

Steve Madden's E-commerce Business Increases Amid Covid-19, but Where Does That Leave Brick-and-Mortar Stores?

By Shelby Fishman

Since the novel coronavirus shocked the world in early 2020, businesses have faced the challenges of a global shutdown. Covid-19 has immensely affected the retail world, including Steve Madden, a footwear, accessory and apparel powerhouse based in New York. Retailers and other businesses like Steve Madden had to adjust to the disruption of sales and changing consumer preferences.

“We’re in the same boat as the rest of retail,” the company’s key account associate Lauren Westbrook said. “It hasn’t been pretty, but we are seeing improvements.”

Steve Madden’s e-commerce businesses has been a success since stores were shut due to government protocol at the height of the pandemic. The company’s competitors like Guess and Nike have also seen momentum in its e-commerce business. Though e-commerce is reaching new heights, brick-and-mortar stores are facing challenges, due to online shopping becoming the new norm. While keeping a close eye on trends and consumer needs, Steve Madden has additionally seen a successful rise in dress shoe and sandal sales as more people are getting out, ready to dress up again.

E-commerce in general has been growing the past few years as the digital age continues to progress. Consumers are relying more on e-commerce than ever before due to the pandemic. When Steve Madden originally shut its brick-and-mortar stores due to Covid-19, e-commerce was a primary way consumers could buy shoes, apparel and accessories from the company.

“E-commerce was where the focus was because that’s how we could get sales,” Westbrook said.

According to a [Statista](#) report, retail platforms and websites generated 22 billion visits in June 2020 at the height of the pandemic. The number of visits in June 2020 had over 5 billion visits more than the previous year.

In a recent earnings report from the fourth quarter of 2020, the company reported better-than-expected earnings, seemingly due to its e-commerce business, which increased 36%. A surge in online sales benefited Steve Madden, though its retail revenues were down 14.9% from last year’s fourth quarter. One of the company’s goals in 2021 is to drive their digital commerce agenda.

“We think that there’s potential for further expansion in ’21 and beyond,” company CEO Ed Rosenfeld said in a recent conference call.

Brick-and-mortar stores aren’t seeing as much traffic since e-commerce is continuing to thrive. At the end of Steve Madden’s 2020 fourth quarter, most of their retail stores have re-opened, though 34% of Canada’s Steve Madden stores continue to have closed doors. Due to government

order, Steve Madden also had to re-close a third of their stores during their fourth quarter. The company ended the quarter with 218 retail stores and seven e-commerce sites.

Consumers are continuing to shop online, even though stores are beginning to re-open. In a study done by Top Data, 88% of people surveyed said they still plan on shopping online, even if the coronavirus was to fade. The online shopping world might cause brick-and-mortar stores to eventually see its demise.

“I think the internet is taking over the brick-and-mortar experience,” company founder and chief designer Steve Madden said.

Megan Inocencio, the assistant manager at the Steve Madden store in NorthPark Center, has noticed the effects that Covid-19 has had on brick-and-mortar stores.

“We’re definitely adjusting because we’re used to seeing a lot more traffic in the store,” she explained.

The coronavirus has changed the way people shop. E-commerce has become a convenience, while physically going into a store seems like a thing of the past.

“I do think we’ll have to continue to evaluate how many stores we need going forward as the e-commerce business continues to grow,” Rosenfeld said.

Rosenfeld also explained in the quarterly conference call that the company had taken measures to emphasize on changed consumer preferences. Casual footwear was prioritized, while dressier footwear was not. But now that vaccines are being administered and cities are progressively opening up again, people are ready and willing to get back out. Whether it’s going to work or a nice dinner, people want to look and feel presentable again. [NPD](#), a market research group, reported that over 50% of consumers plan to buy apparel in the coming months, with footwear being the following top category.

“People are looking to get out now, especially young people, who is our demographic,” Madden said.

Abba Yaney, a recent graduate from SMU and now in the working world, has started to dress up for work.

“I’m now going into the office three days a week, so it’s great that I can finally wear nice clothes to work,” Yaney said. “I haven’t bought heels in probably a year, but I just bought a few pairs knowing I was finally going into the office.”

As people are headed back to work and starting to go out, Steve Madden dress shoes are on the rise.

“We’re seeing some pretty surprisingly good performance on some of our dress styles right now,” Rosenfeld said.

Steve Madden and other retail giants are ready to get their sales and operations back to where they were pre-pandemic. But, it's unknown whether e-commerce will dominate the in-person shopping experience, forcing retailers to shift their focus to digital commerce.

“Overall, our company was tested like never before in 2020,” Rosenfeld said. “And, I couldn't be prouder of how our team responded and all they were able to accomplish.”

Source sheet:

Abba Yaney: In-person interview, March 28, 2021

Megan Inocencio: In-person interview, March 30, 2021

Steve Madden: Phone interview, April 1, 2021

Lauren Westbrook: Phone interview, April 4, 2021

Statista report: <https://www.statista.com/statistics/1112595/covid-19-impact-retail-e-commerce-site-traffic-global/>

Q4 news release: <https://investor.stevemadden.com/news-releases/news-release-details/steve-madden-announces-fourth-quarter-and-full-year-2020-results>

Q4 conference call: <https://investor.stevemadden.com/events/event-details/q4-2020-steve-madden-ltd-earnings-conference-call>

<https://topagency.com/report/e-commerce-behavior-report/>