

# Road to Retail Repositioning

Consumer needs will rapidly shift as the U.S. progresses through the various stages of the reopening period.

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Brands and retailers must be ready to handle volatile swings in consumer behavior. NPD has been following COVID-19's impact on retail and has identified stages of retail repositioning and recovery. Here are some of the considerations that will affect retail this year and beyond.

## STAGE 1 | REEMERGENCE BEGINS

In Stage 1, travel will be important to watch as many consumers gear up for trips after a yearlong break. Discretionary general merchandise industries should monitor how this impacts adjacent segments. For instance, declines in the luggage business have softened so far this year compared to much steeper declines throughout late 2020, our Retail Tracking Service data shows. This will accelerate as travel begins to pick up. Additionally, we expect an upward trend in service industries, such as restaurants, as consumers begin to feel safer going out, though it will be a while until pre-pandemic levels are reached.

**Key milestones to watch:** About 100M U.S. adults vaccinated, decline in work-from-home rate, live events and other gatherings take place with reduced capacity.

## STAGE 2 | REEMERGENCE ACCELERATES

This is when to expect more of a return to in-person activities, events, and experiences. We expect consumers will purchase products to facilitate those experiences. Family gatherings and an increased physical presence at work (perhaps with hybrid arrangements and decreased office capacity) will mean many consumers will invest in new wardrobes as they reemerge into the public sphere. The return to commuting will be important to watch. Even a partial return to work will impact the auto aftermarket as auto consumers shift their spend from discretionary DIY items to maintenance-focused items. Additionally, watch for growth in accessories, such as backpacks, and technology, like headphones, that consumers rely on as they commute to and from work.

**Key milestones to watch:** Approximately 150 M U.S. adults vaccinated, further acceleration of workplace return, increases in commutes to/from work.

## STAGE 3 | SHIFTS IN PURCHASING AS LIFESTYLES BEGIN TO ADJUST

In Stage 3, we expect a stabilization period in the work-from-home, learn-from-home, and entertain-from-home landscape. As consumers adjust to a new lifestyle, and reallocate their spending to facilitate in-person experiences, watch for bigger swings in retail performance. Industries that surged in 2020 due to stay-at-home advisories, such as tech and small appliances, may return to a more moderated growth rate compared to pre-pandemic levels. The trajectory for many of the industries that benefited in the stay-at-home environment looks bright for the long term.



**Key milestones to watch:** About 180 M U.S. adults and 10 M kids vaccinated, stabilization in work-from-home-rate, larger events begin.

## STAGE 4 | THE NEW NORMAL APPROACHES

In the last stage of the road to retail repositioning, retail sales will normalize. Brands and retailers across industries will need to consider how consumer behavior has been fundamentally altered during the COVID-19 period. Many consumers invested time and money in purchasing and learning to use equipment to facilitate fitness, cooking, working, and entertaining at home. That means many of the industries that thrived in 2020 could remain elevated above pre-pandemic levels. At the same time, industries that struggled last year may find their industries have been changed permanently. Increased remote work may lead to more travel and mobility, and business travel may ramp up, benefiting accessories like luggage and backpacks. The casualization trend that took hold in apparel and footwear last year is likely to remain.

This final stage will offer valuable indicators for how consumer purchasing will evolve throughout the rest of the decade. Brands and retailers must be tuned into the changing dynamics of the consumer spending evolution.

**Key milestone to watch:** Vaccines readily available, business travel returns.

## Questions?

Contact your NPD account representative, call 866-444-1411, or email [contactnpd@npd.com](mailto:contactnpd@npd.com).

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