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A Tale of Two Pandemics: A Pilot Study on COVID-19 Restrictions and Apparel Sales Growth in California and Texas

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The COVID-19 pandemic has severely impacted retailing; the industry shed approximately 2.8 million jobs in 2020 and is still realizing a current 400,000 position deficit (Clark, 2021). Retail sales dropped 10.3% in the fashion sector in 2020 (Coronavirus impact, 2020) and an average of 91% of shoppers have modified how they shop (In General, 2021). Job and sales losses in retail can be partially attributed to state-mandated shutdowns (Moore, 2020). The International Council of Shopping Centers notes that "states announced temporary closures [and] adjusted hours to prevent the spread of COVID-19, and keep their employees and communities safe." (ICSC, 2021, para. 1). However, variations in state shutdown policies have hit certain retailers harder than others, as the co-founder of J-Brand Jeans stated that "California Coronavirus shutdown 'could cripple the industry'" (Moore, 2020). Given the impact of COVID restrictions on the economically important 2.5 trillion USD apparel retailing industry, this research investigates retail apparel sales in ten categories for two U.S. states during the COVID-19 pandemic.

Method. IRB exemption was granted for a pilot study to investigate the impact of the COVID-19 pandemic on apparel sales. California and Texas were selected, as they have large consumer populations and differing COVID restrictions. Pandemic restriction data was gathered from news organizations (Adams, 2021; "COVID-19 in CA," n.d.; Eby, 2021) and real-time sales data from a panel of over 6 million US Consumers was provided by Earnest Research. Year on year sales growth (YoY Growth) for each state across ten apparel-related categories between March 2020 and March 2021 were analyzed in conjunction with pandemic restrictions.

Results. California restrictions were immediate and widespread. A state-wide stay-at-home order was issued on March 19, 2020 (Eby, 2021) placing 39.51 million Californians under significant restrictions. Mask mandates were implemented in most counties ("COVID-19 in CA"). Retail curb-side pickup was allowed in May and indoor operations with masks and social distancing in June. Rising cases led to business re-closures in July. Retail operated at 50% indoor capacity through the fall, but restrictions increased in November with regional stay-at-home orders in December ("COVID-19 in CA"). Restrictions were lifted in January 2021 and areas are now moving to less restrictive tiers of reopening (Eby, 2021). California saw a 21.75% decline in YoY Growth across all apparel sectors. Losses were seen in March, April, and May of 2020 with some recovery in summer and early fall. Growth slowed in December as stay-at-home orders resumed (Figure 1). Suffering sectors included luggage and bags (-64.89%), professional and dress attire (-48.51%), fast fashion (-30.85%), and footwear (-28.60%). Less severe declines in YoY Growth were seen in luxury apparel (-14.65%), apparel subscriptions (-10.40%), intimate and swimwear (-10.20%), jewelry watches (-9.62%) and outdoor (-3.51%). Active and athleisure (3.69%) was the only sector with a positive increase.

Texas did not announce an official stay at home order until April 2020 and closings were sporadic (Adams, 2021). Texas businesses were quickly open again at 50% capacity and restaurants were at 75% capacity. A COVID surge occurred shortly after (Adams, 2021). Mass closings occurred in July 2020 coupled with a statewide mask mandate (Adams, 2021). Businesses reopened at 75% in October. In March 2021, all Texas businesses were open at 100% capacity (Adams, 2021). YoY Growth in sales across all categories declined by 9.23% in Texas. Active and athleisure sales grew by 21.14% and luxury by 11.15%. Luggage and bags (-54.83%), professional and dress attire (-46.34%), and footwear (-18.39%) saw the largest declines. Intimate and swimwear (-5.45%), fast fashion (-4.10%), apparel subscriptions (-3.93%), outdoor (-3.92%) and jewelry and watches (-2.73%) all saw modest declines in YoY Growth. (Figure 2).

Discussion. Texas placed less restrictions on apparel businesses than California and saw less declines in YoY Growth across all apparel-related sectors. Both states' sales followed a similar path with losses in April, 2020, but Texas sales recovered more than California's over the fall and winter. Luggage, professional and dress attire, and footwear saw the largest decreases in YoY Growth in both states; however declines were smaller in Texas than in California. This pilot study is an initial look at restrictions and apparel sales growth in two states and will be expanded in future to form a predictive model including multiple pandemic and non-pandemic related factors that may influence sales growth for apparel such as: (a) influence of e-commerce, (b) population migrations, (c) case rates, and, (d) consumers staying at home due to fear of COVID.

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