



US luxury jitters amid election voting

BY CHRISTINA BINKLEY

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With a new president still undecided, stores are boarding up and relying on e-commerce as the crucial holiday shopping season approaches.



Lockdowns took on a new dimension in the US as retailers brace for a potentially tumultuous election week following Tuesday's final day of voting by boarding up or shutting down stores, adding security and closing up shop before dark. The shuttering came just as stores head into the [crucial holiday season](#) and sparked some worries about another round of hoarding that had not materialised by late in the day on Tuesday.

Stores boarding up doors and windows ran the gamut from discounters Target and Ross Dress For Less to the nation's most storied luxury retail zones, including San Francisco's Union Square, Chicago's Magnificent Mile and Soho and Fifth Avenue in New York.

In Beverly Hills, Rodeo Drive was barricaded and closed to both pedestrian and vehicular traffic in a move mandated by the city's police department. In New York City, department stores including Bergdorf Goodman and Macy's boarded up their doors and windows. Dolce & Gabbana boarded up eight of its 17 US stores, including its store on Rodeo Drive, while four stores are closed, a spokeswoman said in an email. Two of Boston's shopping centres, the Prudential Center and Downtown Crossing, boarded up stores this week, as did businesses on Newbury Street. Sidewalks bordered by walls of plywood gave the appearance that a hurricane was coming.

As of Tuesday night ET, the presidential race had not been called, with millions of mail-in ballots in key battle states including Pennsylvania, Wisconsin and Michigan still to be counted. That means uncertainty stands for the country, and for retailers.

starts. US apparel traffic was down year-over-year in the final week of October by 38.9 per cent, according to research by Cowen, compared with a dive of 45.9 per cent for the year to date. There are signs of marginal improvement in durable luxury goods as wealthy consumers express confidence in the overall economy.

Consumers have begun buying jewellery, shoes, accessories and high-end home goods in recent weeks, according to retailers including [Saks Fifth Avenue](#), and some brands have begun to plan for a slow and cautious economic recovery, helped along by better sales online. Danish jeweller Pandora on Tuesday called out US sales growth in its third-quarter earnings and reported an 89 per cent increase in its third-quarter online sales that helped offset the decrease sales at closed stores. NPD last week predicted that US footwear revenues, already buoyed by pandemic-related sales of women's slippers, are headed [to stabilise and recover](#) in 2021.

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Early signs of stabilising consumer behaviour are translating into plans for store expansions and renovations as some, including Chanel, are signing new long-term leases or embarking on renovations, says Jay Luchs, vice chairman at Newmark Knight Frank in Los Angeles. Christian Dior is working on plans to renovate its Rodeo Drive store, a Dior spokeswoman confirmed on Tuesday.

But the US is also facing a double-whammy, with [Covid-19](#) cases climbing to a new peak in the midst of the most contentious US elections in living memory. That is following four years of increasing civil unrest over race relations, women's rights, gun control, and other hotbed issues.

"Election years usually slow retail down for a few weeks prior to an election," says luxury retail consultant Robert Burke. "It's because humans don't like uncertainty. And that's magnified right now."

Burke says he planned to close his Manhattan Robert Burke Associates office on Tuesday and Wednesday so that employees wouldn't be forced to travel across a possibly insecure city. "And maybe Thursday," he added.

Rallies of Trump supporters shut traffic across some New York and New Jersey bridges, and on Beverly Hills's Santa Monica Boulevard. Protests and counter-protests resulted in arrests and accusations of aggressive policing on Sunday and Monday, leaving many consumers on edge.

Most retailers said they would monitor the situation this week to determine how long the measures would be necessary. New York's Fifth Avenue Association said it was facilitating communications between law enforcement and its retail members this week.

Spokeswomen for Saks and Neiman Marcus both attributed their security actions to "an abundance of caution" for the safety of employees, customers and communities. Saks declined to further discuss its security plans for the election, saying it has a policy against discussing its security measures.



A Dolce & Gabbana store on Fifth Avenue in New York on 1 November is seen boarded up as they make plans for potential protests.

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Neiman Marcus's spokeswoman said its stores closed early on Tuesday and that the company may adjust store hours as needed over the next several days. Whether

renegotiating rent reductions. He has seen a few deals go into multiple offers, he says. Luchs says he doesn't expect election week disruptions to cause long-term problems for these deals or the brands behind them, but he isn't predicting a real recovery before 2022. "A lot of people are writing off 2021 like they did 2020," he says.

The luxury economy in the US has been taking advantage of a bifurcated economic recovery that is benefiting the wealthy, while lower-income consumers continue to suffer from job losses and other impacts of the pandemic. Cowen recently told its clients that it expects companies including luxury holding companies Richemont (whose holdings include Cartier, Chloe, and Van Cleef & Arpels), Capri Holdings (which owns Versace, Michael Kors, and Jimmy Choo), Tapestry (which owns Coach, Kate Spade and Stuart Weitzman), and Canada Goose to outperform other non-essential retail categories in the coming months of the holiday season.

What isn't clear is how an anxious American electorate will respond to the results of the elections, when they are known. Will they reach out for retail therapy by shopping online or in stores, or will they hunker down further by baking more sourdough and planting vegetable gardens?

The optics alone could drive more customers to spend the holiday season shopping online, even if the pandemic hadn't prevented them from visiting stores. "A boarded-up store is not exactly welcoming," says Burke.

Correction: Dolce & Gabbana boarded up eight US stores, not all of its US stores as previously reported. (4 November 2020)

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