

**COVID 19 - NOW**

WHAT DOES THIS MEAN FOR FASHION

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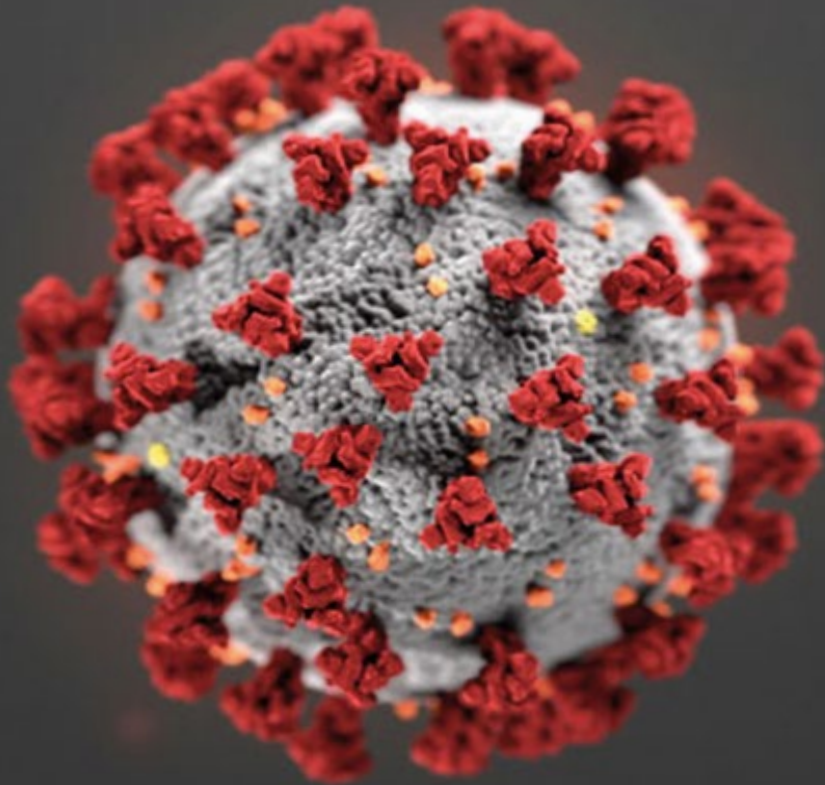
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**Fashion is entering a new normal, As we have had time to stop and reflect on what is important in our lives and environment. The disruption of COVID19 has shown us lessons regarding the fashion supply chain, consumer behaviour, bringing back localised manufacturing, climate change, creating a circular economy, adapting to new digital formats and technology, becoming empathic, connective and responsive to our natural environment and enhancing our creative skills locally.**



We have opened up creatively as individuals during COVID19, that has pushed us out of our comfort zone and forced changes to strategies businesses from old formats to implement new ones. This has shifted our boundaries and perspectives to become vulnerable with concerns positive and negative in front of the camera, to vocalise our new normal of different ways to conduct business to ensure that we keep calm and carry on.

Before the pandemic, there were trade wars between China and the United States and talks of “deglobalisation” and “reshoring” of supply chains. Donald Trump was protecting the United States declaring to threaten the international supply chain with China, by raising importation tariffs. The UK was also in the pursuit of a hard Brexit with Europe, that would cause a knock-on effect with migrant workers, European supply chains and border issues of goods coming into the UK. (The Guardian 14th May 2020)



C H N G E

DEGLOBALISATION

TOUGH TIMES

FUTURE *of* RETAIL

THE BREXIT  
BETRAYAL

G R O U N D E D

US trade war threat

Retail rescue: rent, tax relief

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The global impact of the pandemic has caused retail businesses to close their doors temporarily following the UK government guidelines on the 16th March 2020. The fashion industry was already facing a challenging climate because of Brexit, Climate change and trade wars between the USA and China. However, this has added more pressure to the UK fashion industry with the loss of footfall, on the high street, businesses having to work from home, and making tough decisions to widespread redundancies or furloughing staff. This has forced retailers to rethink its strategy by enhancing their e-commerce platforms, providing non- contact delivery service, styling services via social media, and having empathy for the health crisis and its consumer.

#### PRESENT SITUATION:

The UK fashion industry was worth £394 billion for the total retail sales for 2019 according to retail economics, generating 5% to GDP. The fashion industry has 2.9 million employed workers in the sector and 306,655 retail outlets. Online sales equate to 19%, this has risen three-fold in the last 10 years to 324%.

The BFC (British fashion council) clarified that SME (small, medium enterprise) contribute to approximately half of the fashion industry, approximately 59,000. SME provides a core element to the fashion sector within design, manufacture, transport and retail.

The pandemic has affected physical retail stores and retailers having to renegotiate terms with landlords for rental holidays and store rental reliefs throughout the pandemic. In May 2019 Debenhams department store was already facing challenges and entered into a CVA to ask landlords for a rent holiday according to Mintel 2020.

The UK government introduced business rates relief to help the retail and leisure sector on the 18th of March 2020, this outlined that businesses will not have pay business rates for 2020 to 2021 tax year.

However, this may not be enough for independent retailers because the fashion industry was already struggling. Consequently, we may see even more store closures and businesses closing its doors permanently because of the knock-on effect of the pandemic.

According to Mintel, Primark retailer may have store closure across Europe that would be an expected loss of £190 million in sales if the pandemic worsens. Primark being a volume-based business at selling at value prices doesn't provide a transaction business online for its consumer and is unable to mitigate the loss of sales. This would have been an opportunity for Primark to have an online platform during the pandemic. Primark could have focused on loungewear and homeware category at a cost-effective price for its consumer. During the crisis, consumers were opting for comfortable clothing to wear around the home and focusing on essential items.

Online demand has increased whilst there have been store closures with an increase in homeware and casual wear brands urban outfitters said there had been a 63% jump in new online customers within the first quarter according to Mintel 2020.

During the crisis of COVID 19 consumer behaviour has highlighted fear and anxiety, of this new normal. Consumer panic buying across essential food and health care, enforced grocery stores to introduce shopping times for the elderly and key workers. The consumer was concerned about the cleanliness with 50% washing their hands more frequently and 29% using more hand sanitizers than often.

As the UK government enforced travel restrictions there was a growing sentiment among 34% of people worried about the risk of being exposed to the coronavirus, increasing to 44% of older millennials and 49% of consumers with children under 16 years old according to Mintel 2020.

Retailers have had to adapt and change by shifting their businesses online, optimising social distancing measures and provide non-contact deliveries in response to consumer behaviour, we saw this strategy from M&S. Whilst independent retailers were connecting with their consumers via social media providing styling masterclasses to prepare for zoom meetings from the waist up and showing collections that were based around comfort.

However, the circular economy for resale and rentals may have been impacted by COVID 19 because of consumer behaviour. Worries amongst cleanliness are at the top of there concerns. The rental and resale economy is attractive among the younger consumer with more than 80% of men and women aged 18-34 would consider buying second-hand and 60% men and 57% of women consider renting according to Mintel 2020.

The implications of COVID 19 has inforced threats about cleanliness and germs being transmitted from others by sharing preowned clothes. Retailers Rent the runway have reassured consumers about the precautionary measures of sanitation to ease consumer anxiety. However, this may cause more challenges in the future to convince consumers to shop after the pandemic has passed. Resale and rentals may need to be transparent in regards to the origins information about the product they are selling.



The pandemic has changed the mindset of retailers and consumers focusing on the uncertainty of how everyone will come out of the pandemic unscathed. This has affected all income levels to shift their mindset to essential items. The main focus was on the community, wellbeing, health, stability, and hope to overcome the pitfalls.

This new normal saw retail brands lifting morale with a strong sentiment to inspire feeling good, concerns of wellbeing and mental health whilst living in unpredicted times because of financial and health implications.

Retailers that have shown empathy during these times are likely to be favourable once the pandemic has passed. Luxury brands from LVMH, D&G and Armani have donated funds to hospitals and assisted with making hand sanitizers. However, UK clothing manufactures have also contributed to making PPE and face masks for the NHS health service, that has brought our communities closer together.

COVID19's has had an impact on lifestyles, unemployment, travel and adopting conservative behaviour habits. After weeks of uncertainty and easing the curve of the pandemic the UK government has started to reform measures with announcements of children going back to school from the 1st June and non-essential stores to reopen from the 15th June.

During the start of the pandemic in April, we saw a decrease in retail sales plunging by almost a fifth, an increase of 70% of people claiming unemployment benefit approximately 2.1 million. Andrew Bailey from The Bank of England stated that Britain was entering the "second phase" of the crisis and warned the risks are "undoubtedly on the downside for a longer recovery" according to the Guardian 2020. Analysts are predicting that from the economic standpoint recovery is dependant on COVID-19 containment.

Existing forecast indicates this will take place in May or June. Consumer confidence will lag by a couple of months leading to a sharp decrease in Q2 2020, overflowing into Q3, and potentially into Q4 according to Mintel 2020. Nike sportswear retailers concur with the sentiments from analysts as they have stated they expect a decrease in Q4 as a result of the COVID19, because of the decrease in wholesale channels and store closures. However online sales had strong demand.

As Britain was entering into lockdowns China was reopening their supply chains as there were looming sentiments that manufacturing operations from China would be adversely affected due to the severity of the outbreak in China. This means that retailers within the UK market will receive their autumn winter stock causing less impact to the UK fashion industry.

Climate change was big on the agenda before COVID 19, and the fashion supply chain had come to the forefront to offer innovation and technologies that provide new alternatives to fabric compositions and repurposing old into something new, that would ease overconsumption and a slowdown of the use of natural resources. COVID 19 halted the global economy and the supply chain to stop giving nature a break from extracting natural resources from the ground. This has forced the business to re-think strategies regarding sustainability and sourcing locally because of the positive impact of less air pollution. The pandemic, post coronavirus is likely to strengthen opposition to policies that are designed to moderate the climate crisis and make us live greener lives. (The Guardian 14th May 2020)

### AS OF JUNE 2020:

The announcement from the government easing non-essential retail to reopen on the 15th of June 2020. What does this mean for retailers and manufacturers having to implement new strategies for the fashion industry?

According to BFC (British Fashion Council), the fashion industry has to change its existing model, to a sustainable paradigm for the industry to thrive to creatively, environmentally and economically.

Within the UK market sector, SMEs (Small and Medium-sized Enterprises) make up half of the businesses in the fashion industry. Smaller businesses possess the quality to have the opportunity to upskill, inspire, enthuse a sustainable-led creativity within fashion and nature. according to the British Fashion Council, 2019.

This previous outlook from the British Fashion Council for fashion, in my opinion, will stay the same. However, the pandemic has pushed the agenda to revise the old formats much quicker than expected. Now, we have a new set of rules and guidelines to work smarter, leaner and faster to adapt to change more robustly. If we implement the Zara verticle business model for UK brands as an opportunity. The UK fashion industry can work smarter, leaner and faster to meet the demand required from consumer to the manufacturer.

Currently, luxury retailers are looking at the Maslow's Hierarchy of needs to position their marketing strategies, However, the Maslow's Hierarchy is upside down to adapt consumer behaviour towards the sentiments of wellbeing, physical, emotional, financial, health and security which will be the new luxury according to Forbs 2020.

Luxury brand Gucci announced to reduce the number of fashion shows to two annual seasonless collections. This reflection comes from the brand because of the impact of COVID 19 impacting the global fashion industry according to Mintel 2020.

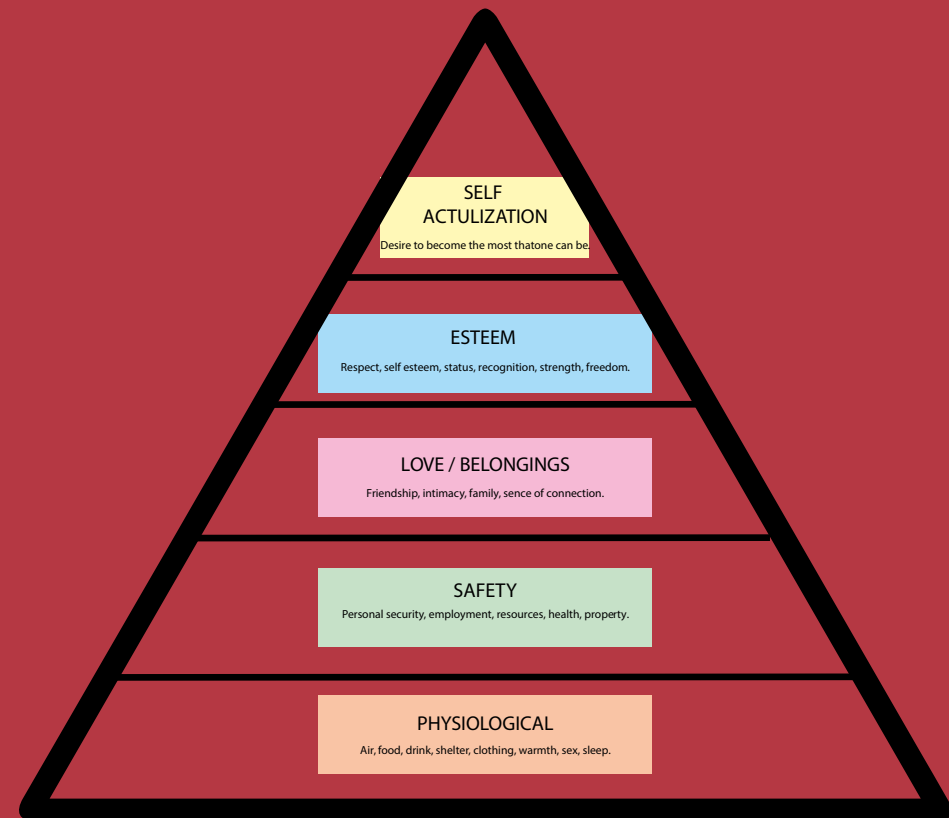
Retailers and manufactures need to think strategically and stay flexible as we approach into this new phase within the retail industry. Retailers will need to manage the footfall and shopping time limits, implement social distance in stores and hygiene.

The guidelines from the government indicate the following criteria's for:

## Employees:

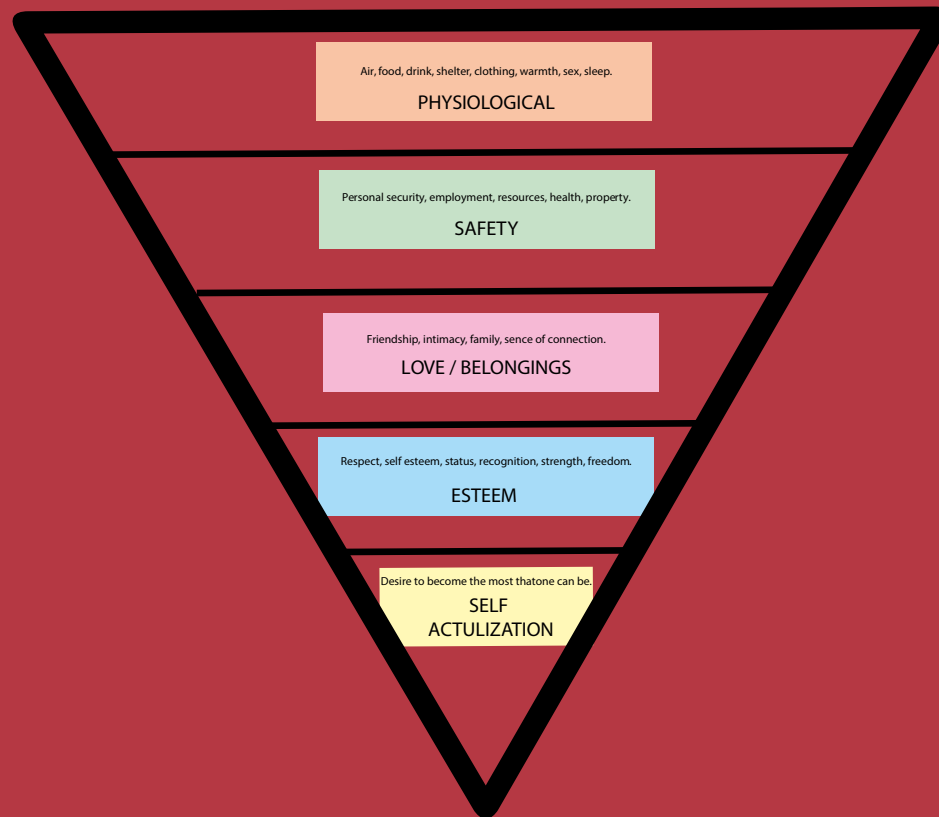
- Employers should determine whether who should work within the retail premises or work from home. i.e back of house.
- Plan to minimise the number of staff to operate safely and effectively.
- Ensure the mental wellbeing of staff is monitored for those that work from home focusing on inclusion to elevate loneliness.

## MASLOW'S HIERARCHY OF NEEDS UPRIGHT





## MASLOW'S HIERARCHY OF NEEDS REVERSE



- Communicate regularly with off-site employees regarding work arrangements, physical and mental health, welfare and security.
- Provide effective equipment and resources for people to work from home efficiently.

### Social Distancing in stores:

- Maintaining social distances at entrances, exits, canteens and break rooms.
- Stagger employee start and departure times to limit contact and overcrowding.
- Use one-way floor markings for entrances and exits. Ensure all floor markings are kept a 2-meter distance.
- Limit certain access areas for employees to limit movement.
- Regulate high traffic areas within stores and ensure social distancing is in place effectively.
- Keep work stations 2 meters apart where employees work in close proximity i.e. Tills. It may be an option to assign one individual within a specific work area.
- Encourage cashless payments
- 

### Customer Interactions:

- Define social distancing measures and reduce the number of consumers within the store to eliminate congestion.
- Encourage consumer to shop alone.

- Encourage consumers to shop online.
- Ensure that there is a queue management system for entrances and exits.
- Provide designated customer service points for advice and assistants whilst maintaining social distancing.
- Provide one-way flow walkways for consumers to navigate around store environments.

## Handling products & Cash:

- Limit the number of consumers handling the product, through different visual merchandising aids and signage.
- Implement pick up and drop off points rather than passing product hand to hand.
- Implement a “no contact” returns procedure where customers can return stock at a designated counter that encourages contactless refunds.
- Increase handwashing and sanitisation points for consumers.
- Sanitize touch screen points on a regular basis.

## Personal and protective Equipment:

- Retailers will need to ensure that they have screens in place at till points.

- Face coverings will now be mandatory from the 15th of June.
- Employers will need to advise staff on hygiene and sanitization within team meetings to protect staff and consumers.

All non - essential retailers will need to implement clear signage communication within stores to ensure all consumers understand the strategies that are in place. Consumers may be informed by shelf labels that certain product ranges are absent from shelves or there is a purchasing restriction because of ongoing issues within the supply chain. Consumers may also be directed to purchase alternative products according to retail week, 2020.

Retailers will also be faced with a high inventory of stock levels that would need to be heavily discounted because of the closure of bricks and mortar stores due to the pandemic. Retailers would need to transfer some of the backlogs of transitional stock and pre-spring-summer collections online to recoup the loss of sales. However, product ranges may be carried over to alternative seasons and discounted inventory can be staggered throughout the next 6 months. The retailers implementing these strategies will need to ensure retail environments are safe for consumer and staff to assist post COVID19.

The COVID19 strategies are changing on a daily basis because of the decline in death rate and the flattening of the curve. However, as we are emerging out of isolation we are beginning to prepare ourselves to interact with other family members and friends.



Edie Kench-Andrews

During COVID 19, we saw political protests and marches globally during a pandemic. The uprising of black lives matter has highlighted racial inequality and diversity amongst BME (Black minority ethnic communities), because of the murder of George Floyd in America. This has magnified the injustices across all market sectors including fashion.

Fashion now has to look through a wider spectrum to not only minimise the existing issues but also find new solutions that are primarily focussed on transparency, community, wellbeing, creativity, equality, diversity, economical, environmental and sustainable. Retailers now are given a chance to restrategize there approach to their existing business models.

Before COVID19, business and consumers were operating with a mindset of consumption, capitalism and gaslighting sustainability as a trend. As we emerge from isolation it demonstrates that a new world has been formed and the existing model no longer exists, because consumers and businesses are feeling the same sentiments across the globe in regards to the pandemic, racial equality and diversification. Values have shifted amongst businesses and consumers of what is really important and asking questions of how to proceed forward within this new normal landscape, from a human perspective.

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# APPENDIX

Ria Mort

## **British Fashion Council**

Fashion & Environment

An overview of fashion's environmental impact & opportunities for action

Web: <https://www.britishfashioncouncil.co.uk/uploads/files/1/NEW%20Fashion%20and%20Environment%20White%20Paper.pdf>

## **Forbes**

Luxury brands, get read: Wellbeing will emerge as a huge trend after coronavirus

Web: <https://www.forbes.com/sites/pamdanziger/2020/05/03/luxury-brands-get-ready-changing-consumer-priorities-will-result-in-a-trend-toward-the-new-luxury-of-wellbeing-after-coronavirus/>

## **The Guardian**

U.K. Economy faces longer and slower recovery from covid

Web: <https://www.theguardian.com/business/2020/may/27/uk-economy-faces-longer-and-slower-recovery-from-covid>

## **National Retail Federation**

Retail design in a post - pandemic world

Web: <https://nrf.com/blog/retail-design-post-pandemic-world>



### **Mintel**

COVID-19's Impact on the circular retail economy

Web: <https://www.mintel.com/blog/retail-market-news/fashion-retail-radar-how-will-covid-19-impact-interest-in-circular-retail>

### **Mintel**

COVID-19's is putting huge pressure on the fashion sector

Web: <https://www.mintel.com/blog/retail-market-news/covid-19-is-putting-huge-pressure-on-the-uk-fashion-sector>

### **Retailers Naidex Guide 2020**

Deep dive: Government guidelines for shops and steps retailers should take to reopen

Web: <https://thiis.co.uk/deep-dive-new-government-guidelines-for-shops-and-steps-mobility-retailers-should-take-to-reopen/>

# APPENDIX

### **Retail Week**

How retailers can prepare for the new normal post COVID 19

Web: <https://www.retail-week.com/retail-voice/how-retailers-can-prepare-for-the-new-normal-post-covid-19/7034822.article?authent=1>



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