were already there, but a few years down the track in their strategic pipeline. When COVID-19 came about, these ideas were quickly brought forward and Pandora like other retailers was forced to think outside of the box. They could survive from being cut off from their main source of income, the physical retail store. According to their 2020 financial statement, Pandora had a decrease of 11% in their sales due to the lockdowns. Pandora's physical stores still hold the company's main source of revenue growth and when lockdowns forced the brand to keep the shops closed, innovation was the only way forward. Birna and Dan (Interview 2 & 4, 2021) told us how Pandora assembled a team that would ultimately use design thinking theories to come up with ideas in a quick and effective way, then using agile project management to bring the ideas forward quickly.

In the interview Natalia (interview 1, 2021) was slightly sceptical in digital elements coming into the physical stores. Natalia was of the opinion that integrating too much digital solutions into the physical environment may not really have the outcome brands anticipated, as people want to be in the present moment. However, it is hard to tell where the will of the customers may take us. We can only see to examples like China and what transformation the SARS-01 virus brough to the retail store experience. The virus broke out in 2003 across Asia and much of the region was forced to shut down similarly to the 2020 lockdowns across Europe (Bock, 2020). Therefore, we could look to China to see the future of retail as they have had an eight-year head start.

Augmented Reality (AR) was a prominently discussed idea that could evolve even further from the virtual try-on feature by Pandora. This concept could possibly expand to the physical stores particularity so with smart mirrors emerging that can style customers with items available to purchase. Natalia (Interview 1, 2021) allured the idea of a store design as a showroom concept. Displaying trends, serving as inspiration of style, customers could use their mobile devices to tag items they wish to try. Whilst staff located in the back of the stores can grab items and prepare a change room for customers. With the advancement of payment technology customers could essentially leave the change room with items in hand.

With such a rapid rate of technological transformation in the retail space, it really leaves us to consider the opportunities available to companies. Considering how they could transform the use of their retail stores and ultimately give retail design a whole new dimension. Perhaps using the principles and the richness of the experience economy introduced by Pine and Gilmore (2011) to reimagine how the design of retail can sell an experience to customers that is more immersive. We used Bonfanti (2019) in our literature review to examines what different generations value when meeting a physical store. Younger generations show a definite interest in being part of something that gives them a unique experience. Natalia (Interview 1, 20210) pointed out these experiences could even be moments of artistic inspiration like a design or display, that could be shared on social media.

5.2 Implications

The implications of this paper are multidimensional. There has been a lot of theory and research around the experience customers perceive and the overall digitalisation and innovation within retail. What we do not have much understanding of is how this is shaped by major global events such as a pandemic. Even though there have been pandemics in the past. The context and the time in which they happened are significantly different to now. Therefore, we list the major implications we believe our study has on both the business and the academic world.

Implication 1: Omnichannel Strategy

The results encourage fashion retailers to question their business models and consider alternative points of differentiation. The results indicate the importance for fashion companies to invest in an omnichannel strategy.

Since the beginning of our research, we emphasized the need for retail companies to innovate the physical store experience. Before the COVID-19 outbreak, most brands relied on their physical stores as their main point of sale (Alexander & Alvarado, 2017). Once governments called for the lockdown of society, brands had to shift their effort to online channels (Nyrop et al, 2021). With the upsurge of online shopping and our exposure to technology being at its peak, it would be wise now to consider ways in which retail spaces can integrate technology and transform how they interact with customers. The younger generation will expect retailers to dazzle them with thrilling experiences and product interaction before considering purchasing an item (Bonfanti, 2019). This research could assist fashion retailers in considering the many ways that brands could move forward with ideas and be one of the first in the industry to change the status quo. As we emerge into a new post-COVID-19 normal, fashion retails have the unique opportunity to re-design how they operate and become leaders in their industry by repurposing the store experience to cater for new generations (Nyrop et al., 2021).

Fashion companies not only must adjust to being competitive but should create significant industry disruption. Retailers need to make an effort to adapt to today's market needs by investing in a fully integrated shopping experience, meaning *"uniting user experiences from brick-and-mortar to mobile-browsing and everything in between"* (Orendorff, 2018).

Implication 2: Experience Economy

The theories brought forward by Pine & Gilmore (2011) in the value that the experience economy brings are even more valuable today than they were when they first wrote about it. Millennials and Gen-Zs are growing population and in many areas of the world they are presented with an abundance of choices. The way they perceive luxury shopping is also vastly different to their parents the baby boomer generation (Kapferer & Michaut-Denizeau, 2019). As these generations take over the dominant market size, experience economy will become an even bigger deal. This study shows just how carefully curated customer journeys can sell products and services easily. A focus on this aspect throughout the retail industry should be kept in mind. We think that the Experience Economy will become a large part of our everyday lives, based on the efforts that companies have placed on digitalising the physical store experience. Also, the limitations that COVID-19 have brought on to physical shopping, we think there will be a broader appetite for more invigorating experiences in the near future. The results of this study could have brands reimagining how they could approach this area of business and continue their relevance in the eyes of the consumer.

Implication 3: Theory Expansion

The results add to existing theories of digitalization, customer experience and innovation. We used these studies to explore how the theories would apply in the context of a global pandemic like COVID-19. The theory which Alexander and Alvarado (2017) (presented by Piotrowicz & Cuthbertson, 2014), discuss on creating the physical store as a 'centralized hub' in which all points of sale are connected, could now be altered. When considering the centralization of one channel we much consider where its weak points are and how to mitigate this. We see that COVID-19 teaches us that we cannot centralize a point of sale as it can be lost when major global disruption occurs. What we can do is better curate the experience but diversify the point of sale away from the physical environment so that it is not affected by future pandemics. Although some theories could be slightly altered to make sense of our present reality. Some other theories like the ones on Experiential Marketing presented by Schmitt (1999) could be explored even further, when considering the use of technology and how that could impact stimulating customer connections to the brand itself.

As the situation of the COVID-19 crisis only having been around since early 2020, which as of the completion of this paper would be just under a year and a half ago. The research conducted is still in its infancy and is quite limited in its scope. However, the results build on existing research around the digital industry transformation, customer centricity and increased sustainability focus. These theories could not have investigated how such practices are accelerated due to the pandemic. This research has taken previous theories, listed above, one step further in leading the way for the future of this industry. We believe that our conducted study provides new insights into the future now shaped by the events of the pandemic.

5.3 Limitations

There have been a number of limitations that have presented themselves during the course of the study. Notably, there were the restrictions imposed by the COVID-19 lockdowns. However, as the study was conducted, we examined the role of our limitations and how the study could have been enhanced to provide more information. We have listed seven limitations below and their impact on our study.

Limitation 1: Researcher Bias

A key limitation that we should cover is that as innovation students we have approached this study with our own researcher bias. We have approached the study with a presumption that COVID-19 generated innovation and we just wanted to find out how COVID-19 generated innovation. We did not consider if COVID-19 did generated innovation in the first place. We feel that perhaps this could have skewed the results that we were looking at.

Limitation 2: COVID-19 Lockdown

The Danish government had impost strict lockdowns early into our study. These lockdowns started in the middle of December 2020 (Barrett, 2020) and lasted until March, when only a partial reopening emerged. Only shops of certain sizes were allowed to open. As we spent most of the time under lockdown with little contact to the rest of our social network, we found this period to be very mentally challenging. Our motivation to conduct a study of such importance was hard to maintain given the extra ordinary circumstances that were taking place. Therefore, many of the research methods that could have enhanced our results were simply too difficult to utilize. This included bigger interview samples and possibly surveys. As the pandemic made data collection quite difficult, we identified early that surveying was not going to be a method we could use. First, as it would skew the results, given we would only be able to contact our own network online. Second, as our other fellow students were in the same situation, it became very common that everyone was sending surveys out and we all experienced survey fatigue. We felt that we did not wish to contribute to that, if it was possible to avoid. Also, to get a more suitable data sample for our purpose, it would have been optimal to interview shoppers at one of the central malls. However, the lockdowns ensured their closure, and the risk of approaching people was too great.

Limitation 3: Time and Place of the Observational Study

The time and date of our chosen observational studies was chosen so that we can get early impressions of shoppers and their behaviour towards shopping in a new environment. We chose to do our observational data collection on March 3rd, 2021, when only small shops were allowed to be opened that were of a certain size. We took to Strøget street, the main shopping strip in Copenhagen. This location promised to have the greatest number of shops open and could probably have a decent sample of people who would be out to experience some shopping post lockdowns. We decided to do our study on a weekday which means that we only got a glimpse of time. We cannot know if a different day, that we could have chosen to conduct our study, would have changed our results in what we saw or who we could have talked to. The results were completely dependent on the day we were there to observe.

Limitation 4: Our Interview Sample Size

The sample of our qualitative interviews were of four people. Our interviews included two people that work with Vero Moda and two that work with Pandora. We could assume that they have company bias (e.g., they refer to the company in a positive light). We have reached out to a larger sample size but were declined by many potential participants.

Limitation 5: Time Frame to Complete the Study

The time that we had available to complete this research was also a limitation for us. The content of this research could have had a wider scope as there is a lot more factors that could be accounted for. Of the time in which we dedicated to our thesis; four months were taken under strict lockdown measures. It became harder to work with others and get more in person exposure to experts, customers as well as retail stores. Therefore, due to lockdown restrictions we also were unable to conduct surveys in public. In addition, the people we have in our social network is too narrow of a sample and not random enough to ensure quality of findings. As we reached out to potential interview participants, we were declined by many of them. This presented itself as an obstacle, as we became limited in time to continue looking for potential participants.

Limitation 6: Slight Shift of Chosen Topic

The start of our chosen topic had to be shifted after we started our research as we realized we do not have much knowledge of retail design and the theories related to that. This was the first topic we considered, and we tried to find ways how we would be able to research this. We had to revert and explore how innovation affects retail design and re-consider the theories we went through in our program that would be related to the topic. This in turn took quite some time to conclude and therefore change how we would conduct the study, as well as who would be relevant to give us the information we needed.

Limitation 7: Long Term Outcomes Unknown

As the pandemic we are living through is quite unique to our digital times. Its consequences will have some very unpredictable effects. Therefore, we cannot predict the long-term outcomes of a pandemic of such scale on the retail industry. We do not have any events such as this to compare an outcome to, as we may have had with other global events.

Due to the holistic and strategic approach undertaken, limitations in the findings arose. Since the beginning of the research, we aimed to display general direction for businesses to challenge existing solutions and future research studies.

5.4 Recommendations

In this section, we present some possible future research ideas. The objective is to inspire fellow researchers to further develop topics touched upon this research and deepen our understanding of innovation and customer experience we can use for future retail activities.

Recommendation 1: Further Research on a Customer Centric Approach

An excellent extension to this research could be an in-depth understanding of changing customer needs and their appetite for fashion retail innovation. We believe these aspects are in a continuous evolution and now more than ever, they must be re-evaluated. Further research will have to take into account the changes in customer behaviour to better develop a ′customer centric′ approach in the future.

Recommendation 2: Further Research on Data from an Omnichannel Approach

Future research could investigate upon the importance of data gathered from an omnichannel approach. Driving data through the omnichannel approach could lead to an improvement in future fashion retail operations. By getting a thorough understanding of the entire customer journey, fashion retailers could re-evaluate the role both their offline and online stores play, including the processes and services to be implement in a post-pandemic reality.

Recommendation 3: Further Research on Urban Development

Researching future trends in urban development could be a great extension to this research. Given the COVID-19 pandemic has brought people to move away from metropolitan areas (Bowman, 2021); further research would help fashion retails better base their decisions for the optimum location of the offline stores. This possible research could contribute to provide guidance not only for retailers in the fashion industry, but for the retail industry as a whole.

Recommendation 4: Further Research on Future Sustainability Trends

We strongly believe environmental and social sustainability are an ever-increasing trend. A lot has happened since the start of the pandemic, which might have caused consumers to be more conscious in their purchases. Research upon future sustainability trends in a post-pandemic period could better frame the importance sustainability practices have in the customer's mind as this may be the next biggest catalyst to the changing customer experience journey

Conclusion

The aim of our study is to investigate how fashion retailers had to innovate their value proposition in response to the COVID-19 pandemic. Based on our qualitative research with companies like Vero Moda and Pandora as well as our observational studies and our literature review, the following can be concluded. The COVID-19 crisis has propelled fashion retail to capture the essence of a physical store and upload it online. Ongoing digitalisation efforts should continue to be utilised across all touchpoints to reinvent more interactive and exciting customer journeys. Physical retail stores can become a central element in converging the experience, by using design to create memorable moments for their customers. An experience that plays on the customer's senses, cognitive abilities, emotional and behavioural values, as well as the need for social connection.

As lockdowns started and retail stores were forced to shut down, brands had to recreate how they delivered their value proposition. Much of the efforts seemed to be placed on digitalising the elements of the physical experience, like try-ons and virtual style assistants. Others have taken to expanding the experience through same day deliveries and building a deeper connection between store staff and the community. These concepts, although not entirely new before COVID-19, were accelerated and quickly adopted by both the brands and customers. Digitalising the customer experience adds value to the different touchpoints, when brands have to modify the experience to adapt to the external environment. Touchpoints can also be utilised to personalise service and enhance the value brands offer their customers. Efforts to integrate all the channels and market to customers in a more holistic and complete way should take a greater focus in a brands strategy. Therefore, fashion retailers can use innovation to curate supreme customer experiences by continuous efforts to digitalise the entire value chain. Digitalizing more touchpoints could be the ultimate solution to bringing people back to the physical stores.

As the Coronavirus continues to be present, we are not sure how long the health and safety measures imposed by the government could last. Nonetheless, we must reflect the implications they may have on customers when considering how the design of future stores could be created. At this stage all new store formats must continue to keep hygiene and safety measures as a priority, so that stores can contribute to the customers sense of wellbeing.

The digitalisation process thus far gives retailers a new white canvas of how they could recreate a physical experience that cannot be digitalise. Using theories discussed by Pine and Gilmore (2011) with creating an experience economy and Schmitt (1999) with his theory on the Strategic Experiential Modules, brands can curate a journey that would leave customers always wanting more. The design of the physical retail space has the power to transform the experience and become even more enjoyable. It is the only channel still, that can be enjoyed socially in the physical format. The experience economy will continue to be an ongoing trend with younger generations, and brands will have to works in a more agile manner to ensure that these experiences can forever be changing and bringing something new.

We can see that most companies were able to act quickly and transform their business models to sustain themselves when their physical stores had to be closed. When it comes to transforming business models to cater for more sustainable practices, it feels like companies might be slower to adapt. We also see throughout our study that sustainability and transparency will continue to be a growing factor. Younger generations display stronger desires to shop from brands displaying solid sustainable action goals. Ultimately, customers' values towards sustainability will shape the overall customer experience. Therefore, in this study we believe the effort on sustainable action greatly contributes to the value proposition brands offer. We recommend that they should continue to apply sustainable practices, ethical consideration and social applications throughout the value-chain.

We must consider that the times in which we are experiencing these major shifts and the ongoing presence of the Coronavirus is quite unique. It should be pointed out that we have no frame of reference for how the future of such a major disruption to our lives and our economies may be turn out to look like. Even in modern times, when epidemics like the SARS-01 or the Ebola virus broke out, the context and the effects were significantly different. Therefore, we hope that this study can bring more clarity to fashion retailers in how to approach their strategies going forward. Preparing for other global shocks waves that may take place in the future. Ongoing threats of environmental destruction and political instabilities should not be ignored, and adequate preparation should be taken seriously.

Finally, as our world continues to be more globalised and complex, efforts by brands to uplift digital capabilities and recreate memorable customer journeys through sustainable business models will continue to be a winning approach. Globalisation will ensure that major global shockwaves are never too far away. Therefore, fashion retailers must be more agile in adjusting their value proposition to cater for future customers' needs.

The events of COVID-19 show us that businesses can modify their value propositions rapidly. The momentum used to innovate in times of the Coronavirus should not slow down as shops start to reopen. We believe that this momentum should be harnessed to tackle the next greatest threat to our economy as well as our lives, the climate crisis.

Companies should not underestimate the value sustainable action plays in curating exceptional customer experiences. Retail design and the use of the physical environment should represent that at all times. Communication on company's sustainability strategy should not be limited to a page on the brands website but should be used throughout the entirety of their value proposition. It is the climate crisis that brands should use to propel further innovation into new and creative business strategies.

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Appendix

Appendix 1 - Observational Study Guide

Context and scenario

Question 1: What is happening around us? • Most stores are open • Crowded street and shops • All people are wearing a mask inside, many also while queueing • They are keeping a distance
Question 2: What are the main characteristics of the setting? What was the overall atmosphere? • Main Copenhagen shopping street • Chaotic atmosphere • Some are alone, other in company of another person • Generally, people feel happy stores have re-opened

Question 3: How are we feeling? How is the context influencing what we are observing and recording?

- Feels overwhelming
- First time in months being around these many people
- The mask and the distance keeping are quite distracting

Stores

	Store Layout	**Health and Safety**	**Customer Experience**	**Digitalisation and Innovation**	**Quotes**
Mango	- Most items are displayed on the walls - Feels like the store looks clean and neat - Fitting rooms were guarded by employees	- No queue - No staff indicating to sanities hands or counting the people inside	- Not all people are sanitizing their hands - All wearing a mask - Flow resembles a one-way system	- No interactive digital elements in the store - The colours of the offline and online store match - Only women fashion store offline, and also	

	- Customers return clothes to the shop assistant	- Signage for social distancing and mask wearing - Not many customers		men and kids fashion online	
Zara	- Floor store seems to be cleared - Less displayed products - More room for customers - Clothing neatly tied up - Staff is making sure the store is maintained -Colour categorised items	- Very log queues at the entrance - Approximately 20 meters long queue - One access is closed for safety - Front door for both entry and exit - Security guard keeps count of how many customers are in the store - 50 minutes waiting time	- Signage is present - The store seems cleaner - Consistent flow of people - Store is not crowded	- Online store is categorized by items, offline store is categorized by products - No digital elements in the store - Click-and-collect available - Online store kept crashing	Security guard: “so we can count how many people are inside the store”. Shop assistant: “People are browsing and have really been respectful to make sure that they would wait if we were cleaning or stocking a section” “That way, we can organise better as we don’t really have to consider the variation of customers in peak times”.

		- People are waiting with friends - Mask wearing and hand sanitising was a requirement			
Søstrene Grene	- One-way system - No less products available	- Shop assistant at the entrance - Baskets used to count the number of people in the store - No queue at the front - Short queues - Hand sanitiser and masks are mandatory	- Labyrinth type of experience - Fewer people coming in - Fully stocked stores and all products are available to customers	- New website upgrade	Shop assistant: "it feels pretty safe for us; we are often not around customers as we stand here at the front directing people and also at the end when people need to pay for their items. We control the store influx and how many people can be let in. That way, we can reduce the customers coming in, restock or clean up quickly, and resume increasing the volume. It also feels like we are safe while doing our job".

Appendix 2 - Interview Guides

INTERVIEW GUIDE – RETAIL DESIGN AND THE IMPACT OF COVID-19

The aim of this interview is to better frame and understand the impact of COVID-19 restrictions on retail design practices. The following three questions are designed to get to know your background and the retail environments you work in.

1. Please describe yourself and your role as a designer in the retail sector.

2. What types of retail environments do you usually work in?

3. What types of projects have you been working on during the past year? Is there anything significant you can recall about any of the projects that you would like to share?

As we all know, in 2020 the world has experienced unforeseen changes due to the COVID-19 global pandemic. This scenario has had negative effects on numerous economic sectors, retail being one of them and particularly so, the physical fashion retail space. We have really entered a new reality with a higher sense of hygiene and social distancing.

4. Do you think it is important for a brand to have a physical retail space nowadays? In your opinion, what role does the physical retail space and the retail format play for the customer experience?

5. When you design a brief do you consider the entire customer journey or are you focused on the retail space alone?

6. How has your work as a designer been impacted during the last twelve months? Did the pandemic play a role in your design of the store format?

7. In your opinion, which stakeholder(s) influence the design process the most?

8. Do you see any particular trends changing as the pandemic plays out?

9. Have you had to consider the health and safety of the store employees and customers when creating new designs for a client?

10. What role does the digital environment of a brand play in the design of its store?

11. What do you think your role as a retail designer will look like in the near future? Do you see any relevant changes?

12. According to you, how might retail design and retail space change over the coming years?

Thank you!

INTERVIEW GUIDE – INDUSTRY EXPERTS

COVID-19 Global Pandemic in the Fashion Stores

Digitalisation

- What kind of digital solutions did you implement over the Corona period?
- What about the digital solutions that you work with do you think is what customers really like?

Customer Experience

- How did you adapt the customer experience over the time of the lockdowns?
- Do you think that the customer journey improved using digital solutions?

Sustainability

- Do you feel there has been more pressure on the company to be sustainable?
- What kind of activities does the company do to keep sustainable practices?

Business Model Innovation / Future of Fashion Retail Stores

- How did you go about coming up with solutions to the fact that the retail stores were closed?
- What other areas of business were affected that you had to come up with solutions to?

Appendix 3 - Interviews' transcripts

Coding:

- COVID-19 IMPLICATIONS
- DIGITALISATION
- CUSTOMER EXPERIENCE
- SUSTAINABILITY
- RETAIL INNOVATION - THE FUTURE OF FASHION RETAIL

Interview 1

Roberta Roggero 0:02

Could you please first describe yourself in your role as a designer in the retail sector?

Natalia Konopka 0:08

Well, as I mentioned shortly, I'm an educated architect. And I specialized in interior design, and more specifically, retail design, which I actually started already in my thesis. So, yeah, and my tasks have been changed during, of course, my years here at RIIS retail. It's making layouts, that was the first step, let's say making layouts for concepts that were already designed. So, store planning, pretty much for Vero Moda and other Bestseller customers. And with time, I also took more and more development projects. Making new concepts, being part of concept development, being part of concept up keeping, so making new products, developing products, making them better, and in very close collaboration with the customer.

We've had a very special relationship with our customers at Bestseller because it was a very close one; there's usually someone that is dedicated to working with us. And so, it's a very close dialogue with travelling together, developing together, looking at tendencies together and all that, you know, so we learn also because, of course, our customers are really in the middle of it and where a lot of information comes from them, it's their needs we need to meet. Yeah, what they come with, sometimes we come up with new things, but often it's their needs that we need to design for.

Sanja Kulic 2:12

So, they give you like an actual brief of exactly what they want and then your job is more just the design part? Do you get the chance actually to put to some input?

Natalia Konopka 2:23

In both ways, sometimes it is minor things they come up with, like: we need a new stand for that, sanitizer or we need this and that. This is very boxed, and it has to be so small, or it needs to hang here or whatever it is, but sometimes we asked to think something that other have, or we come up with new ideas, especially if we have a new concept for them.

Of course, it's up to us to come up with an entirely new idea. Of course, based on... we have this 40 process which is a process where we go through it with our customer.

All the steps depending on what the customer likes. There are models that we know relatively well we probably won't go through like the whole process of like learning each other, gathering knowledge because we have that knowledge, so that would be kind of skipping some steps and then we move forward to looking around what's out there, and making a new proposal but with new customers we start from research and some workshops and so on, we move through each step to really get to know the customer and then after that we actually start our design for them. It's an entirely different process. Right now, I have, for example, a new customer, which I can't tell you the brand, I can tell you that it is a big German retailer, and we're at phase one, phase two, so it's between phases right now, but we're working on our workshops, and I'm trying to get into the customer's head, so we don't give them something they don't need or want. And this is the whole tricky part. And this is very important in these phases to understand the customer and to make the customer understand what it is they actually want.

Sanja Kulic 4:30

Yeah, and how do you do these workshops? Do you work with customers?

Natalia Konopka 4:33

Customers meaning not the actual people that buy things in the shop, but our clients. We first have to pinpoint the decision-makers in the company, and that can be very different from company to company. Sometimes it's one person sometimes it's many, that are involved: marketing, the CEO, product people that design products, people that roll out, people that sell products, all sorts of managers top positions to get their feedback, get their vision, and then agree on something. The problem with this kind of situation is that each of them might think that they're talking about the same thing, but they're not. Because in their head, a blue chair is something else, right? Is an example, right? I mean, of course, I also like to have to look at the vision for a given company and see because design is not actually designing something that just looks cool. It's about, you know, can you use it, but it also has to fit, with the company's strategy. As it is for that given point of time. So, this is what we try to do. And we do it through workshops, there's different reason, depending on the customer, there's different tasks during this workshop, where we involve our customer to actually tell us what they want, they don't design for us, but they tell us using pictures, usually we use a lot of pictures, inspiration pictures, not actually from stores, but from other things: nature, art, whatever it is, that gives us associations, and that gets us closer to the actual product. The same goes for the pure function, we work with diagrams and different techniques, let's say to understand, and to visualize certain possibilities for the customer. If we just get a short brief, and then we just come up with a final, 3D model for example and have it all polished, it can either go really well, but it can also completely go wrong if we don't do some research.

This is, so the customer can also feel the ownership over the project and be part of it. If we're talking about a bigger, more conceptual piece of work, like if we're talking about a new rack for Vero Moda because they need one more, then I can do this and of course. We ask for, the requirements they have. Maybe we can come up with some better solution or give our opinion on what we think is a better solution that makes sense. We can draw some sketches. The process is, is not so long, because in retail things go fast. In contrast to being at school where you spent oceans of time on designing one chair, you don't have that kind of luxury here, so it must go fast. Especially in the fashion retail world, they want something now. Such a game changer, in many ways. Our traditional customers like Vero Moda they pretty much are not opening any stores right now, in fact they closed some stores recently. So, we withdraw from shops that are closed and reuse the furniture that are from shops that are closing or from older shops. They don't want to invest in big flagship stores, and because nobody really is sure how things are going to go.

<u>Roberta Roggero 9:24</u>

I think we already touched upon this, but the next question is: what types of retail environment you usually work in? You mentioned of course fashion, but can you give us other ones?

Natalia Konopka 9:41

Yeah, well food and beverage which is not a retail as such, but it's small restaurants and bars and fashion mostly. But also, some other projects, recently I have done a sports facility with, a lobby, restaurant and bar, also meeting rooms. But that's the real reason, that we're much more versatile in what we're doing. Because we have more of these one offs. Before COVID-19, we used to open three, four shops a week at Vero Moda, and that was a full-time job, I wasn't actually drawing them, I had other architects to draw the shop, but I had to approve, develop and work with customers, look at claims, if there's any problems, any issues and visit shops.

Roberta Roggero 10:43

I think this is also covered in question number three. And now maybe we can go more into deeper into the questions related to this past year with the COVID-19 global pandemic. We all know that these scenarios have had a lot of negative effects on the economic sector, and more specific on the retail sector, and the physical fashion retail space. And now that we are entering into a new reality, and having a higher sense of hygiene and social distancing. So all of these changes coming up. The question will be, do you think it is important for our brand, right now, to have a physical retail space? In your opinion, what role the physical retail space and the retail format play in the customer experience?

Natalia Konopka 11:36

Well, honestly, we don't know yet how things are going to go. But what I hear from our customers is that they very much believe in brick-and-mortar shops still. We've seen it because people were forced to be away. Yes, we started buying online. But we can see also how much people want to go back to normality. I mean, just this weekend, I went to a shopping street in the town where I live and I was shocked by how many people there were. There were so many people that it was actually quite unpleasant. I was even wearing a mask on the street, which is not required. I think our customers see that there is a need, that people have this urge to be among other people, to be in a in an environment which is different than their own home and their own screen. But once that has been said, it's not going to change the reality, we're not going to go back to what it used to be. This has to be a new way, or not completely new, but twisted a bit. Just a new way of creating retail spaces that make it attractive for people to come as a way of also spending time there. As a retail designer the whole point for me is typically to ensure that customers keep wondering around the store as long as possible and now we have to be so careful because that very principle can get them all sick. So now do we have to redesign the stores to have people come in and out quickly.

Sanja Kulic 13:06

Did you consider what that could look like?

Natalia Konopka 13:10

I believe, maybe I'm wrong, that the shop's role is going to be much more of a showroom in the future. This is not a tendency that is new, I would say this is not something that COVID has done, but it has sped it up. This is the same as with this whole online sales. It's not because we didn't buy things online before, but we do it just much more right now. And the same with the shops, I could see the tendency that the shops were generally getting smaller. Before COVID already, from the big, flagship stores with few floors and stuff now it is much smaller. I think it will be more of a showroom in a way. Of course, you're supposed to be able to buy clothes, but I'm not sure if it's going to be all those rows of T-shirts, or if you're going to be able to try and maybe it's smarter stock control, maybe some in store stock so you can get the product right away. But it will be more of an experience to come into the store. So, it's not this kind of like: "*Oh okay, millions of the same T-shirt*", because it's just so uninspiring. There's of course certain danger in that. Shops that usually look more showroom boutique like, feel more expensive for customers. The shops, like Vero Moda that want to look affordable, it's a bit of a balance not to look too expensive. Because we all know that when we see a pile of something it looks like it's cheaper, it looks like it's on sale. If it's one display, nicely framed on a podium, it just looks more expensive. This is why Balenciaga never makes a sale. It adds value to their product. While, H&M or supermarkets just pile it up so you just take it because it doesn't matter, it just doesn't cost anything right? I think a lot of them actually don't know quite which way to go, how to move forward, because they are so used to this reality of having lots. For them and for their partners to shift, now is a challenge. They've been doing this for forever, always trying something new, but I think the reality check is that they will be in a situation where they have to do something in order not to die.

Sanja Kulic 17:00

Do you see more like a blend between sort of this digital experience and the physical experience being a little bit more intertwined with each other?

Natalia Konopka 17:13

There is a big wish from all our retail customers to unify. To make one world, one experience, because they've all moved 10 years ahead in this last year on the digital solutions. The shops have been for the most standing still because they didn't know what was going on. All development has been really put on standby. We've made a couple of concepts but there is still uncertainty on which way to go. Those that are coming now, the new briefs, they're saying, we've done this, and now this is our new virtual reality, this is our omni channel. We need to make these work together in a way it all loops, so people have the same experience when they click, and they go into the shop they feel it's one and right now it's often not. Another thing that I really noticed is that we've learned this already, this started before, but because it's reaching more people, more people shop online, what becomes more important right now is I believe buying by category, which is how you shop in most places. So, you shop shoes, and then you click on sandals, and then you click on color, and then, it's really intuitive, it's really easy. While in the old fashion retail stores it often was this kind of lifestyle styling, making sense combining. Women don't really shop like that much, I must say, sometimes men are more likely to do this, there is also a place for this. And that we can see also on the online, because 'other people bought' or 'if you've tried this you might also like this' or we have those like small stories, but in general, if you just like to go online the thing most people look for are categories. I think it's mixed but it's more towards very clear categories, also because in that way you can navigate easier, you can go straight for what you want. You can leave the shop faster without having to do this and this with all the other people which we don't feel comfortable right now. It's all just my beliefs, I don't have proof for any of this, but I believe we all prefer to go from A to B, knowing where we are going and not just hanging out. Again, this is a bit in contrast to wanting the customers to spend time in the store because of course, traditionally brands want the customers to stay longer. The catch is to make an easy way to navigate, but also to make them drop something extra on the way, you know, instead of what they're just coming for.

Sanja Kulic 20:46

When you consider the design overall, do you consider the entire journey? Or do you just focus on the story itself? When you and the clients are going through the brief, do you also consider sort of the experience they might have online and how you can translate that to the physical space? What sort of detail do you consider when you're doing your designs?

Natalia Konopka 21:17

We are considering this, but right now is very different. I think it's quite a gap between what different customers want, how much they want to have of this. All these digital solutions in store, for example, traditionally, it has never really worked because once the customer is in store they want to be in store. I personally don't believe in integrating a lot of screens and different digital solutions and mirrors that can show you how you look and all that. Crap. I believe that if anything, because we come in the store all of us with a screen that we are comfortable with, we don't want to touch other screens, we don't want to touch any iPads, we don't want to do anything, we have a screen, all of us. So, if anything, I believe in maybe some small codes, you know QR codes where you can get something on your own screen, maybe some other solutions with an app that navigates you in some way. But honestly, I believe that if you come to a physical shop, you want to be where you are, I mean I don't know if this will pull through, but this wellness thing of being present where you are and experiencing the tactility of the products. This is why you come to shop, because you want to try, you want to feel the textile, you want to you know, you want to have a little chitchat with the staff, all this is part of why we actually go out there. I don't believe that integrating a lot of screens and technology in this kind of old, traditional way, where you just really see them all over the place, half of the times it doesn't work. It's not the way forward I think So I think what it is, is that actually making more, for example, navigation to make it you know, the way you navigate on the website to be the same way sort of navigating in the store, of course, the whole color, atmosphere and all that the same, you know, so we don't have a website, which is really clean and white. Then you come to shop, which is like, full of colors, just not that kind of simple, physical manifestations. Customers are in physical stores to sense.

Sanja Kulic 23:53

Do you have an example where any clients might have integrated more digital technology into their physical stores that might not have worked?

Natalia Konopka 24:04

We've had some iPads and that kind of stuff in integrated in different ways throughout many years now. Both on fairs and also in shops, usually was iPad used to become a customer club. I don't have a customer where we have had these kind of mirrors that can show you outfit, that's sort of where Asia is actually, really quiet on a certain level. I don't think our European customers would have taken that [virtual mirrors] to them. I think there is a certain interest in technology with maybe a younger generation, I would maybe believe stores that are bit for younger crowds, I think it's a gimmick. It's fun, it's an Instagram kind of moment. But in reality, this is not how you want to try clothes, or this is not how you want to be inspired by where you are. I mean, I haven't had any customers (except for iPads where you could order products). And then we have all these click and collect situation in some shops, big shops, but we haven't actually had any shops where it's just like physically integrated, like with little boxes where you come and can collect or because usually the squared meters are so valued, that they don't want to lose that. So, you go to the counter, and then you show them a number and they have it on stock. So yes, we have adjusted stock facilities to make it easier for all these online sales. So, we had to make bigger and more optimized stock areas, but not in the actual area, the shops.

Roberta Roggero 26:09

I think we've been seeing a lot of that here in Copenhagen. For example, we leave close to the mall and the Zara store the other day had so many packages ready to be collected.

Natalia Konopka 26:32

Right now our customer Vero Moda, for example, even though they've been closed, they still have been delivering clothes. You could order it and get it delivered in a couple of hours. Because the point is also that people don't want to wait, and this is why there are all these talks about showroom stores. There's just one shirt, then you can see it and touch it, but then you order it online. The point is that once people have had it on, they just want to have it with them. You don't want to wait two or three days for it, unless they don't have your size or something. So yeah, that could be a function where you could, if you can't find your size, use this right and order right away on your phone, and then it's going to be delivered to your house or to the shop. But most of us don't want to do it, you just want to have it. I don't believe in showrooms, meaning in that way, where you look at it, and then you go out without it, not in our brick-and-mortar shops.

Roberta Roggero 27:51

I would like to ask you; how has your work been impacted in these last 12 months by the COVID-19 pandemic? And did the pandemic play a role in the design of the store formats?

Natalia Konopka 28:07

Well, it has changed everything and nothing. As I mentioned, we have much less retail work right now. Less new stores in standard concept, we have a lot of development of new concepts, but has been less and also smaller shops, if any. And then it's usually been about the reuse of older material, I think it's a lot of a waiting game still. Then there's some customers, some companies that are getting ready for the next, like for the time after. They're using the time when they don't open a lot and they are using this time to prepare for the next reopening. So, making new concepts and rethinking how to design something new.

Sanja Kulic 29:02

Have any clients come back to you to say, okay, we're doing a brief in which we're allowing a bit more space for social distancing, or we want more signage for people to know where to stand or something like that, that sort of kind of adds to these health criteria?

Natalia Konopka 29:25

They haven't said it, but I take it as an obvious thing. For me, this is bread and butter right now, this is not something that you can discuss, the same as designing dispensers for the shops. Of course, this is not something we design in the concept, it is something that we know is going to come we need to actually integrate it in some way. This goes for dispensers, screens around the counter, and also some sort of space dividers, either and spacing, like creating zones. We do not have any requests for more space because again, it costs money. So, they are kind of hoping for the best that the shops will manage. We have one of our customers has been involved in a new concept. It is Søstrene Grene. For them it's a challenge, but they have not (except limiting the number of customers), really changed anything. They have this labyrinth, and it's very cramped, and it's very, you know, traditionally, if someone stopped in one place you sort of have to squeeze through, so right now is really about not letting too many people go in there and just follow the flow. I think customers also automatically don't spend so much time in one place, they just kind of move on, and then you come up. But that's a challenge. I think it's been easier with shops like Vero Moda where you sort of have more space, you know, on the floor, and then you can avoid others by standing on the other side of a rack. I was considering this but it was actually rejected: normally we have curtains in fitting rooms, when we were discussing if this feels unhygienic to touch it, if we should make like special areas on the curtain made of fake leather or some other textile that is washable, that you could actually wipe it off, you know, like to indicate where do you take it and then where you are be able to wipe it off. But the problem is that once you indicate an area is for grabbing, then people are gonna grab all the other places. the idea that "*I don't want to touch where are the other people have touched it*" kind of thing. It's the opposite effect, they will probably be all messed up and destroyed in all the other places. We were also talking about making some doors, more like a door where you can push a handle or swing the door, but traditionally it has not been implemented because it's more costly and you need to be very specific with measurements, curtains are much easier. Right now, the client hasn't gone that way. They just put dispensers and hope for the best. But I think this is a problem area. For me fitting rooms is an area that I feel that as a customer myself, I don't feel comfortable being in this small space where I don't know what people have been touching. This is maybe a bit specific for Denmark but buying and trying at home. Avoiding the whole fitting room situation and then returning whatever you don't need. But I don't know, I don't have any evidence of how that would work.

Sanja Kulic 33:28

So just around the health and safety measures, do you feel that sort of responsibility of making sure that all of those things are accounted for in the design, falls on you as the designer? Or do you feel that there is still some sort of, I guess, indication from the client as to would they tell you if they wanted more or less?

Natalia Konopka 33:57

We would usually talk about what's possible, then they would say I want this, I don't want that, or sometimes they've seen a solution, and then we show them but it's up to them. I cannot force them; they need to be up for it. But it's also a little bit in a way: people need to feel comfortable, and they need to feel protected. You also don't want to feel like you're in a hospital, so it's going to be a bit of a project of like integrating the dispensers so they're visible, so I know what it is. But it's not super ugly and in your face like most of the places right now. I think there's going to be much more design solutions for this, and I believe that the dispensers are not going to go away very soon. Also, because we can see it adds, one thing is COVID, but we are generally we're less sick of other things, kids are less sick. Because we wash hands and because we keep them sanitized. So, it's not only COVID. I think we've been always told to wash our hands, but now we've really seen what it does. I think this step is not going to go away, I think it's been pretty nice in our heads, but, for example, also garbage cans for masks and all that kind of stuff. You really need to see all dispensers for those that offer them and stuff. Even down to small items, we usually have this kind of small requests, like, we need a little stand for sunglasses, or we need a little stand for nail polish, or we need this or that. Now it's going to be a little stand for masks or whatever, there is going to be small stuff, that's something we of course, we're going to talk and right now fashion customers are in the process of a new concept. This is going to come; this is something that usually will come a bit later. But it's like more like, the big space management thoughts. For me, as I mentioned all this, it's inevitable, it's not something that we cannot do. It just has to be there. Just like handicap fitting rooms, it is something that we always have in a concept. Whether the customer wants it or not, that's not my decision, or they have to have it but of course we have solutions ready.

Roberta Roggero 36:51

We were also wondering, in this design process, especially now, who are the stakeholders that influence this process the most?

Natalia Konopka 37:01

In the design process it is purely the customer, but as I mentioned to you, they can be one or they can be a whole team of people depending on the size of the company, depending on the structure of that company, because for example my new customer the CEO that has the last word probably, but a very big influence is the marketing director, who is in charge of the whole social media, the whole strategy, the whole web, online experience. Because these days, if you don't have a brand strategy, you're not there. I mean, it's all about brands. I think this kind of positions have much more power. Of course, these kinds of people don't go down to the detail of talking about dispensers or screens, this is up to us to come up with, unless we have a specific function for work like for Bestseller, they are more involved in this kind of small stuff. But otherwise, I think it's a lot of marketing, or branding specialists that have a lot of influence. If it's a small company, there's usually like, like an owner, right? And that one person that is like God, we make them believe or, we convince them. Actually, we don't make them believe but we can influence what the outcome is, because we show them possibilities, or we argue why this should be this way or the other way. But yeah, we never really push too much, and that maybe is wrong. We probably should involve the customer more as in the people that actually shop, but that's because we generally believe that our customers know their customers. For example, bigger cost customers would involve at some stage their partners or franchise takers. Like a check, show them what we are working on and hear their comments and get back to us, because they are the people that are out there on the floor. But we typically never make focus groups with customers or that kind of stuff. You know, this has not been a priority, I admit it is mainly because of time and cost. Sometimes, maybe we also think we know better. A lot of the times, people don't notice the physical environment that much. You cannot ask them very concrete questions, very specific questions. They get influenced by an environment for sure, and that is a huge impact. But if you ask them what color the ceiling was, they have no idea. They won't tell you what was good about the shop, they just liked it, or felt good in it or felt bad in it, or it felt expensive, or it felt cheap, but they won't tell you anything specific that we want to know. Experience is what they can tell you about.

Roberta Roggero 40:57

What do you think your role as a retail designer will look like in your future? Do you see any relevant changes happening?

Natalia Konopka 41:11

Well, it's really just having your eyes open and adjusting to whatever is going on. I think one thing that is not completely COVID-19 related is the whole stainability issue that is feeling a lot in our heads. It's a pre COVID thing that it's here to stay. That also in the actual design, in the materials that you use.

Sanja Kulic 41:48

Do you have an example of some of the things you would use in your design that you could say oh, this is more sustainable then?

Natalia Konopka 42:04

Well yeah, I mean, if we can we choose wood actually. I believe that making designs that hold, or last, is the best solution. It is not really finding another cool plate of mixed plastics, because that really is not going to mean that much at all. It's cool now and then you hate it in two years and you throw it out, so what good was that right? And then you actually forget to recycle it because, it's too much for us, right? I honestly believe in doing something that is relatively like the base furniture (neutral) and then having some access that can be changed easily. But the base to being good quality and something that you throw out or if you want to get rid of it, you actually can resell it and to find another customer for it, or move it to another shop. Some of our customers do this because our things have quality that is not really destroyed after even five years. So, you can actually open up the shop with the same furniture, thus prolong the lifetime. However, sometimes we have customers that ask for sustainable materials and then we find a cool plate from reused plastics or whatever and they're happy, or we work with companies that use recycled materials (wool), so yes, we use them but I wouldn't say I choose this because you don't really feel the quality. They're very plastic feeling. I would in any case prefer to give him a nice wall that holds long and gives a feeling of quality. I really don't like greenwashing, so I don't encourage my customers to do so, unless they specifically asked for it. For me buying a cool plate because it's reused but made with so much glue and then we hate it in two years is not the way. I think this is a general feeling in our company.

Sanja Kulic 44:54

Do you feel like when sort of sticking to particular materials some of those designs could start to look similar or do you focus on making sure that they are quite distinguishable from one another?

Natalia Konopka 45:10

You mean from customer to customer?

Sanja Kulic 45:12

Yes!

Natalia Konopka 45:16

No, they don't. Sometimes we have a material that is very specific for a given customer, that gives them identity, but that depends on the concept. If it's like a bearing idea of that material then yes, otherwise it's not. Depends on the concept.

Roberta Roggero 45:45

We have one last question. We're looking at the future, in your opinion how will the retail space change over the coming years? Do you see any specific trend coming?

Sanja Kulic 46:00

I think we touched base on it a little bit.

Natalia Konopka 46:06

The tendency, I think is going to be very different, because for some people it's going to be different directions. Some of it is going to be this ginormous shop, where you can get everything, and this really varies depending on the neighborhood too, and country, very specific. I think this is still covered but is sort of trying to make it local and feel like a community, because people really miss being with others. We are starting to have mental problems, because we're so isolated now. I think this makes us value, the feeling of community and, going to your local baker, or the coffee guy who knows which coffee you like, or meeting some neighbours and chatting, or having a little workshop together and so on. I think that maybe it will change the way we socialize, but I still think that we have this big, big need for this. COVID has shown us that it was not just a fake branding idea. That is something really, as humans' beings we are like animals, we're actually becoming sick from not being together. I think this is something that will continue, and maybe will be more emphasized. And I think some brands, will be more willing to give some of their product space away to enable different community activities, for example workshops or small lectures. We've been recently enjoying a concept where, we had a table that can be used for products, where you can easily shift it into being a place where you can have a little workshop, or product presentation for a chosen group of customers, or just a place where you serve coffee, so making a little bit more flexible areas to enable more social interactions.

Sanja Kulic 48:55

What would you say that's more sort of like, doing more experiential marketing, where people get to actually have an experience, rather than just going in and looking at clothes or trying them on, but rather having little events or these sorts of things?

Natalia Konopka 49:12

Yeah. It's all about connecting with the brand. This is what all the brands dream of, they don't all manage, and it is also a bit of a problem with them. This the same as greenwashing, if people can see that you don't mean you, if it's not your core, then they don't feel it's true, you have to do it in a smart way, so it feels right. I believe it's shopping is about experiences, for the customer it's not just going and shopping. And that can be a ton of things. Most is obviously coffees and small workshops. retailers need to understand this [that's hopping is not just about buying things], and in order to do this, you need to either have a flexible space, a place that can be shifted and that's probably the future of it, because they don't want to just say: 'we have an area here and we don't use it otherwise, unless there is something'. I think it's this kind of flexible areas where you can shift. For a long time we've had this sort of trend have like all these instagrammable things. I'm a bit vague about this thing again, Instagram is here for now, at least until some more, there's a ton of other one, but I think this is still one of those that holds. Honestly, I don't encourage that in the shops, I encourage them maybe during fairs, or like pop up shops. It is the nature of Instagammable spaces that need to be constantly changed. Because you posted once and that's it, right, you're not going to post it again. So it needs to either be something that can be changed, like for example, it can be some sort of a wall where people themselves put posters or whatever, there's some kind of art piece and that is changing constantly depending on what the other people in the shop, do post whatever, or it has to be something where you put yourself in an outfit because it's all about us. Then, that changes because every time you have a different outfit, but I mean that's pretty much a mirror that's all we need right. But I'm a bit vague about that trend of making a flower wall because I think that is very fast very old, and then whatever was cool here now in a year it's completely not cool.

<u>Sanja Kulic 52:21</u>

Maybe there will be enough space for companies who do props and retailers just come out.

<u>Natalia Konopka 52:28</u>

I mean that's an example but they have their own people to do that kind of stuff. So they have window packages that changes several times a year, or all this stuff, but this is an expensive thing, not all companies can afford this, because you need to have someone employed who actually follows those trends and to come up with something new and something new that doesn't cost anything and it's shipped from China. Not all small retailers would afford. We always talk about changing. Even a big company like Bestsellers which should be able to do this, they usually say we don't want to change, we can't afford to change things a lot. They're very careful with colours and that kind of stuff, because things need to last. I have some notes for today that I also thought about. One thing that we've noticed (even if not really fashion related) is interest in drive-through solutions. We made a pitch for Joe & The Juice for an Iceland drive-through.

<u>Sanja Kulic 54:04</u>

I saw for the first time a drive-through solution for Lagkagehuset.

<u>Natalia Konopka 54:09</u>

We also have a pharmacy drive-through in my town.

<u>Sanja Kulic 54:13</u>

Oh, really? That was the first time for me. We were leaving back to Copenhagen super early. And they were like we need coffee in the morning, and everything is closed it was Monday, so everything was closed and then we saw Lagkagehuset and we're like okay, no worries and when we got there it's a whole drive-through system and I was like what the hell, this is amazing.

<u>Natalia Konopka 54:36</u>

At times this is super convenient. I believe they must have a great business with that, Joe & the Juice is great being what they are: short menu, people usually know what they want, it's really like McDonalds. We've seen an increased interest in outdoors solutions. This is primarily for our food and beverage customers. We've been making outdoor areas for Joe & the Juice, Sushi Yama, with a lot of sitting areas where we can spread people. We define the areas with some small fences or plants and heating lamps, so you prolong the season, especially in Denmark. I don't know if this happens also in retail. We've been talking for a long time about installing some benches, but it's not where you spend time, you want to look around. So, it's more difficult. In Denmark, we have all these outdoor racks filled. And then of course, a lot of talk about these contactless payments, where they don't have to open the counter. But this is a bit tricky. Some of the customers had this kind of fast, add on points, where if you buy a lot, you have to be in a long queue, but if you just buy one or two things, then you can just have this little terminal and you go. Otherwise, there are so many functions in a counter: the alarm tag removers, places for hangers, bags; isn't this very difficult to just get rid of?

Sanja Kulic 56:44

Have you heard of the company's ZLIIDE? It's a Danish startup, they are quite like progressing pretty well. They have tags and then if you want to buy something, you QR code the tag, pay for the item through mobile pay, and then the tag clips off on its own. And then you just put the tag into a bin next to it and you go home with the item. That's new technology for these tags without using the counter.

Natalia Konopka 57:34

I mean, that's works for the younger generation, I believe it will demand a bit of practice for the little older generation, or some very clear manuals, but I mean, it's all to be learned. There's also something about, again, one thing is COVID, and then you have this need of human contact, the whole service part. Of course, small talk, Vero Moda has not been very good with this, but this is also why we have an extra experience. Some people like it, I don't personally, but to have advice, like, what do you think? Or can you bring me something that matches, or you know, all that, but also, the boundary of this whole little, small talk and you know, this kind of thing again, because the people that work there are part of the image of the company, of the experience. The interaction with a human is a thing that we want. This is also something with my new customer, now, we also discuss, how do they look, what are they wear? What is their attitude? Are they standing there with their phone and sending messages? Or who is selling their products? This is also something that, yes, I can't design this, but I can advise on it, they can say 'well, this is how it is' and then I can say okay, then we do like this, the counter can be like this. The same with fitting room curtains, right? Do you want to have a lot of interaction, then you can't make a big door? You need to have this kind of thing that you can look into, but you can easily talk through like a curtain, right? Where you can say 'hi, how are you doing there? Can I help you?' where you can just pass something through it, right? Versus a big door where you just feel like... There's also theft issues and stuff. We've been for a long time, fighting over this with Vero Moda. We have long curtains right now because we wanted that look. Certain customers that really hated it because they can't see if there's anyone in there, they want them short so they can just see the legs and so on.

Sanja Kulic 1:00:15

Yeah, in Denmark I think there's definitely room for improvement on customer service.

Natalia Konopka 1:00:20

But the problem is because you have very young people, nothing against young people, but if you are 16 years old, and you're on your way to a party and you don't really care about giving a customer too much, I'm generalizing here. You may not be that comfortable with this whole small chit chat kind of thing.

Sanja Kulic 1:00:50

I think there's definitely some training. Like I worked in a store at Marimekko and there's really not a lot of training. It was lucky because I come from Australia, so I've done a lot of other customer service type of jobs when I was younger, so I knew sort of what to do. But it was like 'here read this', it was like this little booklet on whatever, but that was basically it. There was no training, there was no sort of improvement, or development or feedback or anything like that. Though, in Australia, we have a lot of it, especially in the customer service areas I worked in when I was younger. I feel here in Denmark, it's painful to watch, actually, some of the ways that they conduct themselves.

Natalia Konopka 1:01:41

I also feel that because people don't stick so long, I don't think they want to invest in the given person that much. It's an investment from the employer side to teach. There's are a lot of younger people employed, because there's a lower wage if you employ someone below 18. In Denmark its not that low, but it's relatively lower than normal. These very young kids leave the company, and then it doesn't matter. I think a lot of employees don't teach them properly. Also, Danes are very little outgoing. I mean, they are a very close nation. This thing of 'chit chatting' with them is just not common. I go to this health food shop where I live. Normally, there's this Danish lady selling, and I just put my products on the counter and she will say, this is how much it is, I pay and I leave and we say, 'have a good day'. One day I come in and then there's a new girl. She just immediately starts talking to me 'I am from Brazil and I work here and I do this...' and we just talked and talked. We chit chatted and I'm like wow, okay, and immediately you have a different experience. On the other hand, maybe Danes might react differently. I myself as a foreigner so for me it's nice, it's social and I think for a lot of people will be like 'why is she talking to me? Why is she telling me this?' I think there's something cultural about this. I don't know, I wonder if Corona might change all this.

Sanja Kulic 1:03:45

They will definitely not get hurt from getting a bit of customer service training.

Natalia Konopka 1:03:52

No, no, absolutely not. But this is not something we can advise them on, we can talk about it, we are not so much into their companies. Most of them have huge ambitions at the beginning when we start with them, with workshops and 'yes, and we're also going to do this and make new bags and packaging and customer service and all' but when it comes to reality...

Sanja Kulic 1:04:18

Yeah, when it comes to handing out money for it.

Natalia Konopka 1:04:25

I feel now, with digitalization and having this tactile experience, I don't believe that integrating screens everywhere is something that we want this. I think when we are in the physical store, we're there to sense. I think it has to be done in a smart way that is hidden all through our own devices. Also is this not the reason at the end of the day why people go to physical stores? So that they can have a human connection? Because they have also become a part of our hand almost. So, I think it's it's here to stay. We should use this in smart ways. But in general, my one big note is that it's a bit early to judge what's going to happen, we can just guess right now. We can see some tendencies, we can talk about a lot of things, but because we don't know what's going to happen it's difficult.

Roberta Roggero 1:06:01

This is also the biggest limitation our thesis and for the topic that we chose. We can predict a little bit, we can give some guidelines, we can see what's happening, but at the same time, yeah, nothing is 100% sure right now.

Natalia Konopka 1:06:17

Exactly. A year ago, I would have said, we've been through this for a long time now. But here we are in it, still. Of course, this will influence the way we behave for some time. I mean, there is a whole generation that things masks are the most natural thing in the world. But we'll see. I hope I answered your questions. If you have any further questions at some point, please let me know.

Interview 2

Sanja Kulic 0:00

So basically, today is just really finding out how you guys at Pandora figured your way around COVID-19. We will start with if you can tell me a little bit about your role and what you do?

Birna Halldóra Ólafsdóttir 0:21

I'm a product manager in digital. There's like a team in Pandora that covers all the ecommerce. So, it's operations. It's the on website, like pages, we have markets, and we have 16 markets in total. So, we have Pandora.net sites, like in 16 of them. Well, not all, not 16 languages, but about 10 to 16 languages. So, my role is a product manager of the sites, part of the sites. I'm working with other product managers as well. I'm covering the PLP, which is the listing page, where you can see like old bracelets or old rings. Okay, and then PTP, which is like a detail page, where you can see, you know, that specific product. Then I'm covering all kinds of things like virtual try-on, which is like an external solution, bracelet builder, which is also an external solution.

Sanja Kulic 1:21

Was that before COVID?

Birna Halldóra Ólafsdóttir 1:24

No, and that is exactly something that we did as a first due to COVID. So, if I dig into that a little bit, there was a project team that was established, last summer, that consisted of 10 people or something like that, where they basically went into the site and they tried to figure out okay, what should we or what can we do online? To sell more because of COVID? What solutions do we have? They explored and explored, and they contacted a lot of vendors. Then these finalists that we then in the end decided to implement on the site. Okay, and virtual try on was one of them. And then book an appointment, like a book a store appointment. That I'm sure have you heard of, maybe from other stores as well. That you can book an appointment with, like, a stylist. Or basically this. I want to be in the store on Tuesday at 10. o'clock. So, it was just gone aside the new book that appointment.

Sanja Kulic 2:46

Yeah, I think IKEA does that!

Birna Halldóra Ólafsdóttir 2:50

And then we had gone in store, which is like a solution where you are basically talking virtually with a style assistant. You're on a detail page, looking at a specific bracelet. And then you would like to talk to a style assistant. So, there is this little bubble on the page, similar as you would have when you want to chat with someone. But this was not meant to be chatting about, like, 'Where is my order?' Or 'where is my...' or 'I didn't like my last order' or 'I want to return this'. This was just about how is this product? Can you tell me more about it? Basically, as you would do when go in the store. It was supposed to replicate the store experience, just like talking to a person. So, the store associate turns on her camera, it's completely up to you, if you turn it on or not. Then you're basically just talking and talking about that specific product. Or the store associate can also show you something more. And then I had like the whole product, like the catalogue of products. And the store associates could show you more like 'Hey, what about this bracelet?', and then it pops up on the screen. And then you can decide to buy it and you basically add it to a basket during the call.

Sanja Kulic 4:20

So, this a program that you guys designed? Or is this a program that is from a third party?

Birna Halldóra Ólafsdóttir 4:25

So this is something that we've worked with our vendor on. Third party, solution that was integrated into the site. I wasn't a part of this project, but I know and work with the people who were. They were exploring many vendors who offer that kind of capability. Then we decided to go with this one vendor for implementing this solution. Yeah, it's quite cool, but not as much used as maybe they thought it would be used. However, the virtual try-on was a complete success. Yeah, that was one of the solutions that was really like giving us an uplift in revenue and increased the conversion rate quite extensively. So, conversion rates in general for us, so then I mean the customer who goes into the site and ends up converting or ends up buying the product. Normally is like around two, two and a half percent of all the customers for the virtual try-on solution. So, if a customer opens up the virtual try-on solution 9% of all these customers end up buying and so that was extremely good numbers. So, we were like, this is something that came out very good for us.

Sanja Kulic 6:00

It almost seems like people want to try and stuff and play with the products but not necessarily interact with others.

Birna Halldóra Ólafsdóttir 6:10

Yeah, it's funny, because we're trying to do something online. That sometimes just doesn't work. I mean, we're trying to replicate, you know, the store experience and people were like, I'm still like, online, I just want to be online. I don't want to talk to people now I'm just browsing on my own. While the virtual try-on I mean, you can see it on you. Like if you take a picture. And it immediately comes up on your screen like a 2D image of your wrist. It's quite cool. After one year we decided to look at it and ask ourselves: what is it that we did? How have all the solutions that we implemented worked? How have they turned out? Do we want to continue with them? And to be honest, I'm not sure what we will do with the style assistant after COVID, if we will continue with that or not. But the virtual try-on is something that we are going to double down on that. And really improve the idea even better. I mean, this is a little bit clunky at the moment, or was a little bit clunky. We have already improved it so far.

Sanja Kulic 7:24

Is it an app that you download?

Birna Halldóra Ólafsdóttir 7:26

You can do anything when you're on this detail page where you're looking at a specific bracelet? And then there is this button on the page saying, 'try it on', so if you're on it you're browsing on your phone, and you would press try it on, you'll just have that you're storing a picture of something. And then immediately, you see it on your hand. You're basically just with your phone and *snap*.

Sanja Kulic 7:52

Is it a bit like the Snapchat filters?

Birna Halldóra Ólafsdóttir 7:55

Yeah, exactly. It is exactly like that. I mean, you just all of a sudden see something on yourself.

Sanja Kulic 8:04

That's insane, 9% conversion rate. That is really good!

Birna Halldóra Ólafsdóttir 8:07

So, the CEO, he was like, you know, when, there was this retrospective all the Q4. We called it the 'Q4 experience'. That is what the project was called. Going through all the Q4 experience, what is it that really worked? And he was like, for the virtual try-on we need to improve that even further. How can we make sure that the numbers, are continuing being so that we could invest more?

Sanja Kulic 8:13

Does Pandora do any testing? Did you try and get a focus group together to see if it was good?

Birna Halldóra Ólafsdóttir 8:53

Yeah. So unfortunately, I wasn't like in the project, but I'm not entirely sure how the process was, but this was a really intense project. The people who were involved in were like product managers, business analysts. And just various people, that come together, and work at it as a project as an agile project. So, they were basically doing these, you know, daily stand ups and, gathering, you know, what is the status? What did you do yesterday? What are you going to do today? They were just, exploring, talking to a lot of vendors. I don't know if it did like user testing, or like exploring with real customers. I don't, I don't really know. But I just know that they did a lot with it. We spent some money into this, and we were scaling it up. I mean, it really paid off. That is also Pandora came out very good after the pandemic. I mean, even after the lockdown. Even though 90% of the stores were closed, you were selling a lot. Also, because we really prepared the online web for all the traffic that really increase.

Sanja Kulic 10:29

Obviously, this was something that came as a result of it, but do you think this was something that you would have, in the near future, come up with any way? Or do you think this was like how quickly the pandemic sort of accelerate this type of solution?

Birna Halldóra Ólafsdóttir 10:47

That's a good question. Because me as a product manager, I had virtual try-on, like on my roadmap, but because we have so many initiatives, we have so many things going on, as always something that we need to prioritize, I'm pretty sure that I can say, with confidence, I wouldn't have implemented already, it would still be like, you have so much fun to have virtual try-on, but it will still probably be on my roadmap and not something we already have that we would be working on. So COVID really, pushed us to do it. However, we were also under quite a bit of pressure anyway. We actually implemented the solution rather quickly. Maybe otherwise we would have explored more vendors that at the time, we didn't really have time to, because this vendor that we decided to go with, also just very quickly, gave us a demo and was replying quickly. And really was selling us the experience itself. We might have done it just explored more options, I guess. But then again, the contracts that we did were only, for six months or so, so this was always the plan, like let's see how it goes and then, you know, we can always change the cement or change the solution, if we like to later, but this was a really good kick in the butt, I think.

Sanja Kulic 12:14

So, your roadmap that you were working on, let's say January 2020 then the one of August 2020, you'd say it's changed quite a bit.

Birna Halldóra Ólafsdóttir 12:27

I mean, completely it did! And everything with this one, we were like, let's say the project called the Q4 experience, we would read it, and say we need to implement everything before Q4 ideally starts. But then, obviously, that didn't really happen, because there was so many things that were happening. But we've managed to implement all the solutions before the peak. So before Black Friday and Christmas and everything.

Sanja Kulic 12:59

And do you see changes? For example, if there is a particular country that might use this type of technology more than others?

Birna Halldóra Ólafsdóttir 13:08

Yeah! Sure, like for example, this talk about 'book an appointment with a styler' system. That turned out very good in the UK. For some reasons, and not as well, in rest of the European countries. I don't know how it was in the US. But at least in UK that seemed to work really well. I don't know, maybe it has to do with their culture or how they are.

Sanja Kulic 13:34

It may be that their cultures are also slightly more extroverted. So, they are likely to go out and talk to others.

Birna Halldóra Ólafsdóttir 13:42

Yeah, exactly. While the virtual try-ons in general was really good everywhere. I mean, of course, we see difference between countries. But in general, very good.

Sanja Kulic 13:55

What about in Australia? Because I find Pandora is much more popular there than it has been what I've kind of found it to be here?

Birna Halldóra Ólafsdóttir 14:07

Yeah, exactly. I mean, Pandora is not that popular in Denmark, even though it's a Danish company. We are very big in the US and in Asia, and Australia as well.

Sanja Kulic 14:20

Yeah. I know, in Australia everyone has a Pandora bracelet.

Birna Halldóra Ólafsdóttir 14:26

Yeah, it's just that when I tell people, we have 27,000 people working for Pandora. They are like 'What? it is just a small, cute Danish brand'.

Sanja Kulic 14:40

I had no idea that it was Danish until I got here. That doesn't come across in their brand at all. Then when I was like, 'oh, they have a Pandora here as well'. And then I looked it up and it was like 'oh it's a Danish brand'.

Birna Halldóra Ólafsdóttir 14:54

Exactly.

Sanja Kulic 14:56

It's like little fun facts I give my friends now.

Birna Halldóra Ólafsdóttir 14:59

Yeah. Exactly, but we are only 500 people here in the Danish headquarters.

Sanja Kulic 15:07

What is your next biggest market?

Birna Halldóra Ólafsdóttir 15:10

So, the US and UK are the biggest markets. They cover like 80% of all our visitors. It's like equal there. They're equal. And then the rest 20% that is equally spread among the other countries. And we have I think, it's easily Germany, France. Australia after that, and China as well. But the US and the UK are by far the biggest markets.

Sanja Kulic 15:40

And do you see any permanent changes in the coming future that you think could change, as a result of all of these accelerated changes now that could be coming up for Pandora?

Birna Halldóra Ólafsdóttir 16:01

I mean, we are doing a lot of, you know, in configurations for the customers so they can have more personalized service, and you know, customize their own piece or product. So, we are building this bracelet builder. That's not only for bracelets, but you can also make your own rings and so on. And, engravings, personalize it like that. So that is quiet, exciting. So, we actually have locked this into the roadmap now for Q2 and Q3. Yeah, that is what I'm working on quite a lot now. It is this bracelet builder and engravings.

Sanja Kulic 16:44

Yeah, have you seen the website glamira.com?

Birna Halldóra Ólafsdóttir 16:47

Yes.

Sanja Kulic 16:48

They have this option. It is a bracelet builder or can build anything. Basically, for example, you want to make a ring and then it asks you what metal you want? Or what stone you want? Then you can choose the colour. or if you want it to be engraved and so on. Yeah. I don't know if you are thinking of a similar concept as that.

Birna Halldóra Ólafsdóttir 17:16

So, we are maybe more thinking of like how to style it. So, you have a bracelet, and then you add charms to the bracelet, and you'll see it in a 3D and then they will be able to you know, engrave like a piece of the charm on that bracelet. So, it's more like, customize it in a style.

Sanja Kulic 17:35

What about building your own charm?

Birna Halldóra Ólafsdóttir 17:38

Yeah!

Sanja Kulic 17:39

They are unique.

Birna Halldóra Ólafsdóttir 17:40

Yeah, exactly. Well, we're not there yet. But then again, I'm thinking, I'm in the end of the chain. So I'm pretty sure there are maybe people in the product group that have already started on something that I'm not involved in.

But we are about to sell manmade diamonds. And that is something that is brand new. Oh, yeah. That is really exciting. So, we are launching that now in the UK only at the beginning of May. So that is really exciting.

Sanja Kulic 18:14

A bit more sustainable.

Birna Halldóra Ólafsdóttir 18:16

Yeah, exactly so it's actually made sustainably. Lab created diamonds.

Sanja Kulic 18:26

Nice. I think that's basically it. What I really just wanted to sort of like cover is what you guys have been working on. Do you know anything about like, from a digital perspective, how the customer journey might have improved or if you think it might have gotten better or worse, or where would you place it?

Birna Halldóra Ólafsdóttir 18:51

Yeah, like the NPS score or the overall score? Yeah, I can take that up for you. Like I don't I don't have it now, but we have an NPS score that we measure. Okay. And I should be able to get that for you.

Sanja Kulic 19:07

Yeah, that would be great.

Birna Halldóra Ólafsdóttir 19:37

Yeah, because we just been finding out a little bit more how people have actually seen the journey of being more digital.

So, in summary we saw on the site that everything increased as soon as the store closed like in March, April last year. Everything increased online, so the actual rate of conversion. More traffic just in general increased, a lot. This will be the issue handling that. As soon as the stores open up again, that will maybe decrease a little bit. But still.

Sanja Kulic 20:06

But then do you see it happen, actually do the numbers, just shift from online to offline or how does that work?

Birna Halldóra Ólafsdóttir 20:15

So, of course, some of it is like, what is the word like cannibalization! So, there is a customer that intends to buy, it just buys it somewhere else. But also, for some products, it was actually increasing. So, people are just like, buying more. They have nothing else to do but browsing and buying? I mean, then, if it's like, it's easy and free return, and then it's just 'let me just buy it. And I'll return it if it's not good'.

Sanja Kulic 20:57

Actually, speaking of which, I know that this is probably not something that you might know a lot about. But like now that stores are opening in regard to like personal hygiene, how would they actually accommodate? Do you know anything about how they would let people try products?

Birna Halldóra Ólafsdóttir 21:17

Yeah. So, the plan is to have the virtual try-on, for example, in the stores as well. So, to have a fixed screen or iPads or something that the customer can play with, and also just on the phone to be able to have QR codes in the store. So, you're basically in the store, but you're still partly online.

Sanja Kulic 21:47

I was thinking that as an evolution to retail stores doing this, that you could kind of have, these virtual try-ons they are sort of becoming more and more popular, right? You could start slowly changing it. I think some companies want to start with clothing, and things like that. And then you could actually just have a showroom that shows the actual pieces. Then you QR code it, and it can just filter into a picture of yourself. It can come up on your hand, neck or body if you have a picture of yourself, a sort of augmented reality.

Birna Halldóra Ólafsdóttir 22:27

That reminds me there was this fourth thing. Sorry, I was just thinking about. There was this fourth thing that was a virtual queue, that we did as a part of the Q4 experience. So, you're basically coming up the store, or you're taking a number, when you're at the store, just like you do when you take a number at the post office, and it gives you a waiting time like let's say, you wait for 20 minutes. So instead of having to wait there and in line. You can leave the store and come back when your number comes up. Because I guess maybe only 10 people can be in the store, as opposed to having a crowded store. So, we had this app where you are virtually taking a number, so you wait your turn.

Sanja Kulic 22:27

That's really good. Because then you don't have to sit there waiting. You can go for a walk and come back.

Birna Halldóra Ólafsdóttir 23:25

And also, you just don't have to stand in line and be close to other people. You can take that number and come whenever it's your turn.

Yeah. But unfortunately, I don't know how that turned out, or how that was going to work in real life. I just know that there were the try-ons that were the success story we have.

Sanja Kulic 23:53

Yeah, That's really good. Okay, I'll stop recording now. Thank you for that.

Interview 3

Ryan Joseph Kennedy 0:05

So you've spoken to Natalia already?

Roberta Roggero 0:08

Yes.

Sanja Kulic 0:08

Yeah, we did. She was very lovely and giving us a lot of information from the design perspective. And then, she basically gave us also your name as someone from the brand. Because I feel like definitely both of the sides would have had bit of an impact with COVID. And so it will be interesting to see just how so that would be. So why don't we just start with letting us know sort of what you do and how you do it?

Ryan Joseph Kennedy 0:54

I will give a little bit of background. I work now as the visual merchandising manager for Vero Moda retail, basically, I would say globally, but our business in China is actually a separate business. So mainly it's Scandinavia, Western Europe, and we used to have Canada as well. So, I have worked in visual merchandising for many years, let's say. And I moved to Denmark, from Canada in 2013. And at that time, I was working really with training and stuff for visual merchandising. Through the almost eight years that I've been in Denmark, working for Bestseller, I've moved around quite a lot. Previously, up until about August of last year, I was working in construction and store design. So, I was representing the brand and working in partnership with Natalia. So I was sort of the client, you could say, and she was, you know, doing the design, and the creative part from there. We had this partnership. So now I'm back in visual merchandising, managing the merchandising team, and we take care of everything you sort of see and interact with, in the retail stores. So, how are the products placed? How are the mannequins dressed? How is the furniture placed? Things like that. It really goes hand in hand with the physical store design. That, you know, we take that, and then once that is there, built and set, then we sort of take care of everything afterwards. So all the designing, things like that.

Sanja Kulic 2:32

How do you consider sort of the whole customer journey in the process of store design and visual merchandising?

Ryan Joseph Kennedy 2:40

The customer journey has been a little bit challenging. It's been, of course, challenging for us, because the stores have been closed, mostly. We have huge considerations in regard to the stores that are open, because each market has different requirements in terms of how many customers per square meter they are allowed to have or even the physical space they have in the store. There were restrictions on how people can move throughout the store too and have to adapt to all of these local situations. Especially, for example, in Germany, last summer when they reopened, they had rules in the shopping malls, that all the traffic was one way. So, you would enter and you have to stay on the right and everything was really divided. We also had to work with the same sort of principles. When it came to the retail store, so the customers could enter on the right side of the entrance, and they had to sort of go in a circle, you know, the same way you do when you're driving a car, basically.

Sanja Kulic 3:47

Can I just quickly ask about that. Like, how did that work in the fashion store?

Ryan Joseph Kennedy 3:54

It's really challenging, because the way the stores are designed, generally you put the fitting room sort of at the back. What happened then was that actually the fitting rooms were halfway through. Because you weren't really supposed to cross over and chop. So, of course we can't rebuild the stores to adapt to that. What we had to do was really, really consider where we placed our product, and how that worked. But also how did the staff in the stores interact with the customer? So you know, they could sort of be represented more on the side where the customers couldn't access and handing them things or, you know, telling them we, we have these styles here and if you'd like I can put together some looks for you and bring them to the fitting room. So we had to really change the way that we moved around the stores and the way we interact with the customer in that physical restriction.

Sanja Kulic 4:55

Did you get any feedback from customers around how they thought that worked for them? Like, as the as an overall experience?

Ryan Joseph Kennedy 5:05

It was challenging for them for sure. But actually, the feedback from the customers was overwhelmingly positive. Because on one hand, they were so desperate to go out and shop, we really wanted to get back out there. So they were so happy to be out that the mood was always really, really nice. And, you know, there was always a lot of comments, like, thank you for working so hard, you know, we really appreciate that you're wearing a mask for eight or nine hours a day. And so the customers were really, really sympathetic to the staff in the stores, and they did their best, you know, of course, you had a few who didn't want to wear a mask and things like that. But in general, the people who were really, really kind and sort of forgiving, also because they knew that it's something that we didn't decide. They knew that we were doing our best to make it safe for them, then you build a different level of trust, when you're talking about keeping someone safe. Because generally in retail is really all about taking their money or, you know, selling them as much as possible. So, when you bring in the safety mentality, you're inclined to be a little bit more respectful towards each other.

Roberta Roggero 6:21

Do you see the implementation of these one way systems as a temporary adjustment? Or, do you see this staying in the store when this is hopefully going to be over soon?

Ryan Joseph Kennedy 6:31

We discuss this type of question a lot, you know, how much of this is right now and how much of this change in behavior is going to be a permanent thing. And we kind of go back to, you know, previous times, like after the Spanish Flu in the 20s. People went immediately back to normal when they could; after World War II people did the same. When you have these threats that take away human things and things like that, the bounce back is actually almost twice as strong. So, I think everybody has maybe a different opinion, but for me, I think we can also see it in the reopening in Denmark, that people want to be back to normal. So, I think there will be some resistance in terms of getting too close to other people. But at the same time, people want to act the way that they used to act. Small things like shopping and retail, those are the easiest ways and the most accessible for the most amount of people to go out and feel a bit of something normal again, you know, you can go on the weekend and buy yourself a new top or something. And then you feel okay, the world is coming back. You feel a little bit better about it.

Sanja Kulic 7:49

So, when you guys had to sort of go into the lockdown, what did Vero Moda do to sort of mitigate the impact of walking down the physical stores?

Ryan Joseph Kennedy 8:04

Luckily, we are within an organization that was already very well on their way, in terms of the digitalization journey, we're also lucky to have the resources (being such a big company) to accelerate that, to meet that need, that we didn't see coming. So we compared to small independent brands were quite lucky, because for us, it was easy to just really sort of shift focus and ramp up the online side to compensate. However, nothing really could compensate truly. Because there's one thing with the closing of the physical stores but, the other issue that came, that people do not realize so much is the supply chain issues. You know, you have factories shutting down in Bangladesh, or in India, or, you know, entire cities in China, where a lot of things are happening. It could also be that those are not necessarily factories that we were ordering products from, but maybe they're supplying fabric or sourcing, all of these things. So, there was of course a shift to online, but then suddenly, there's also this realization that maybe we don't have the products we need to sell online. So, it was kind of a double edged sword for us. You know people, especially when they're shopping online, they want new fresh products, they want things to feel good, things to feel fresh. So, there was a huge reduction focus from all brands, everybody was having big sales, big discounts and all of this, but at the same time, the customers didn't want old party styles and Christmas styles from November or December 2019. They wanted new products last year. So, we've gone through this now for a year; with product delays, opening and closing stores, back and forth, that it is really been important for us to everyday sort of assess where we are and shift our game plan or action plan to meet that. Then we have this whole thing with the canal.

Sanja Kulic 10:21

Oh, yes. Were you guys affected a lot?

Ryan Joseph Kennedy 10:25

Yes, it actually has. Because there's a backlog and things coming this way. But then again, there was also raw materials and products and things that you don't see affect the supply chain. You know, the issue with political unrest in Myanmar, where we also were producing a lot. So we've now stopped that. It's just all of these things that are going on in the world are really affecting things all the way down to the end consumer getting that pair of jeans that they want for the weekend.

Sanja Kulic 11:00

So, as a visual merchandiser, obviously, how do you feel like your role sort of would have changed since COVID? Like, what is it some of the things that you now think about that you never did think about?

Ryan Joseph Kennedy 11:18

We really have to consider now furniture placement, for example. Because it is really important that customers can have the space that they need. Things like when you queue at the cash desk, of course, now you need to keep distance. So even if you have only a few customers, they take up a lot more space. But they also want to do it in a way where they're not too close together. In a lot of stores, and this just goes in retail in general, if you have, say, five cash registers, the most fair way to serve customers is to have one line that sort of sneaks back and forth, you know, and then the next customer goes to whichever till is open first. But, with that type of setup you have first of all that the customers are facing each other, going back and forth, which we know is not really ideal. But it also can get really long, and then it can go all the way through the store. Then you have really a barricade of customers who are standing there, and people are nervous to go in-between if they want to pass the queue. So things like that, where we can actually shift and say, it's maybe a little bit less fair, because if you stand in a separate line to each register, then it sort of goes straight out from the till. Maybe you get stuck behind a customer how was taking a lot longer than the next line. But then you have everybody always facing forward in the same direction, instead of passing by each other. Things also like, how do we work in the fitting room area? So, how do we get customers going in and out in what's usually a sort of small closed space? How do we get them in and out safely, where they're not getting too close together or passing by too much? So maybe we have to shift. If people are waiting for the fitting room, maybe they have to wait sort of outside in a separate sort of area, and then we call them over one at a time to come in when their space and when it's you know, when it's safe to do so. But those types of things really require a lot of floor space. So then, it really is a domino effect, in terms of placement of furniture, and the way that we use the physical space compared to how we did before, so maybe we have to really look into creating areas with a huge amount of open floor space, where we never did before.

Sanja Kulic 13:46

I was going to ask like did you then have to consider how you're going to sort of like reboot some of the shelving, to actually create your space? Did that have a impact in some way?

Ryan Joseph Kennedy 14:01

With our specific stores, we generally tend to work with, you know, products in the walls. So we don't have a lot of, you know, really massive furniture that stands in the middle of the store. So it's really more about like, maybe removing racks or grouping them in a different way, or shifting tables around to make sure that there's no dead end area. So customers should be able to always go in and go out from one section, that they don't have to turn around and maybe bump into someone or meet someone else. That's because we really consider the amount of products that we display on each square meter of the store. That's one of our things that we measure, and if we're removing furniture from the sales floor, then we're able to show less products. But we have to balance that with making sure that we have a safe space for the customers to move around in. So, it really requires that for every store we're always looking at how things are working and how we need to adjust, especially with the local guidelines being completely different.

Sanja Kulic 15:18

Do you think there is some room to improve customer journeys, like in implementing any digital sort of solutions along with using the physical space? And what could they be? And how would they be implemented?

Ryan Joseph Kennedy 15:34

Yes, there is. There were a lot of systems that actually came very quickly. I remember there was one using the customer counter. Usually it's built into the alarm antennas at the front door. And there was one that came up very, very quickly, that would actually count the number of customers in the store and have sort of a stoplight system saying 'you can entry or not'. I also saw that Aldi in Germany had implemented gates. Like when you go to the security at the airport, and you scan your boarding pass, they have the same sort of system that measured how many customers were in the store, and it would let in the amount of people that could be there, and you could just set it for whatever the guidelines were. These types of systems are quite expensive. And again, that's a question of how long will this last. How long will we actually need that type of system? Because hopefully, especially now, things are moving in the right direction. And so in six months, if you go to Aldi in Germany, and you have to wait at the stoplight system, you're not really going to want to wait. So, there is really a balance. We worked with some cases, I think in Belgium, they had very, very strict measures. You could have six customers or something in the store. We worked with a system where we had a shopping bag standing at the front with a sign saying, if there's a shopping bag here, please take it. And then, when you leave you put it back. That's how we could see 'is there six customers or not? Is there room?' We're really, really open to that sort of thing.

Sanja Kulic 17:22

I think they do that as well in Sephora. I think when we went in there, they asked us to take a little basket. And I think that's a kind of a good way of mitigating something like that, if you know that it might not be a permanent thing. I guess with supermarkets, you could almost say like even after the pandemic, they might still need to have it because really everybody just goes in, and sometimes it can be so crowded, that it would just be better to make sure you always have a certain amount of people at a time. But whereas with with clothing stores it is not quite the same. So it would be very, very costly to implement it for not very much return. Right?

Ryan Joseph Kennedy 18:10

Yeah, one of the biggest challenges that we have actually is that all of the things that we've had to do during this time, you know, putting up Plexiglas around the cash desk or supplying hand sanitizer, or gloves, or whatever it is, all of these things that we've had to adapt to, are relatively expensive in a period when the sales are already very much affected. So, you're getting sort of hit by both sides. We had it. In the beginning last year, when we first started reopening stores, of course we had to provide hand sanitiser, but we had it really often where people would come in off the street and steal the entire thing. You know, because of course at first it was just a small table with the bottle of hand sanitizer that you could use, and then it would disappear several times a day. And that can add up very quickly, in terms of costs. Then you need to invest in this sort of fixed stand with a heavy base where it's inside and it's touchless and all that. So then you have another cost, and you're earning significantly less than you were before. There's so much to consider. It's really changed the way that we consider what is a good business case and what isn't.

Sanja Kulic 19:41

What is a good business case?

Ryan Joseph Kennedy 19:45

I mean in terms of profitability we're looking at you know, is a store worth keeping. Because store closures are, of course, a really big, big thing for everyone right now. I think H&M is closing a few 100 stores, don't quote me on that, you can Google it and find out but, you know, all these major brands are considering which stores are the ones to save, which ones are the ones to take losses on until we can come back and things like that. And when you add on maybe a few 100 kroners every single day in hand sanitizer alone, you have staff costs, all of that. So it's really putting everything into a new perspective for us. And then, we're quite lucky again, being such a big company, we have a really, really great local real estate team in each country, we have sort of a leasing team or leasing department. They have really been proactive with negotiating lease terms, you know, with big shopping centers and things like that, because shopping centers really want to avoid as much as possible having a lot of empty stores, because then it feels like a ghost town. So, we've been really lucky that the team has taken a really quick and strong initiative to talk to the landlords and say, you know, we need either some forgiveness, or we need to renegotiate the lease, or we need a little extension, depending on the case. We sort of assure them in the future that we're present in their shopping malls, or that we will renovate when we can and update our stores, all of these things are a benefit to them.

Sanja Kulic 21:43

Has there been any ideas on sort of what kind of store you might have in the future, given all these changes now? And how you might use the physical store space? Because some of the other brands are yet maybe redesigning how they got to use the spaces, maybe thinking more of digital ways.

Ryan Joseph Kennedy 22:07

I think this is a little bit less related to Corona because there was already a shift happening in the retail industry, how we design stores and what our customers expect when they shop in a physical retail store. So that change was coming, whether COVID happened or not. But I think if you take the UK as a sort of case study, they're one of the countries that's having the biggest loss of chain retailers, so the most empty spaces on the high street, the most vacant shopping malls and things like that. I think what you will see there is much more flexibility, you'll see much more adaptation from the landlord side. So, whether it's offering shorter term leases, you'll see pop up stores, you'll see pop up outlets, you'll see a lot more people relying on flexibility. Because you're signing a 20 year lease for a retail store, right now it's just too crazy. Nobody can predict the future. So, you'll see a shift also design wise, what does it mean when you have a store only for, say, two to five years? Because of course, you're not going to go in and invest 1500 euros per square meter in building walls and putting in all of this. So, you're going to see much more temporary or movable furniture, you're going to see stuff that can be shifted from location to location without a big cost. You may even see things go as far as furniture that can be sort of flat packed so, that it's easier to take apart. All of these design elements, you know, where we used to really build a lot and make the space into a place where the brand could live and function for 15 years. It will change. You'll see a lot more flexibility in that way.

Sanja Kulic 24:11

So, you think it's sort of like COVID basically just accelerated that trend that would have maybe come in 10 or 15 years time?

Ryan Joseph Kennedy 24:24

I think it is in terms of trends relating to digitalization. That's been a hot topic in retail for years. You know, it's like what happens if the online shopping experience is killing physical retail stores and the discussion around that has always been about customer experience. So, what can I get in a retail store that I cannot get online? Experience, that's the big buzzword around that. That's something that has also been totally accelerated. The Corona crisis has really accelerated their urgency to ensure that it happens faster. So, instead of actually trying to bring more digital aspects into the store, we're trying to connect them, so that it's a seamless experience. But, we still want the customers to get something that they can't get online. And that is usually in the fitting room area. We really make a much bigger fitting room area than we've ever had before. Because especially when we talk about ladies' fashion or women's fashion, we want girls to shop together because it's a social thing. *People have this urge to be among other people, to be in an in an environment which is different from their own home and their own screen* so now we see with COVID that girlfriends want to go out together shopping, because they want to do something. So, it's less about the act of buying something and more about doing something. Shopping becomes less of an act of just buying something and it becomes more about doing something together, it becomes more social, something you cant really replicate online.

Sanja Kulic 25:43

In that context, have you considered how else stores could be reformatted? That sort of blending doing something and shopping at the same time?

Ryan Joseph Kennedy 26:02

There's so many things that contribute to that. It's so many different points that come together to create an experience. So, it's everything from the music that you play in the store, and what sort of vibe you have, but it is also the lighting, it's the customer service, which is, of course, one of the biggest things that you can get in a physical store, that you don't really get online. You have a chat robot that says, 'do you need help'? In terms of reformatting, I think we will also start now on the journey of reworking our store concept, and we will consider all of these things like creating more space. Whether that means taking a lease for a unit that is maybe bigger than we normally would, in terms of square meters, so that we can create it, that we need to look into, again, to see: how does it balance with profitability? What's our expectations for turnover? So there is kind of this sweet spot where we want to give as much as possible, but we also need to make sure that there's value in it.

Sanja Kulic 27:09

Yeah, absolutely.

Ryan Joseph Kennedy 27:12

I think department stores are often a good idea of that, where they have really big fitting rooms, like 25, and you have a lot of space. But sometimes you have this feeling that it can be a little bit lonely, because maybe you're the only customer who you see. So there's really a balance between giving space but people like to feel they're shopping somewhere cool. Like they're in a busy place. It's like going to a restaurant, if you're the only one sitting in a restaurant you think I'm not sure about this place. But then when you go to a restaurant, and it's really full, you think that this is the place to be.

Sanja Kulic 27:48

Yeah, definitely.

Ryan Joseph Kennedy 27:49

There's a really delicate balance over how much space you give to people. But now, the safety part is, of course, a big consideration in that.

Sanja Kulic 27:59

What about customer service? How do you deal with that in here in Denmark?

Ryan Joseph Kennedy 28:10

Customer service is a huge, huge focus for us. Because customers have access to all the information in the world, online. Our staff need to be smarter, they need to be more informed. They need to know not only what is the fit, but about the fabric and the sustainability properties. They need to know what's the hottest trend, who's the influencer, you know, all of this stuff that comes into it. So, they really, more than ever before, have to be experts on everything. There's so much for them to learn and consider. They also need to be experts in social media, because they're now doing live streaming, selling through Instagram and things like that. So, that role has completely changed in the last 10 years. But customer service wise, still one of the most important and most basic things is just to be friendly and to make the customers feel welcome. Luckily, with this desire to be social and to be out with people, the morale and the engagement level of the staff is actually as high as it's ever been. So excited every day to go to work, to be around people again and to talk to people. They really take such pride in being part of this, that they can go out and they can work with people again.

Sanja Kulic 29:43

That's interesting you say they have high levels of engagement. That's very interesting because it's really difficult to engage, to keep safe store systems that traditionally did not have the greatest engagement, because they come and go really easily. But you mentioned something about sustainability. Do you feel that there is more pressure in being more transparent around sustainability now? How has Vero Moda been dealing with that side?

Ryan Joseph Kennedy 30:20

It's something that's not going away, thankfully. The focus of customers on sustainability is there. It is really, really challenging. I actually read a really interesting report that was put together by a trend forecasting agency that we use, and they were actually comparing all the different types of packaging that you get, you know, when you order something online, is it a recycled cardboard box? Or is it biodegradable plastic? They did a really thorough analysis that a lot of the things that are you know, labelled as super eco-friendly, biodegradable plastic. If you receive it in a bag and think, 'oh, this is amazing, the company is doing something really great'. But, if your city or your town don't have the facilities to process that in the right way, then it doesn't matter, because then it's still just plastic that goes to a landfill or it's plastic that goes to, to an incinerator somewhere. And if you burn that, it's just as bad. So, there's a lot to say about the illusion of sustainability versus reality. The focus, the customer's focus is there. I don't know if I would say that it is accelerated by COVID, because it was already quite high in what customers want, but we really work a lot in the back end to consider, when we're building stores, what types of materials we can use. When we're building stores, we ask ourselves what has a lower sort of carbon footprint?

Sanja Kulic 32:14

So you do consider this in that design part as well.

Ryan Joseph Kennedy 32:18

Yeah. We're also working with a German company called CORTEC, that makes hangers out of grass and a water based resin, with a metal hook. They're totally circular. You can send the hangers back, and then they break them down and reprocess them for another brand or something like that. So, there are things like this that are coming, but the technology is still quite new. And as far as I know, if I remember correctly, this company actually bought a field beside the factory where they're actually growing the grass or weed that they're making the hangers from, so they've also reduced the emissions in shipping that raw material.

Roberta Roggero 33:05

Are they more expensive than regular hangers?

Ryan Joseph Kennedy 33:08

Yeah, they are. It's not insanely expensive, but it is.

Sanja Kulic 33:19

I think enough for brands to sort of consider whether they want to go down that way or not, right?

Ryan Joseph Kennedy 33:26

It is. There are also mannequin companies making mannequins out of biodegradable plastic.

Sanja Kulic 33:36

What are they made out of?

Ryan Joseph Kennedy 33:39

It depends, usually fiberglass, or plastic, anything like that. So, it depends on the quality and which company is using and stuff. But they're usually made up of not so great materials. Right? But again, the issue with these mannequins is that of course, in the joints and where they're connected, there's still metal parts that need to be in there. So in order to recycle or to process them, they need to be taken apart and again, have all of this metal removed and processed. Then, they need to be shipped back to the supplier manufacturer, which is generally in China. So again, what you save carbon wise, in terms of using this mannequin, you somehow offset when you're shipping it all over the world to process it. So, there are so many things in the entire process to consider when it comes to sustainability. It might seem like it's so easy and great to have all of these materials, but if we're not processing them in the right way and using them in the right way, then they're actually no better than the rest.

Sanja Kulic 34:49

Yeah, exactly. I think one of my last questions is: how has Vero Moda considered uplift the digital side of things? In order to cater for a better customer experience when stores have been closed.

Ryan Joseph Kennedy 35:12

We had, of course, an existing sort of online store, which is running and it's part of Bestseller. All of the brands together in an online store. But what we really did that has actually worked quite well for us is focusing on local Instagram and Facebook accounts. So, each store has its own account. The girls working in the store are often doing a small fashion show with the other employees, and they're live streaming it. Then we've partnered with a company called Shopify. They have all of our stock from that store. Customers can go in and see something they like, and they can order it through Instagram, and that is actually money that goes into the retail store, but through an online channel. That has been really great, both in terms of supporting the stores since they're not building up too much old stock, but also in terms of building this relationship with the customers, because suddenly the customers who live for example in Aarhus and see the Instagram account from Aarhus, they know the girls who are working there. So, you have this new sort of relationship where it's not just a mega brand with one Instagram account, but you really have this personal local connection. There has been so much talk about supporting your local retailers, supporting small businesses, and this really allows the customers to feel like they are helping girls that are in smaller towns in Denmark, where it really is this local community feeling and customers have this impression that they're doing something great. We also introduced in three stores in Denmark same day bike delivery.

Sanja Kulic 37:20

Oh, like a Wolt system for clothes.

Ryan Joseph Kennedy 37:24

Yeah, so the customers could just write on Instagram or buy it through Shopify, select that they want and have it delivered. And I think it was before five o'clock that same day. Then, we had actually a guy with a big Danish bike (with the box on the front), that would ride within eight kilometers radius, and he would bring the package to you. So again, it was better for the environment, and you're having this next level of service. One of the things people don't like about online shopping is that you have to wait for it to be delivered. So, it also gave people this feeling of being a little bit impulsive, because we'll bring it to you the same day.

Sanja Kulic 38:06

Yes. How do you deal for people who want to return stuff?

Ryan Joseph Kennedy 38:12

Returns are a bit more challenging because of course, the bike delivery person was not able to take a credit card machine to refund them. So, there was the agreement that if they needed to return something, they could bring it back to the store. And of course, you can do it on your own time and say, I'm coming around Saturday at 10 o'clock, and then the girls can meet you at the door and do the little switch, take your card and refund it. So, that actually worked out quite okay. Because when you have to return something from online selling, then you always have to deliver it to a post office. So, it was the same, but you got the money back much faster than waiting three or four days for it to be delivered back to the warehouse, processed and refunded. So, yeah, it was sort of a non issue.

Sanja Kulic 39:16

Have you considered the idea from this company where customers can just order a whole bunch of different stuff, and then the company doesn't fully take the money straightaway, but sort of like puts it into this holding account? Then once a certain period goes past you can tick what you are returning and what you are keeping. Then, once the returns are back, they just released the money. Is that something that you guys are thinking about?

Ryan Joseph Kennedy 39:55

I'm actually not sure but I know that we work with, have you heard of Klarna? It is a Swedish company, available in more countries now, focusing on buy now pay later system. You can say you want to pay off in over four months, then you have monthly payments. So Klarna will pay to us and have this agreement with the customer. You can have access to things, but pay later. I feel like there is a system that covers that need.

Sanja Kulic 41:20

I think this is all for us. Thank you so much Ryan for that.

Roberta Roggero 41:22

We really appreciated it.

Interview 4

Dan Nathan 0:02

Okay, is it okay if I turn my video off?

Sanja Kulic 0:04

It's up to you. It's how you feel best.

Roberta Roggero 0:06

Yeah, we're just gonna use a software that takes the audio so it's not a problem what so ever.

Sanja Kulic 0:22

Okay, so Dan, first let's start with you telling us a little bit more about what you do at Pandora and your background in general.

Dan Nathan 0:31

Sure. Okay. So in Pandora, I'm working in Global Retail Excellence. We add up all the retail initiatives that get driven out on a global level. The team is relatively new. It was based on a reorganization structure in Pandora that was announced last April. My background is 20 years within the retail business, predominant working in retail brand development, procurements and retail design. Prior to Pandora, I was at H&M, Adidas and Levi's. And prior to that, I was living in the UK. I was working for a brand called Topshop.

Sanja Kulic 1:15

Oh, yes, we know.

Dan Nathan 1:18

And I've been living away from the UK since 2001.

Sanja Kulic 1:22

Oh, okay. A long time. It's been Sweden the whole time?

Dan Nathan 1:26

We've lived in five or six different countries now, traveling for work. Now our children are older, so we're relatively settled here in Copenhagen.

Sanja Kulic 1:37

Okay! That's nice. So, obviously, you're being in retail excellence, right? Tell me about, so let's just go into pre-COVID moments like what were sort of like the typical strategies you guys were looking at within retail space? And what were you kind of thinking about at that time before COVID sort of hit?

Dan Nathan 2:04

Yeah, I think it's good to put a caveat in here because I actually was not at Pandora before COVID hit. So I actually started at Pandora two weeks before COVID hit or before the word COVID became, Well, not knowing because it came around December but I actually started first of February right in the middle of whenever things starting to kick off. But what I can tell you really is not specifically about Pandora itself. But I think that a lot of retailers across the world were let's say, let's use the word maybe plane sailing. You know we're in a comfortable normality. I think it's a fair way to put it everyone have their own strategy. Pretty much. Pretty much all of that.

Everyone had their own strategy, their own approach, but largely, I think every retailer around the world was slowly and in some regard at highest being becoming very much in tune and in line with an omni driven approach. However, everyone, the main thing I would say, is that the biggest struggle for any brand at the moment or let's say any global retailer, is their IT infrastructure because it is governing the way and the speed and the synchronized to market in order to drive an omni driven, fluid channel. You can patchwork your omni driven strategy. But in order to be super synchronized, you really need to have a very, very aligned back end system. And that's the hardest struggle for global brands at the moment.

Sanja Kulic 5:24

So you came into Pandora then obviously, as COVID was sort of happening, I would assume. Early days!

Dan Nathan 5:34

And then COVID happened and then that was a game changer.

Sanja Kulic 5:39

Right! So tell us how that worked and what you guys did there?

Dan Nathan 5:43

How you need to think about this is you need to put things into two or three streams here. Firstly, you need to split that into global brands, non global brands and then also brands that have got a healthy cash balance. Those are the three key things here Pandora is, and I'm only going to speak here about what we made public of course. But Pandora has a very healthy cash flow. It has strong performance coming from a poor back end the past few years. So that's enabled us to put the gas pedal down. Yeah, when everything really built up with COVID. And we started having our store closures around the world. So then you've got other brands who unfortunately have dissolved the past year which has been a great shame to the industry, whether that's in textiles or jewelry. So you will see now that the brands have got a healthy cash balance, strong financials are really have put the gas pedal down the past year and and are starting to benefit from that. Pandora is one of those. So we've had a very strong stable year, very high growth, although we're coming from a relatively lower base. Yeah. But essentially, to the point you mentioned earlier, I think acceleration is definitely, definitely the word to use. I mean, I would estimate looking at other brands, and having read the press, of course, like some brands are probably done three years work in a year. Without a doubt!

Sanja Kulic 6:12

How did you accommodate the customer experience? In this phase of like changing from physical to more online. How did you conceptualize the customer experience would work?

Dan Nathan 7:38

The way we did this was back in March 2020 we put together a core working group of which I was part of representing the retail team. And then from March to till January this year, we basically rolled out a new communication channels with the customer feel, specifically for when stores are closed. So for example, we launched remote shopping assistant, we launched a virtual try-on. So you can now go into Pandora website in certain countries and you can virtually try-on a significant proportion of our jewelry. That has proved very successful for the company. Remote shopping assistant gives you the ability to dial in to our store staff who are either working remotely from home or working from stores that have been closed, where they're still allowed to go in and work or depending on the local regulations. We also have launched when the stores reopened virtual queuing. We launched virtual appointment. And then you have different clusters around the world such as LATAM who've got similar initiatives. We had some countries do vending machines where you can purchase product when you're walking in the street.

Sanja Kulic 8:57

Pandora is in Latin America, you can purchase it in a vending machine?

Dan Nathan 9:04

Yes, you could purchase things in a vending machine that was done in a few locations. Yeah. Well, I think ultimately the speed to market was key here. I mean what we did in Pandora was taking people essentially from their day job and they went on to a key into a key project that took up I said probably 80% of people's time. So we worked in an agile way. We worked in four fast sprints of two weeks each, bringing in an external design agency. We worked with a design agency like I said on these faster sprints and ended up coming up with like 140 ideas and we narrowed that down to 11. And the 11 ideas we rolled down even a bit further and then we rolled that out, not globally, but mainly into the key big markets. So USA, UK, Italy, Germany.

Roberta Roggero 10:03

Were some of these ideas already present, like about rollout, or did COVID-19 actually accelerate everything? Were these 140 ideas already present in the company, were you already thinking about them, or are they tottaly new?

Dan Nathan 10:33

No, no. I mean, I think the omni driven approach was more fine tuning how you would increase your conversion rate online, increase your click through rates? The company was already looking at a reorganization structure, which was announced last April. I guess, as an employee of the company, the question was always asked with the CEO. The leadership team of the company had made that reorganization structure not knowing the word COVID was going to appear. It is what it is. But no, I know, absolutely not. I mean, in its entirety, where we ended up going for 2020 was most definitely not on the cards. What we ended up going with the certain the key project that we worked with, hadn't been discussed before. Now, that was purely, purely COVID driven. So you know, we're, like I said, and we definitely put the accelerator and put the gas pedal down. You know, and also, I would just say, to answer another question when it comes to retail design. That was a separate project, which was also in discussion during the COVID pandemic, right in its outset, back in February, March. The new store concept that some of the teams are working on was not related to COVID but had the outcome of COVID. Perhaps that's where some of the new store concepts will go towards in the future. We're definitely going down a more technology driven route within our stores, which is what you'll see in most big global brands, I would say, there'll be some form of technology driven application to either improve client telling or personalization for the consumer. Most definitely!

Sanja Kulic 12:24

What about now with COVID? Have there been new designs or considerations about the safety? Especially with jewelry items since you have to touch them. How has that been considered?

Dan Nathan 12:45

Well, I mean, pre-COVID, it wasn't a discussion, right, we had jewelry cleaning kits, which you could buy. And of course, the jewelry was cleaned in store. But now the mental approach from both sides. Let's not forget that everyone is more conscious of the environment within a store and the health and safety in the store. So that's, of course, something we have been working on. So, we have care packs which go out to the market, there's been a multitude of businesses which have stopped either started up or have increased their product portfolio who work within the health industry. So for example, now you can buy these UV cleaning machines, so you know, their business has grown by no more than 1,000% in the past few months. So there are things that we are looking at in order to have a healthier and safer workplace. That one thing that actually come out of COVID is even if you think about the technology that you use to pay in a store, retailers need to be going more into mobile driven payment technology. So whether that's Apple Pay or MobilePay, different applications of MobilePay around the world. We want to try to reduce like any other brand the physical contact you have in the payment with a PDQ machine. Lots of brands are looking at the same approach it. How can our touch points be as fingerless as possible, as remote as possible? So we basically use our own mobile devices for payment, whether that's now or in the future to have contactless payment or brands actually going for a point of sale free environment. This is most definitely where retail stores are going and technology is going and I would say within five years, you'll see the big brands around the world going fairly contactless and some of them have done that already.

Sanja Kulic 14:49

How do you think staff is adjusting to a lot of these big changes, especially now throughout this COVID period with safety and digital?

Dan Nathan 14:59

That's a double layered question thing, the safety! Staff have naturally adjusted, of course, cleanliness has been paramount. Keeping social distance within the stores has been incredibly important. Just awareness of their own space, you have to remember also at the moment, the stores are heavily restricted on the amount of customers you can have per square meter. Now, if you consider that for Pandora, which you know, business is dominated beyond... One second.

So we talked about multi layered question about health and safety. Yes, the staff are very aware of that. And, and keeping distance within the stores, we have very clear care packs, which the staff use when they're reopening the store. So there's quite a lot of work to be done, right? I mean, in the old days, a customer would come in, they're trying on the ring for example, you put the ring back in, you might wipe it down. But now, you know, in the outset of COVID, when the pandemic was at its peak and we were at one point and we would take an even I think today, even still we've taken off all our touch points as we went to the store. So customers cannot just pick up and feel product and the moment. So that's slowly changing depending on the environment. So the UK is a good example, which has now opened all its stores. We were adapting to the situation. Jewelry, of course, is very different to clothing. So, because of the touch and feel aspect of jewelry. This is why we have to be so careful in the stores. But on the flip side of that that's also one reason why we've had great success with virtual try-ons. So we know we couldn't have had this anticipated that. So you're welcome to go and try that on. I don't think it's Australian website, but the UK website or the American website and a couple of other countries.

Sanja Kulic 17:30

We don't have it in Denmark?

Dan Nathan 17:32

No, I'm not sure we have we launched it in Denmark. To find the virtual try-on you go down to the product level on the PDP and product description page and that's where you can find the virtual try-on.

Sanja Kulic 17:45

Okay, yeah, we will definitely play around with that a little bit. So what do you think around some of the trends going forward? Like, you know, obviously, the safety stuff, do you think that's something maybe that will is just something you had to do for the COVID period? Do you see some changes in how the customer experience and the customer journey overall will be going forward that maybe stores or retailers haven't considered before COVID? But specifically, in let's say, Pandora right now?

Dan Nathan 18:21

That's a good question. I can partly answer that. Because I see I was asked a similar question by Forbes or CNN or one of the news channels recently, and I said I wish I had a glass ball. Yeah, exactly. I wish we had a glass ball. It's a very, it's a difficult one to answer, I guess we can only use our gut feeling and experience and where the trends are going. And also a bit of common sense, I suppose. You know, if we put ourselves in the shoes of a consumer. Certainly, the stores, it's sort of like repeating ourselves away, because not just Pandora stores are going in a tech driven direction, incorporating tech into traditional retail. So, if you consider Pandora's product, we have the benefit that our product sells very well within lifestyle. So lifestyle videos sell very well. So one of the things we're looking at is how do you incorporate that? And then I can't go into much more detail on that. But how do you incorporate lifestyle into your store environment? How do you incorporate the Gen Z population? How do you incorporate the younger generation? How do you incorporate other parts of generations we might not be tapping into at the moment? You know, I think the customer base is so knowledgeable about the product if they're a fan because they get that from social media. So these are the things also that us as a brand will look at, and other brands will look at as well. Are we special in that room in a moment? No we're not, but we also have to go down a route which makes sure we are in tune with our customer and our product. We also have to remember, one of the challenges that retailers have gotten, the moment is that the footfall is really down. So, of course we have a technology driven approach, we want our stores to be busy, right?

We have rent to pay and we want to bring the customers back. But like a lot of companies, we have to be very conscious and see how it works. See where it falls out in the coming weeks and months. It's a challenging time.

Sanja Kulic 20:39

Who is the main target group that you are looking into? Or the generation, I guess. Who are you sort of aiming at? Or working to please the most?

Dan Nathan 20:54

Who we want to please the most would be anybody who that buys jewelry.

Sanja Kulic 21:01

Do you have have like a target? Specifically who you were aiming at? Such as millennials or Gen Z's?

Dan Nathan 21:07

I am not going to answer that question. Because at the moment, Pandora is an entirely different organization and architecture setup, with respect to how it was in the past couple of years, and the businesses is adapting. I think if you tie that into, if you look at where social media is going or if you look at where the population is going, that sort of should answer your question. The population of the population getting old, again, in some areas, but it's also very young, and very knowledgeable. So, Pandora is not going to ignore that, like any other band, you go where where the market sort of indicates you should go.

Sanja Kulic 21:47

Do you feel during this pandemic time that there might be a bit more pressure on being more transparent around sustainability?

Dan Nathan 21:58

1000%. So, if you read on Pandora's website, now, there was a whole piece on sustainable, our sustainability direction, in the coming years. And that was recently announced in the press as well. So if you go to our website, you will see a whole update on our direction on Pandoragroup.net. That comes through everything from the metals that we procure to the packaging that we procure.

Roberta Roggero 22:32

Is this also going to be reflected in the physical shop? Are sustainable elements also going to be implemented in the physical shop? Since your products, your packaging, it's going to be more sustainable is also your the design of the store going to be more sustainable?

Dan Nathan 22:47

Yeah, I mean, of course, we are we working on it, we're working within a circular economy, that also doesn't go away from shop fitting as well. I don't know the details on the specific areas of the shop and where we're going which direction because we're in the middle of a transition. But certainly, if we look at our jewelry, if we look at the paper we use, the packaging, the weight of our paper, the design of the paper, which forests come from, how it's packed on the ship, you know, reducing the amount of air with which we ship, everything, everything has been looked at by the sustainability in logistics.

Sanja Kulic 23:26

I have just one more question. Just around it off, with the overall supply chain, where you guys heavily affected not just where people may be buying differently, but about the entire supply chain, getting products out and all of that sort of stuff? And did you have any ways of mitigating this?

Dan Nathan 23:54

Absolutely! Honestly, I'm going to have to answer from my common sense. Which is because I'm not involved deeply in the supply chain area of the business, but I think forecasting was key. Now if you consider you consider that like a fashion business we also work in seasons and product launches. So, that's been challenging because you've got a product which hasn't sold, so the teams had to ship the product from the stores to the warehouses. So that was a huge focus for the logistics team the past month.

I'm gonna have to drop now. And you know, and if you have more questions, you're more than welcome. We can have another slot.

Yeah, absolutely no problem at all. You're more than welcome. If you need to have some specific questions about logistics or design of the stores. I can also answer that for you. I have one of my colleagues, so no problem.

Sanja Kulic 25:08

Great. Thank you.

Appendix 4 - Analysis with Thematic Focus (Interviews)

	COVID-19 Global Pandemic in the Fashion Stores	Digitalisation	Customer Experience	Sustainability	Business Model Innovation / Future of Fashion Retail Stores
Respondent 1	"The shops have been for the most standing still because they did not know what was going on".	"All these digital solutions in-store (...) have never really worked because once the customer is in-store, they want to be in store".	"I believe it is about experiences; for the customer, it is not just going and shopping". "It is very important (...) to understand the customer and to make the customer understand what it wants".	"I really do not like greenwashing, so I do not encourage my customers to do so unless they specifically asked for it".	"I believe (...) the shop's role is going to be much more of a showroom".

Respondent 2	"...there was a project team that was established, last summer, that consisted of like 10 people or something, where they were basically, they went into the site and they tried try to figure out okay, what should we or what can we do online? to sell more because of COVID? "	"However, the virtual try-on was a complete success". "So that is also the the plan is to have the virtual try-on, for example, in the stores as well. So, to have a fixed screen or iPads or something that the customer can play with, and also just on the phone to be able to have these QR codes in the store".	"...you would do when going in the store, okay. It was supposed to replicate the store experience, just like talking to the person". "configurations for the customers so they can have more personalized service, and you know, customize their own piece or product".	"We are about to sell manmade diamonds. And that is something that is brand new".	"...basically, doing these, you know, daily stand ups and, gathering, you know, what is the status? They were just, exploring, talking to a lot of vendors I don't, I don't really know. But I just know that they did a lot with it. It was just like, you know, we spent some money into this, and we were scaling it up. I mean, it really paid off. That is also Pandora came out very good after the pandemic."
Respondent 3	"There was already a shift happening in the retail industry, how we design stores and what our customers expect when they shop in a physical retail store. So that change was	"Instead of actually trying to bring more digital aspects into the store, we're trying to connect them, so that it's a seamless experience".	"It's less about the act of buying something and more about doing something".	"There's a lot to say about the illusion of sustainability versus reality".	"Small things like shopping and retail, those are the easiest ways and the most accessible for the most amount of people to go out and feel a bit of something normal again, you know, you

	coming, whether COVID happened or not".				can go on the weekend and buy yourself a new top or something. And then you feel okay, the world is coming back. You feel a little bit better about it".
Respondent 4	"But Pandora has a very healthy cash flow. It has strong performance coming from it from a poor back end the past few years. So that's enabled us to put the gas pedal down. Yeah, when everything really built up with COVID".	"Remote shopping assistant gives you the ability to dial in to our store staff who are either working remotely from home or working from stores that have been closed, where they're still allowed to go in and work or depending on the local regulations".	"So, the new store concept that some of the teams are working on was not related to COVID had the outcome of COVID. Perhaps they're some of where the new store concept will go in the future".	"That comes through everything from the metals that we procure to the packaging that we procure".	"Everyone had their own strategy, their own approach, but largely, I think every retailer around the world was slowly and in some regard at highest being becoming very much in tune and in line with an omni driven approach".

Appendix 5 - Statista, 2020