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# The Power of 'Pivot or Perish' in Retail

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A highlight of the Wharton Global Youth Program's [Future of the Business World online course](#) last summer was the *Pivot or Perish* simulation, better known as POP. POP allowed high school students to role-play as retailers and make critical decisions about their businesses at a time when the retail market was experiencing big changes due to the pandemic.

"I've learned that you have to pivot or perish," says Rylan Robb, who participated in last summer's FBW course and was also a guest on the Wharton Global Youth [Future of the Business World podcast](#). "You have to change or things won't work out. That is a fundamental law of life. Something's bound to change, and what's going to really matter is how you adapt to that change."

Wharton marketing professor [Barbara Kahn](#) would agree with those sentiments, especially as they apply to the retail sector, a mercurial market for which she has developed a deep expertise. Kahn, who taught last summer's FBW retail module for high school students and led the POP simulation, also wrote and recently updated the book *The Shopping Revolution: How Retailers Succeed in an Era of Endless Disruption Accelerated by COVID-19*.

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Kahn spoke with Brett LoGiurato, senior editor from Wharton School Press (publisher of her book), about how some retailers have succeeded despite big disruptions like the pandemic. Generation Z consumers are an important part of the changing market.

Below are 8 key takeaways that illustrate the power of pivot or perish in retail.

1. Before COVID, there was the year of the "Retail Apocalypse" in 2017, when Kahn first wrote her book. In that year, 8,600 stores closed with big-name retailers like Macy's, Sports Authority and Payless closing stores, liquidating and filing for bankruptcy.
2. In March, April and May of 2020, when some 250,000 stores closed, it made the 2017 meltdown pale in comparison. By the end of 2020, 12,000 stores had officially closed.
3. Even with more people shopping online during the pandemic, Kahn says, "Physical retail is not going away; bad retail is going away."
4. The pandemic accelerated important trends in retail that were already starting to happen in 2018 and 2019. "I believe retailing is moving to what I'm calling a "customer-centric, omnichannel experience," says Kahn. "What that means is it's not online or offline. It's a seamless integration between, or among, those two channels, and it is all looked at from a customer perspective."
5. Amazon is a great example. While everyone has been talking about shopping online and the acceleration of e-commerce during the pandemic, Amazon has been opening up real stores. "They opened up their first Amazon Fresh and now they already have as many as eight, and they're still opening. They're opening up Amazon Go stores, too," notes Kahn, adding that Amazon represents this concept of "new retail." "When you go into a

physical store in new retail, you have the customer experience in the store, but you also facilitate online shopping, if necessary, and you can use the store somewhat as a distribution center... There is a lot of use of technology in the new stores that they're opening up... They are moving to this notion of new retailing, which integrates what we know about online shopping and facilitates it through a physical environment."

6. Guess who else prospered during COVID, despite the brutal retail environment? "What is super interesting is how well Lululemon has done," says Kahn, pointing out that the company had already built a strong customer base for its work-out clothing. "They pivoted to digital in a big way, and they could answer the demand their customers were requiring from them. They were providing very strong product, which they always had, but they were now ratcheting themselves up to the digital experience, as well." Lululemon also recently purchased MIRROR, adds Kahn, where they can have that digital, omnichannel experience that defines the new look of retail with their customers by running classes and building community.
7. Generation Z is also having a big influence on the changing face of retail, not only as digital natives who shop seamlessly online, but also as big social media users. "What we're seeing in retail is what's called "shoppertainment," where you use live streaming and big influencers — and sometimes in the U.S., celebrities. In other parts of the world, they're called KOLs, key opinion leaders — who are not necessarily celebrities, but people who have influence. The shopping experience is merging between social media, live streaming, video, v-blogs, and real shopping into this new world where you can buy something through the influence of somebody you admire," says Kahn, adding that Gen Z's commitment to social responsibility is also influencing brands to not just sell clothes or products, but to do right by the world.
8. While we are starting to see new retail trends in the U.S., China is way ahead of the game with omnichannel experiences from big-name sellers like Alibaba, which has opened Hema stores that integrate the in-person shopper experience with digital and distribution approaches. "China is also way ahead of the U.S. on frictionless payment," notes Kahn "There are two big payment streams there, either WeChat or Alipay, which is 90% of the transactions in China. They are completely independent universes, but these payment systems are Uber apps. It's not only that you can pay, but you can also order a car. You can access social media. You can pay attention to the shoppertainment. All of this is done in one app, and that integrates all of these processes into this seamless retailing experience. We'll start to see some of that come to the U.S."