



COVID-19 Sector Implications

Retail

Please note that this sector summary should be read in conjunction with the [Overview](#), and that the information below considers the impact to date of COVID-19, then looks to the future under two different recovery scenarios. Additional information about the scenarios can also be found in the Overview document.

- The first scenario assumes recovery by the end of 2020
- The second scenario assumes a longer-term recovery

Impact to date

At the time of writing there has been some supply chain disruption, but this appears to have normalised now that production in China has ramped up again, so short-term supply should not be an issue for most retailers. That said, foot traffic has significantly declined in retail outlets and malls leading to a fall in demand fall and customers shifting channels.

Cash positions of many retailers are seeing an element of stress and sales are declining in certain sectors with large ticket items.

Grocery has seen a huge spike in demand as consumers bulk purchase “essentials”. The challenge is ensuring stock can be delivered to retail stores to match consumer demand.

Businesses need to look to online channels if consumers are spending more time at home and have a reduced desire/ability to travel to physical retail outlets.

Recovery by end of 2020 Impact

Short-term pressure on sales and cash reserves. Demand in certain sectors (non-grocery) is likely to reduce.

This is likely to pick up once restrictions on consumers have been lifted. In the meantime, we will likely see reduced staffing levels to reduce the cost base to serve.

Longer term recovery impacts

Cash positions will dry up and we will see a great deal of stress in the sector. Consumer behavior and trends will change significantly. Retailers with a strong customer focus, online offerings and fulfilment capabilities will be much better positioned to weather the storm. Retailers relying on traditional bricks and mortar are likely to be significantly impacted and a number are likely to close.

As the situation evolves under the long-term scenario there are likely to be significant variations in the magnitude and timing of supply chain disruption. Retailers should be talking to key suppliers including landlords to assess their risks, identify exposures and create contingency plans.

We have additional information, insights and practical advice on the business implications of COVID-19 available for you here:

- [Business implications](#)
- [Cyber safety](#)
- [IT resilience](#)
- [Financial reporting](#)
- [Business Continuity and Crisis Management](#)

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