

THE RETAIL WORLD 2020

RETAILING IN A TIME OF CRISIS

Week 01



WORLD RETAIL[^]
CONGRESS
BY ASCENTIAL

A WORLD RETAIL CONGRESS PUBLICATION

INTRODUCTION



It seems incredible that barely a month ago, retail's focus continued to be around how to embrace the change being brought about by the digital revolution. And then came COVID-19 which hit China in January and then in a matter of weeks swept through Asia to Europe and the Americas connecting all countries of the world.

This is first and foremost a global healthcare crisis, a pandemic as classified quickly by the World Health Organisation. Doctors and nurses around the world have been battling with amazing skill and dedication and often in the face of unbelievable challenges together with emotional and physical pressures to save as many lives as they can. But what has made this pandemic so unique has been its far-reaching impact on the global economy where lockdowns and the closure of much of commercial life have brought with it the threat of recession.

Retailing around the world has found itself right at the heart of this global crisis. Great swathes of the industry have been forced to close stores and many thousands if not millions of people have either lost their jobs permanently or temporarily. Ecommerce has seen unimaginable growth figures matched only by what has happened in the food and pharmacy retail sectors. Panic buying around the world emptied shelves and supply chains have struggled to keep-up despite no lack of product availability. Retailing has had to learn and adapt with incredible speed and skill to fulfill its enhanced role in literally feeding populations.

Against this unprecedented global crisis, the World Retail Congress believes it has an important role to play in bringing together retail leaders and industry experts to

share their experiences, learnings and insights. It is vital that retailers can learn quickly in finding ways to meet and survive these extraordinary challenges. Given the global nature of this pandemic, retailers in China and across Asia had to face the effects first but are also now emerging from the worst days of the virus and therefore have much to share on how to address this as a retailer and then how to adjust to the return to "normality".

The World Retail Congress is therefore delighted to launch with this first issue, a regular, global round-up of experiences and reports from retailers, retail advisors and commentators. Throughout this publication you will find incredibly open and honest accounts from a vast range of retailers sharing how they coped or are coping with the COVID-19 pandemic and how it affected their customers and employees. This crisis has completely ripped-up the retail playbook as one of our contributors says in this report and it is going to make everyone think hard about how retail can recover from this and indeed what it may even look like in the near future.

We will be producing an updated collection of global reports every two to three weeks to not only give you first-hand insight into how retail around the world is meeting the immediate challenges, but we will also begin those vital and essential discussions about the future shape of the industry. It also underlines how vital a role retail plays in national economies right down to the smallest communities. There are plenty of examples and case studies emerging of the incredible things retailers have implemented, developed and funded that go way beyond their normal commercial role in order to help. Many of these are included in this report.

I would like to thank all our contributors to this new series of reports particularly given the enormous pressure everyone is under at this time. But we believe this can become an important way of bringing the industry together and to share the focus on the key things that will make the difference in emerging stronger from this global crisis.

IAN MCGARRIGLE
CHAIRMAN | WORLD RETAIL CONGRESS

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ANALYSIS

THINKING BEYOND THE SHORT TERM

By Boris Planer



All retailers are focussed completely on the short-term goals of serving the needs of their customers and the business. But Boris Planer, Director of Go-To-Market Intelligence at Edge by Ascential, says it is not too soon to start looking to mid and even long-term scenarios.

As the industry continues to gauge the impact of the COVID-19 outbreak on everything from the economy, the job market and consumer confidence, down to retail spending, retailers and brands are working hard to make sense of early data and evidence, so they can define short-term measures to respond to fast-changing consumer behaviours.

Retailers around the world have been great at taking first steps in March to manage in-store demand, protect employee and shopper safety, safeguard supply chains and provide support to the communities they serve. Brands, in the meantime, have been fast to connect with retailers to identify priority items, pivot production plans, boost output, ensure fair distribution of scarce SKUs to retailer clients, and provide transparency around delivery cycles, in order to enable retailers to credibly communicate to shoppers about product availability.

Evidence from the first retailers providing COVID-19-related financial updates, from shopper panels, and our own Edge by Ascential data on international ecommerce performance leave no doubt that the short-term impact is enormous, with overall year-on-year food retail sales up more than 20% in late March in some markets and out-of-stock levels soaring across many essential categories.

But while dealing with unprecedented demand spikes across the globe, retailers should soon start to think about what will follow the immediate shock phase. Several scenarios are conceivable, from a severe economic slowdown, to a v-shaped downturn, to a deep and prolonged recession.

The scenario of a deep and prolonged recession would herald more than the interruption of business-as-usual, and rather mark the rise of a new retail landscape. With businesses hit hard, and often wiped out, across a number of industries – from travel & tourism and foodservice to many non-food retail sectors – both rising unemployment and the associated strain on household finances will reduce demand in the long term, especially across non-essential categories.

Ecommerce, and especially market-leading ecommerce platforms like **Amazon**, **Alibaba**, **JD.com** and **Flipkart** with their advanced logistics and fulfilment capabilities, will emerge as winners. In the Western hemisphere, **Amazon** is revealing itself as part of a safety-critical national infrastructure, which could trigger some political regulation going forward. On a wider note, governments might also consider the need to de-consolidate food markets. Retailers and brands will seek to shorten their supply chains, in order to hedge themselves against future political shocks. Retailers will review their store concepts to make them more flexible and crisis-proof.

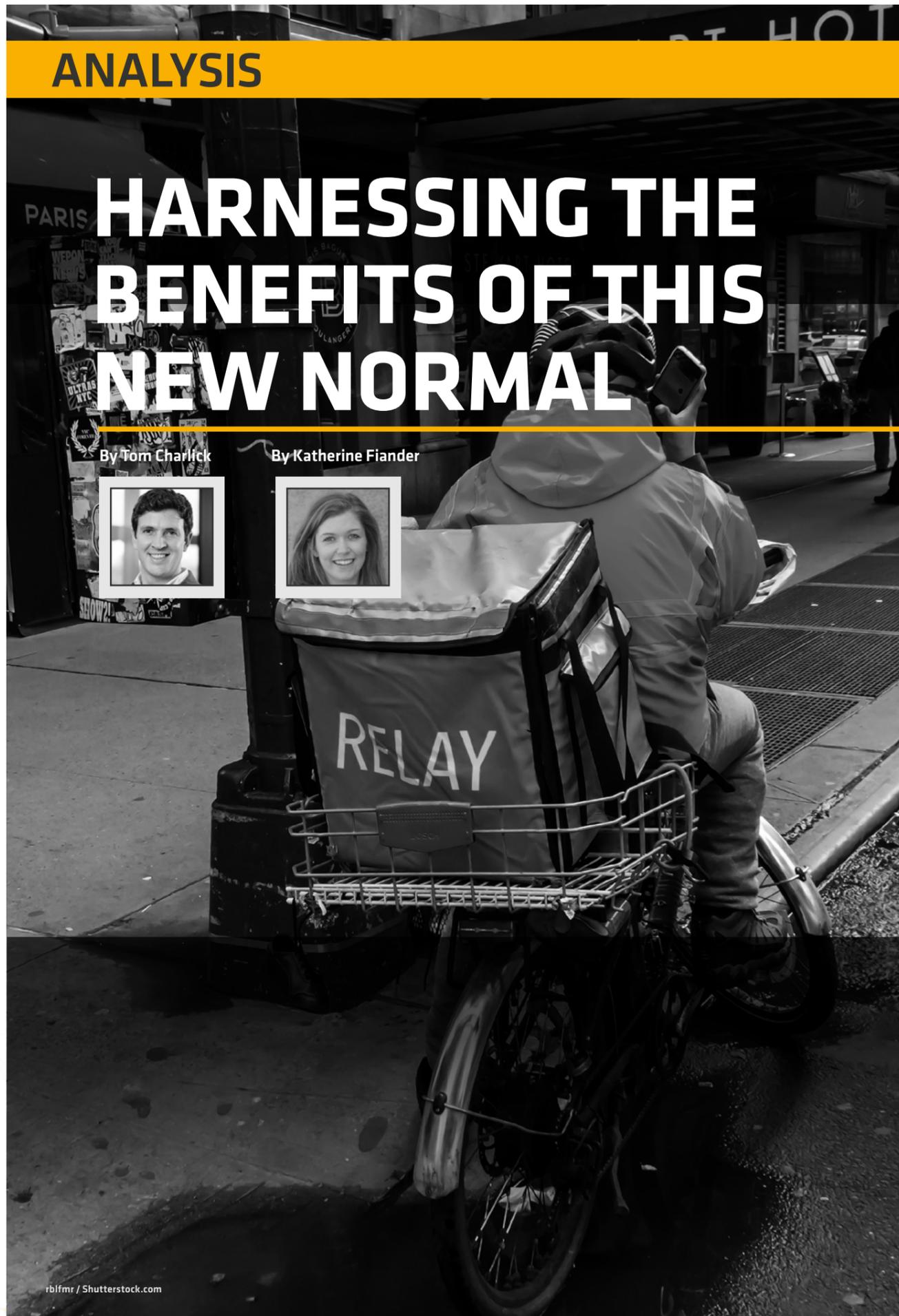
As retailers and brands need to start thinking about the strategic mid- and long-term responses to COVID-19, they must think about diverse possible future scenarios now, to ensure they can respond and pivot business models to what is still a deeply uncertain future.

ANALYSIS

HARNESSING THE BENEFITS OF THIS NEW NORMAL

By Tom Charlick

By Katherine Fiander



The COVID-19 crisis has ripped up the retail playbook but can we begin to see the new rules for success? Katherine Fiander, Associate Partner and Tom Charlick, Partner at OC&C Strategy Consultants assess the first lessons to be taken by retailers around the world.

COVID-19 is having a very immediate and dramatic impact on the world in which we live with consumer behaviour, economic uncertainty, government policy and emotional and health considerations evolving on a daily basis. And the retail landscape is feeling this impact. Evidence from China and Italy indicates that we can expect a 20-30% reduction in consumer spend as this crisis continues, but the challenge is hugely variable across the sector. For some the challenge has been dealing with 'surge' demand, and for others it has been coping with the complete loss of channels to market.

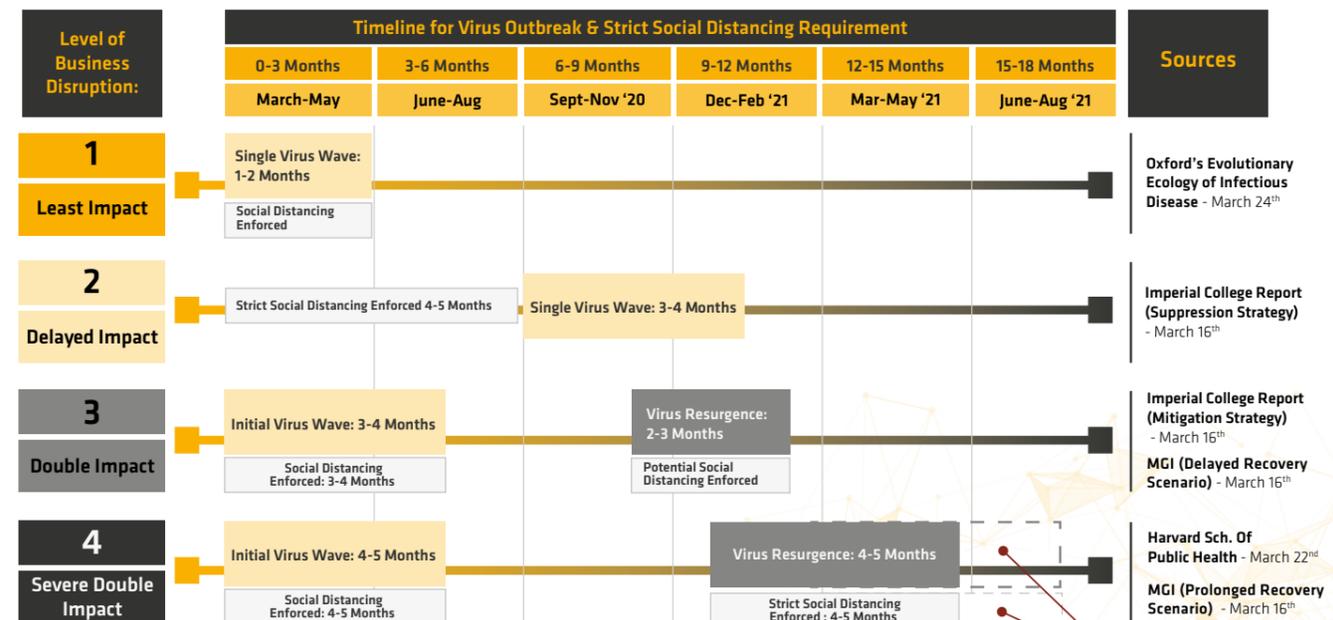
In the face of these acute pressures, we have rapidly seen retailer playbooks thrown out the window. The majority of retailers have spent their first 10 days fire-fighting, rapidly adjusting to external developments, deploying business continuity programmes, and moving to a mode of rapid cash preservation. But as a short-term (medium-term?) norm becomes clear, senior executives are now starting to ask sensible questions about the long-term implications of this crisis on the market and their business.

Over the next 10 weeks we believe that we will see an acceleration of structural change that would have otherwise taken 10 years. Consumers are being forced to shop digital, undoubtedly normalising ecommerce for a huge swathe of consumers, categories and occasions well before their time. Property and labour cost models will be forced to rapidly shift to more variable structures in order to ensure the survival of physical retail. Business models will rapidly evolve (and collapse) and it is likely we will see the fall of a number of retailers who are unable to hang on. Innovative new models and creative cross-sector partnerships will emerge and the winners will be defined quickly.

We see that many retailers are quickly embracing this reality, realising that they have a short period to harness the benefits of this 'new normal'. The retailers who will emerge as winners are rapidly working out how to develop a flexible model to trade through 18 months of oscillating supply and demand. And they will make brave decisions now to catapult their proposition and model forward through recovery and beyond. We would urge retailers to be bold and see this period of chaos as an opportunity to calmly refocus and build.

A range of forecasts exist for the expected duration of strict social distancing (and major business disruption) we see four potential outlooks:

Western Market Timeline



Very worst case scenario suggests intermittent social distancing until 2022

GLOBAL | SPAR INTERNATIONAL

By Tobias Wasmuht

Week 01



As a global retailer, with a presence in 48 countries on four continents, with 350,000 colleagues, SPAR has been experiencing the unusual trading related to the spread of COVID-19 from early January.

SPAR has internationally been focusing on key areas, working in close collaboration with an emergency response team from around the globe on data dissemination, joint purchasing and dialogue with regulatory bodies. The speed of communication based on learnings from countries where COVID-19 first made its presence felt has been key for SPAR Partners coming to grips with the pandemic. By working together, SPAR Partners have been able to rapidly adapt the learnings to suit their market conditions. Additionally, and key to maintaining visibility of the global impacts of COVID-19, is the continual liaison with international industry analysts to maintain full visibility on supply and purchasing trends as well as anticipated legislative changes.

Through SPAR International's dedicated online resource centre, practical and pragmatic information, advice, guidelines and transferable resources are continually being communicated and disseminated at speed to SPAR Partners. The learnings from those countries that faced COVID-19 with most intensity is supportive in preparing SPAR Partners in countries where the outbreak is not yet as advanced. The resources further provide actionable insights and advice on aspects such as instore health and safety measures on distancing in stores, spacing at checkouts, as well as guidelines on training team members so that they can safeguard both their own wellbeing and that of customers. Pertinent examples of such knowledge transfer encompass all aspects of SPAR's global operations, from instore health protection measures such as Plexiglas screens at checkouts, policies to limit panic buying, and rapidly developed and effective home delivery ecommerce platforms. News about responsiveness from our SPAR Partners is collated on a dedicated page on our [website](#).

SPAR International is centrally sourcing essential resources. As the first country to implement decisive measures to reduce the spread of the virus, China offers key learnings on dealing with the COVID-19 outbreak. SPAR Partners in China have successfully continued to serve customers amid measures by the authorities that had a dramatic impact on business operations, making their strategies valuable learnings as the outbreak continues to affect other regions. Working in close support of SPAR China as well as our international suppliers, we have secured stock and are providing guidance on essential kits per store. Acting in solidarity with their European colleagues, SPAR Shandong located in Northern China has kindly donated 100,000 face masks and 100,000 gloves, which have been dispatched to Northern Italy where authorities have required that all instore team members wear such protective gear.

Based on the continued intensification of the epidemic, we are seeing patterns of escalation with a time delay across different regions and territories. Insights on the strategies and best practice from SPAR countries at different stages of the fight against the outbreak offer a solid template to prepare countries that are currently beginning to experience the consequences of the epidemic. SPAR in Italy has been instrumental in sharing knowledge about shopping behaviour during the first few weeks of the outbreak of COVID-19. By reviewing this customer purchase data, SPAR International has been able to advise markets about anticipated customer demands and the supply chain changes required in anticipation of demand. In the early days of any lockdown, customers panic buying led to short-term out of stocks in some cases; in some markets such as the United Kingdom and Northern Ireland volume purchases were restricted; in others the replenishment process meant out of stocks were short-term. The rapid introduction of online shopping and home delivery solutions in markets where previously that was not an option. The adaptation of existing online services to expand delivery slots, reduce delivery fees, reduced handling and supporting closed communities have been and are being made by SPAR Partners.

Establishing a fund to support those at risk or vulnerable, as community involvement is inherent to SPAR. For example, in China, SPAR Partners in Beijing, Shandong, Guangdong and Henan were quick to support their local people working on the frontline of the epidemic, including the staff of hospitals, clinics and police stations, with much needed donations of disinfectant, grocery supplies, masks, gloves, water and money. Local farmers under threat of loss of income due to supply chain challenges are being supported by the purchase of their crops by, amongst others, SPAR Croatia whilst in Austria egg farmers experiencing dramatic reduction in offtakes due to closure of restaurants are being supported by SPAR. Finally, SPAR Italy announced a donation of €500,000 (Euro) to the Spallanzani Institute, a hospital for infectious diseases in Rome which is just one way in which they are helping communities deal with the consequences of the outbreak in addition to financing shopping vouchers and giving additional discounts to those in need, responding to a call from Italy's Prime Minister for financial aid for families.

Tobias Wasmuht, Managing Director, Spar International



GLOBAL | WALGREENS BOOTS ALLIANCE

By Alex Gourlay

Week 01

THIS COVID-19
Drive Through
Testing

Stop here

- Please stay in your car
- Turn off your engine
- Apply handbrake
- Remove seatbelt
- Prepare test
- Lower your window

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As a global company with operations in 25 countries on four continents, Walgreens Boots Alliance (WBA) has been on the front line of the coronavirus epidemic. As a pharmacist myself, it has been personally touching to witness the amazing collaboration and response from our pharmacists and the teams that support them during this extraordinary moment in time.

We first saw the dangers of the coronavirus in China, where we own a minority stake in more than 4,000 GuoDa pharmacies. Our response – not just in China, but as the crisis began to spread across Asia, Europe, the U.K., the U.S., Mexico and South America – was to adjust our operations to provide as many medicines and essential products as we could, disseminate public health information to help protect the communities we serve, and to find new ways to meet customer needs.

Within our supply chains, we adapted quickly to restrictions on direct exports from China, Hong Kong and India, leaning on our supplier networks to find alternate sourcing. We increased inventory in seasonal illness medications – fever and cough/cold remedies – and have kept these items well-stocked. In categories depleted by panic-buying, we have worked with manufacturing partners around the clock to accelerate production, and have increased delivery frequency to stores with our fleets and in partnership with FedEx, setting company records in amount of volume moved in some essential categories.

As the pandemic reached the United States, Walgreens started by offering free prescription delivery, followed quickly

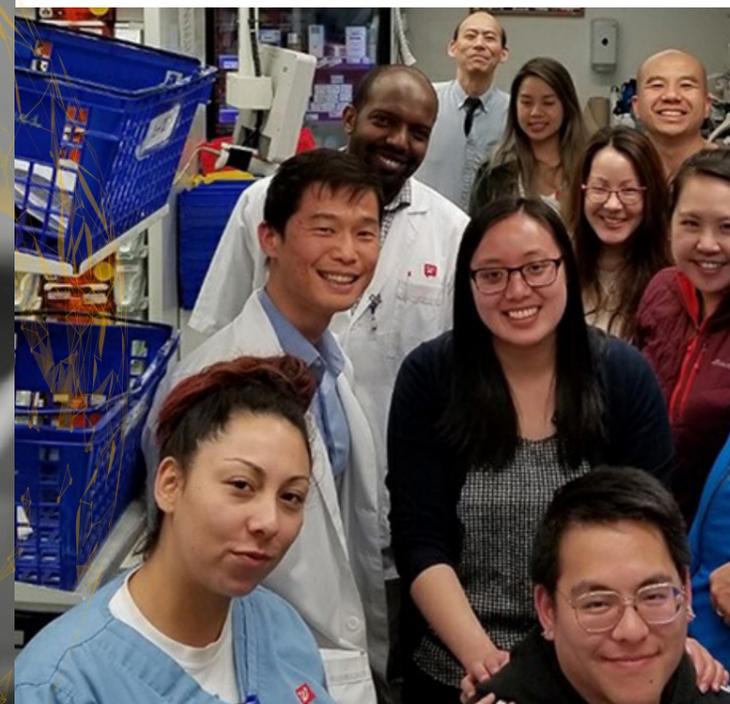


by drive-thru pickup of essential front-end items. Our stores began operating under reduced hours (to provide time for proper cleaning and restocking), with special shopping times for seniors and their caregivers.

We've also leaned into our health expertise and commitment to communities, working with the U.S. and U.K. governments to offer COVID-19 tests in designated areas to those on the front lines. By the end of March, the first of these testing sites went live just miles from our corporate headquarters in suburban Chicago. The same weekend, several similar testing sites supported by our Boots teams began testing first responders in the U.K.

The coronavirus epidemic has changed how customers think about their health and their expectations of businesses. Companies, including ours, will have to re-evaluate every service we provide. We'll be relied upon in this new world to get medications and products to customers faster because of the proximity of our brick-and-mortar locations. Flexibility in supply chains and among wholesalers and delivery partners will become even more critical.

Despite the uncertainty and change, our number one priority remains the safety and wellbeing of our customers, patients and colleagues. I am sincerely grateful to our pharmacists and all my colleagues who are doing tremendous work every day to support each other and the communities we serve around the world. It makes me very proud to work for our pharmacy-led healthcare company.



Alex Gourlay, Co-Chief operating officer, Walgreens Boots Alliance (WBA)



ASIA | CHINA

By Brad Burgess and Ella Kidron, JD.com

LESSONS FROM CHINA



This is a testing time for everyone. While China is gradually welcoming the spring, people here continue to wear masks and maintain significant social distancing – if not outright deciding to stay inside and completely avoid all public spaces. People in China have been extremely careful and in general have taken added precautions during the entire period of the COVID-19 epidemic.

While people from around the world are learning about the impact of the virus on their local communities and hunkering down to deal with it, the past couple of days have seen a rise of interest in what the global community can learn from China. As China's largest retail company, JD.com can possibly add to the conversation about what the company has learned over the past months to share. Here's a summary of reflections.

STAY FOCUSED AND DON'T LET FEAR DRIVE DECISIONS

To clarify, not listening to fear is not the same as having license to do whatever one wants. Interestingly, Eastern cultures are more collective by nature, so what is best for the group may take precedence over what is best for the individual. One may argue that this has helped people adopt strict measures, at least from a cultural perspective.

From a business perspective, JD made a fundamental – and perhaps counter-cultural decision eight years ago to stay open during Chinese New Year. Almost everything shuts down for Chinese New Year. The decision to expand business to cover over 300 cities across China this year was an extension of business as usual. When COVID-19 broke out, JD decided to stay consistent and focused on continuing to provide service – with the utmost precaution – while most closed up shop.

COLLABORATE FOR THE GREATER GOOD

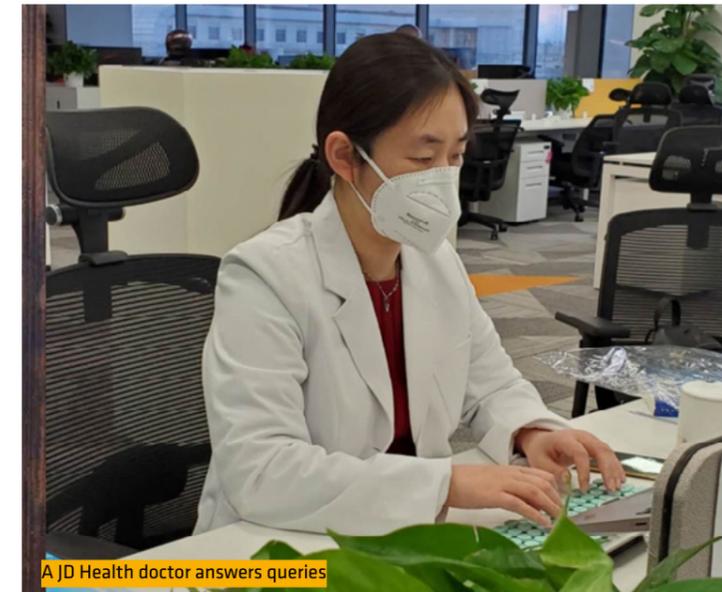
With the epidemic outbreak just prior to Chinese New Year, JD took immediate action to organise a team dedicated to ensuring business would continue while coming together to fight COVID-19.

Richard Liu, Chairman and CEO of JD.com, introduced this recently during the company's earnings call on March 2nd: "In addition to ensuring timely supply and delivery of daily necessities for unmet needs, JD Logistics opened a dedicated channel for relief materials across the country to assist Wuhan."

JD's supply chain – recently recognised by China's State Council as setting the supply chain standard for China's "new infrastructure" – was called upon by the Hubei provincial government to build a supply chain management platform, bringing much needed emergency supplies to the people at the epicentre of the crisis.



JD's logistics and supply chain network ensures delivery of much-needed goods across China



A JD Health doctor answers queries

PROTECT YOUR PEOPLE AND THOSE THEY TOUCH

It cannot be overstated how important it is to protect frontline workers. At the end of December 2019, JD Logistics' monitoring system flagged a significant increase in mask sales in Wuhan. JD Logistics immediately prepared 70,000 masks for its couriers in Wuhan and carried out rapid replenishment and internal alerts. From the very beginning of the outbreak, the company required all delivery couriers on the frontlines across the country to wear masks at all times and to undergo regular temperature checks. Other supplies such as gloves and disinfectant were made available, and packages were disinfected before being passed to customers.

Most apartment compounds stopped allowing outside visitors during the height of COVID-19, meaning that instead of delivering directly to the door, as they usually would, JD couriers were only able to deliver to customers from outside the compound in most cases. The company took a further step by offering a handful of contactless delivery methods such as setting up mini delivery stations outside of apartment compounds, where customers could pick up their packages themselves. Customers who place an order during the virus period would receive a notice urging them to use the self-pickup lockers.

An employee and customer-first mindset drove the response to the virus. One aspect of this is price stability. JD's supply chain team took measures to monitor any abnormal pricing on its platform and to address it accordingly. The company also partnered with the market supervisory body in Beijing and four ecommerce players to launch an information sharing platform targeting this type of merchant behaviour during the outbreak. Together with **Alibaba, Pinduoduo, Suning and Weidian**, the company pledged to fight against violations such as price hikes, false advertising, and sales of counterfeit goods. Anyone who violated the rules on one platform, would be forbidden by the other platforms in which they don't already have a presence.



The JD Live clubbing experience in partnership with Taihe Music Group

JD Cloud & AI rolled out a smart epidemic assistant in early February which empowered people with knowledge about the virus. Based on the existing universal smart conversation platform, the platform integrates the latest technology to discern the user's intentions and matching them with the subsequent knowledge. The business group also launched a cutting-edge smart body temperature screening system to time for right when people were returning from their home towns and to work. Equipped with infrared technology that identifies temperature spikes easily amongst large groups of people, the technology addresses both public health concerns as well as makes movement much more efficient.

Probably the technology which garnered the most attention from JD regarding supporting the fight against COVID-19 was how the company deployed contact-free delivery via autonomous robot and drones. Autonomous robots were employed right at the epicentre to deliver products to hospitals in Wuhan as well as to deliver packages to residential compounds for people who were under quarantine in Shenzhen. Meanwhile, in the far north of China, drones were employed to disinfect residential areas that are hard to reach, in Inner Mongolia, enabling people to emerge more safely when quarantine rules relaxed.

TWEAK THE SUPPLY CHAIN

COVID-19 has brought unprecedented challenges to the retail supply chain in China. For one, in ordinary times the demand for masks, hand sanitiser, and soap, and other protective supplies is traditionally low. So, not only is the level of inventory in warehouses low, but also, more importantly, the level of production is low. With a crisis situation like COVID-19, the demand shoots up dramatically, both online and offline, leading to stock outs. Ultimately supply needs time to catch up with demand, but in the meantime, it is critical to allocate products so that they can be used most effectively. JD-Y's smart supply chain team used an algorithm to predict the spread of the virus across China and to allocate inventory effectively. At the same time, seeing the skyrocketing demand on the platform, the company notified suppliers to dramatically increase production, quickly.

Another phenomenon at work is the shift of demand from offline to online. A classic case of this is fresh food. Although it is becoming increasingly popular in China for consumers to buy fresh food online, in ordinary times, there is still high demand offline. Once people started self-quarantining at home due to COVID-19, the demand for fresh food online shot up dramatically. For the entire month of February, sales of fresh food on JD increased 260% year-on-year. With the demand exceeding the available supply online, it was essential to source from offline. This includes helping supermarkets sell their produce online, as well as instituting programs that do procurement from around a customers' location.

Cities that were completely closed off, such as some of the cities in Hubei province, faced the challenge of finding fresh food when they weren't able to leave their apartment compounds. JD provided a three-pronged solution: JD Fresh Basket, which sources food from its own Friends Shop community group buying program; B2C wholesale markets in the area; and, agricultural enterprises in partnership with the local government. Originally launched in Wuhan, the program has already expanded to over 50 cities. For other products where warehouse inventory might not have been sufficient such as rice or oil, JD turned to its Omnichannel Fulfillment program. Omnichannel Fulfillment aims to source products from partnering convenience stores and other offline outlets located closest to customers. When customers place an order on JD, the system will calculate where the product is in stock closest to the customer and deliver it directly. It effectively allows JD to extend its inventory, enabling more customers to get what they need, quickly.

SOURCE OFFLINE FOR ONLINE

With the unprecedented demand online, and offline establishments such as restaurants, movie theatres, and more closed at the peak of the virus, an employment imbalance resulted. Research from China's National Bureau of Statistics shows that in 2019, 15.5% of the country's restaurant revenues came from the Chinese New Year peak season, while 93% of China's restaurants were temporarily closed due to the impact of COVID-19. Restaurant workers were out of their jobs, but delivery and warehousing and other jobs struggled to keep up with the sheer volume of online orders. JD's offline supermarket 7FRESH created a program to hire workers from these types of establishments for temporary jobs at 7FRESH. JD also partnered with Dada Group to offer 35,000 temporary and full-time positions, of which 20,000 came from JD Logistics, covering positions, such as warehouse workers, pickers, couriers, and drivers.

Several other retailers have followed suit. Amazon announced to hire 100,000 full- and part-time workers to address the surge in demand due to people staying at home. Walmart also announced a plan to hire 150,000 new associates through the end of May to work in stores, clubs, distribution centers, and fulfillment centres. The roles will be temporary at first, but many will convert to full-time over time.

BRING OFFLINE ONLINE

In China, Chinese New Year is usually prime time for the clothing industry as many people rush off to buy new clothes to usher in a new year. Sales from the end of January to the end of February usually account for 10-15% of yearly sales, according to industry insiders. With COVID-19, offline clothing shops quickly closed their doors for a period of time. To help reduce the blow dealt to them, JD used its cloud store solution to help brick-and-mortar clothing store shop assistants to share and sell products with target consumers online. The cloud stores are sourced on WeChat's mini program (app within an app) platform

and can be set up quickly. By February 10th, JD had already successfully helped 2,096 shopping assistants from brick-and-mortar stores move online during the peak of the virus.

BE A CONDUIT FOR GIVING

Lastly, JD is honoured to have an opportunity to empower so many generous companies that have made selfless donations for people in Wuhan and across China. Because JD Logistics was one of the only logistics companies open for business and had unique access and infrastructure in place at the time, it provided a unique opportunity to serve as a conduit for giving. JD Logistics helped deliver a wide range of care from partners and merchants to Wuhan, including masks and medical equipment, massage chairs for medical staff, feminine care products, air purifiers, foodstuffs, and countless others. In addition to acting as a conduit, JD also opened its own resources to give generously across the board - financially, materially, and through preferential programs that protect the interest of merchants, consumers, and society overall.

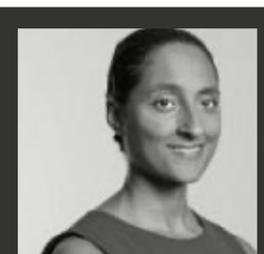
There's a lot to reflect on now concerning addressing the battle against COVID-19. It's a particularly challenging time for the world, and the only thing that can be done is learn as much as possible about what may help from others that have been through it. Hopefully, this paints an accurate and helpful picture of that.



JD helps deliver donation of hazmat suits to Wuhan



Brad Burgess, International Corporate Affairs, JD.com



Ella Kidron, International Communications, JD.com

ASIA | CHINA & HONG KONG

By Susan Sams, The Lane Crawford Joyce Group

Week 01



Mainland China and Hong Kong were part of the first wave of COVID-19 but over the past three months the response from the Central government in Beijing, the municipal governments throughout the mainland, and the Hong Kong SAR Government, have varied and the mainland and Hong Kong are now at different stages of the outbreak cycle.

Wuhan, the epicentre of COVID-19, is the capital city of Hubei and with a population of 11 million is larger than London or New York. It is a major domestic travel hub.

In Hong Kong where our head office is based, we first started hearing of a mystery virus in Wuhan in **late December**.

On January 23 when Wuhan went into lockdown, we assembled our Hong Kong based Group Crisis Response Team which had been formed in June 2019 to manage the disruption to our business from the ongoing social unrest here and were by this time well-practiced, implemented a business continuity protocol and safety measures prioritising the safety of our staff and customers across Greater China and South East Asia.

While each of the companies in The Lane Crawford Joyce Group operate independently – Lane Crawford, Joyce, Pedder Group and ImagineX - we have collectively over 560 points of sale and 4700 staff across Greater China and South East Asia, so we centralised crisis management. We have a small Crisis Response Team of specialists covering planning, strategy, HR, legal and communications at the Group level and they lead a larger Crisis Response Team that includes retail, operations, HR and communications representatives from each company.

On January 25, the first day of the Chinese New Year Spring Break, the Hong Kong SAR Government declared the outbreak an “emergency of the highest warning tier”.

In mainland China, the Chinese New year spring festival holiday which officially begins on January 24** but for many it starts as early as January 10, was extended in China as cities were locked down to contain domestic travel as it is a time when people return to their villages and provinces to spend time with their families.

* Chinese New Year period in Hong Kong is from 25 to 28 January 2020

**Chinese New Year period in China is from 24 Jan to 4 February 2020

AS A RESULT OF THIS TIMELINE OF EVENTS – WE PRIORITISED THE FOLLOWING ACTIONS:

Business continuity – alternative shifts, flexible work arrangements and work from home

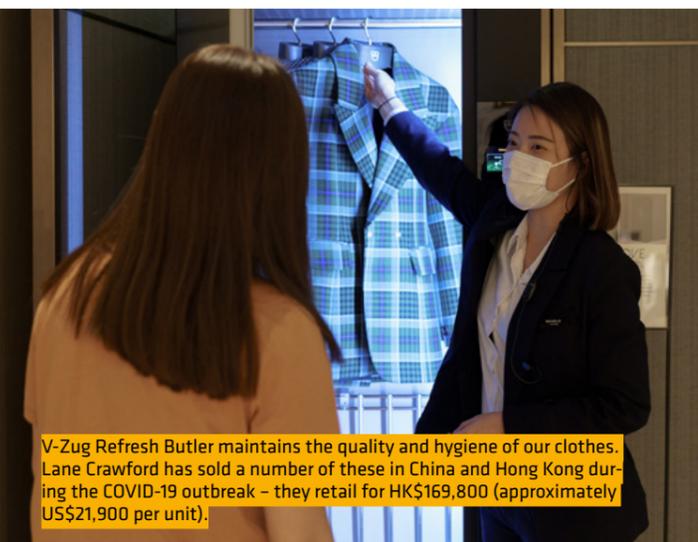
- We separated all four companies throughout Greater China into two teams – A & B – with staff working every alternate day to mitigate the risk of wide-spread infection and to ensure business continuity if one of our people were to fall ill.
- All office staff in China and Hong Kong were directed to work from home – in Hong Kong this has remained in place for most of this time, while China teams are now working their shifts in the office.
- We have been flexible with working arrangements for parents as schools have been suspended since January 23, 2020 and no date of return has been given; and those taking care of elderly relatives.

Safety travel measures for staff in China and different regions

- Travel to and from and within China was banned for our staff’s safety in line with China taking action restricting or barring entry to visitors from China and/or Hubei province, while more than 20 airlines suspended or reduced flights to the country.
- Only essential travel – such as buying – and in that event, only a very small senior team from Hong Kong was sent to New York and Paris for the fashion shows and buying appointments in February and March – Lane Crawford and Pedder Group skipped Milan this time - to protect their staff.

Hygiene Measures

- From the outset, all store staff were provided with masks which they must wear at all times – this has been a feat of procurement in itself given the global shortage. In our offices, everyone is requested to wear a mask.
- Temperature checks for all staff upon entering offices and stores
- Hand sanitisers procured and placed in central reception areas at the office, and at the store points of sale (POS)
- Customer health declarations were requested for beauty services.



V-Zug Refresh Butler maintains the quality and hygiene of our clothes. Lane Crawford has sold a number of these in China and Hong Kong during the COVID-19 outbreak – they retail for HK\$169,800 (approximately US\$21,900 per unit).

CHINA

Luxury consumption as we knew it stalled – luxury became those basic necessities of daily life – food and personal care staples, and the ability to go out, socialise with friends and relatives. People in China turned to social platforms and video games.

The Central Government very quickly published a series of measures for retailers. Department stores and shopping malls were directed to shorten trading hours, cancel all offline events, install temperature gauging equipment at all entrances, and set up an emergency isolation area. The Government also worked with landlords to provide rental reductions for retailers to help them through this period, and exempted small to medium businesses from enterprise pension, unemployment and industrial injury insurance from February to June 2020.

The Central Government encouraged physical retailers to move to online for the safety of their staff and customers and to partner with some of China's leading platforms for technical support. Live streaming has taken off in a big way now – Milan Fashion Week collaborated with Tencent to broadcast the show with customers, buyers and media in China. Retailers and brands are now regularly using live streaming for promotion and of course WeChat for remote selling.

Our China teams say these quick and decisive measures undertaken by the Central Government gave them the confidence that they would get through what was an incredibly frightening and stressful time, especially as the world was calling it the “China Virus” and a “China problem” which is even more isolating when you are in lockdown. During this period many international brands shut down their store networks; some just the areas affected in and around Wuhan. We kept our multi-brand stores open – Lane Crawford and Joyce – because they are located in Beijing and Shanghai, and Lane Crawford also has a store in Chengdu; and because the Government asked shopping malls with supermarkets to remain open and so we stayed open in those malls as a show of support.

The situation in China has stabilised and the Government is now encouraging retailers to return to normal operations.

HONG KONG

The Hong Kong outbreak following Chinese New Year and throughout February had been well managed by the HKSAR Government and very much so due to individual vigilance on hygiene and social distancing which has become second nature here. Hong Kong had stabilised by March with less than 100 cases and four deaths, all elderly bar one 39-year-old man who had visited Wuhan. Our sales in store started to pick up.

But as the virus took hold in Europe, North America and Asia Pacific, Hong Kong was hit by a second wave of “imported infections” in mid-March, as Hong Kong residents who had gone abroad, realised Hong Kong was in fact one of the safest countries in the world and started returning as cases began to rise in other countries. This was compounded by a flood of students returning from boarding schools and universities following the announcement of school closures abroad. On the 2 April, Hong Kong has reported 765 cases and four deaths.

The Hong Kong SAR Government continues to implement stricter measures around travel and quarantine, and social distancing. Currently, only residents can enter Hong Kong and all returnees are now being tested for the virus upon arrival at the airport and tagged so their 14-day self-isolation can be tracked. Stricter social distancing directives have been issued – no more than four people can come together in a public area; restaurants are required to serve half their capacity with each table 1.5 metres apart. All cinemas, gyms, public parks etc are closed.

We continue to work from home and we've put in place stricter self-isolation practices for those who have returned to Hong Kong, or are living with someone who has returned. In stores we implemented more stringent safety measures including mandatory temperature checks and travel declarations for customers before entering the store, and we are requesting anyone entering the store to wear a mask out of courtesy of our staff and customers.

Obviously with the new social distancing measures and consumers practising even greater caution, our traffic to stores has been further reduced but we nonetheless have customers visiting and buying. In Lane Crawford we're seeing continued interest in product from our home and lifestyle offer which is understandable given that is where most people are spending their time; and in beauty, particularly skincare and wellness. Online has had a slight lift too as a result, also in the same categories.

On Tuesday (March 31) it was reported that Hong Kong retail sales have slumped by 44 per cent year on year, the greatest fall since records were first taken. Hong Kong will take longer to recover than China – we are dealing with the double blow of social unrest and COVID-19 and a disruption to normal trading for what will amount to close to a year if not more.

The Hong Kong SAR Government last week announced a Retail Sector Subsidy scheme.

WHAT HAPPENED WITH YOUR ECOMMERCE BUSINESS DURING THE MAIN CYCLE OF THE OUTBREAK – WHAT KIND OF PERCENTAGE INCREASES/DECREASES AND IN WHICH CATEGORIES?

Our ecommerce service has been available throughout. It was slightly disrupted in China at a time when fulfilment staff could not make it to our main distribution centre, while in Hong Kong we've been doing free next day deliveries.

Generally, we have seen an even greater reliance on ecommerce in all markets and in China especially because it's provided a lifeline of basic necessities direct to homes – and that reliance will not change.

In the Lane Crawford business during February and early March we've seen a triple digit spike online while also seeing a greater shift in spending to home and lifestyle – product including home decoration, kitchenware, bed linen, and beauty (particularly skincare), which is significantly up on this time last year.

Because our business is very much about relationships and personalisation, many of our customers prefer to be serviced one on one, and our retail teams have gone the extra mile to pioneer new ways of remote selling.

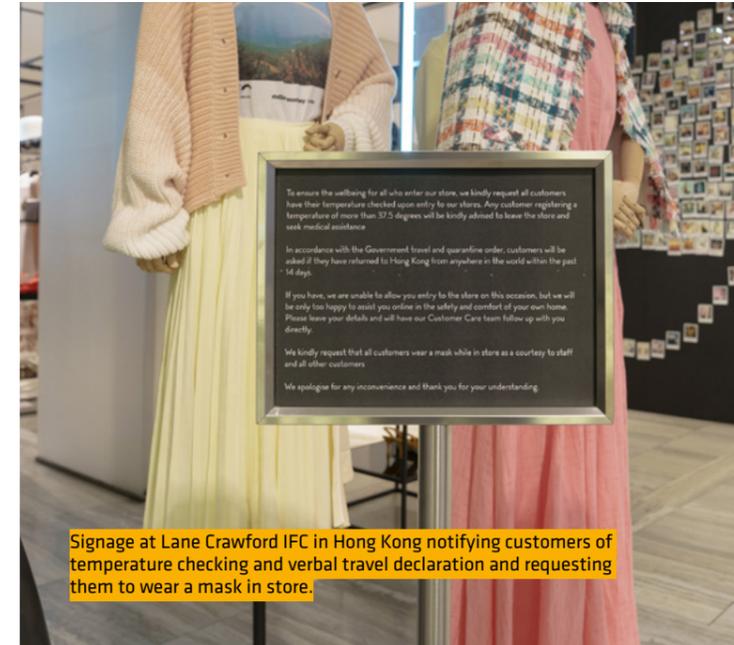
Throughout these three months, in China and in Hong Kong our staff have been in constant communication with their customers through WeChat and WhatsApp. At Lane Crawford, we have our proprietary styling and clientelling app which helps our staff curate looks personalised to their customer with orders fulfilled through our ecommerce infrastructure, and throughout this crisis it has proved very successful in facilitating remote selling. This is connected to our WeChat channel – our mini-programme and WeChat store which launches in May.

WHAT CHALLENGES HAVE YOU HAD IN MAINTAINING YOUR SUPPLY CHAIN IN ANY CATEGORIES?

Women's and Men's ready-to-wear and shoes and accessories collections are curated by our buying teams from hundreds of shows and showrooms spanning the US, UK, Europe, Japan and China over a five-month period. Orders then go into production and product begins to be delivered to stores roughly six months later starting with pre-collections, then main and runway collections.

Given this cycle, the supply chain issues for designer and luxury fashion retail will be ongoing.

Some head offices are taking furloughs. Design teams are working remotely. Many factories are closed so there is no production. Outbound shipments have stopped. We don't know what Autumn Winter collections will be ready in September and if there will be shows and showrooms for our buyers to attend – indeed if anyone will be travelling. Some brands have already told us they will not have Autumn Winter 2020 and Spring Summer 2021 pre-collections; others, that their Autumn Winter collections will be delayed, while Spring Summer 2021 collections could be cancelled all together.



Signage at Lane Crawford IFC in Hong Kong notifying customers of temperature checking and verbal travel declaration and requesting them to wear a mask in store.

Seasonal fashion retailers like our businesses will be working on creative ways to bring newness to our fashion customers knowing the next 12 months of the fashion cycle will be unlike anything we have seen before.

There are many questions and not many clear answers at the moment.

WHEN WE SPOKE, YOU SAID THAT ALL STORES HAVE STAYED OPEN. WHAT HAVE BEEN THE KEY MEASURES YOU'VE BROUGHT IN TO PROTECT STAFF AND CUSTOMERS FROM THE HEALTH RISKS?

Lane Crawford has kept all stores open in Hong Kong and China, except for one store in Beijing which was closed because the shopping mall was closed. Joyce and On Pedder have remained open. ImagineX has had some of the stores of its brand partners closed in China due to proximity to the epicentre and districts that have closed stores, but they are all open in China now.

A full list of enhanced precautionary measures were sent to customers by Lane Crawford on March 21 and is placed across our store entrances – these measures are largely followed across our multi-brand stores (On Pedder and Joyce, for example don't have Platinum Suites) and where possible with our mono-brand stores in ImagineX. The following is an abbreviated summary of our measures for store staff, office staff and customers: [click here](#)

Susan Sams, Chief Officer
– Strategic Development &
Communications, The Lane
Crawford Joyce Group



ASIA | INDIA

By B.S. Nagesh, Shoppers Stop Limited

Week 01



India is a nation of shopkeepers with 15 million plus retailers serving a population of 1.3 billion Indians with the help of 46 million people working directly for retail.

Modern retail contributes about 15% of the total business whereas most of the consumption is happening through the traditional retailers. In the food and grocery category traditional retailers ('Mom and Pop Shops' called Kiranas) contribute to 95% of the total retail business.

The Government of India (GOI) declared a total lockdown for three weeks starting midnight of 24th March except for essential services. The food retailers and Kiranas are all braving it up to keep their stores open to keep the kitchens going for 1.3 billion Indians. The action was well appreciated by most Indians from a health perspective, however being an unprecedented move most of the small businesses do not have a means or a process to tide over this situation.

As April 2, 2020, the country has not reached the community spread situation and we believe the next two weeks are critical for assessing the impact of COVID-19 on India.



In these circumstances the GOI has announced two packages:

1. To help the poor and give them relief during these trying times.
2. To give relief to individuals, SME's and businesses for payments of EMI and moratorium for loans etc.

The country and the whole retail industry are still waiting for an economic package which can give relief to small businessmen and retailers so that they get support for payment of wages, rental etc. As of today, there is also uncertainty in terms of lease rental payments while in a shutdown situation and also once it opens up.

Lastly the whole industry is very worried about its financial health that very few have thought of how to manage the situation when the lockdown is removed, and the businesses open up for customers.

All in all, very trying times with uncertainty and lack of knowledge, experience or wisdom of how to solve the current problem and the future problem or opportunity, whichever comes our way.

So, LET'S PRAY.



B.S.Nagesh, Founder,
TRRAIN
Non- Executive Chairman,
Shoppers Stop Limited



MIDDLE EAST | SAUDI ARABIA

By Muwaffaq M Jamal

Week 01



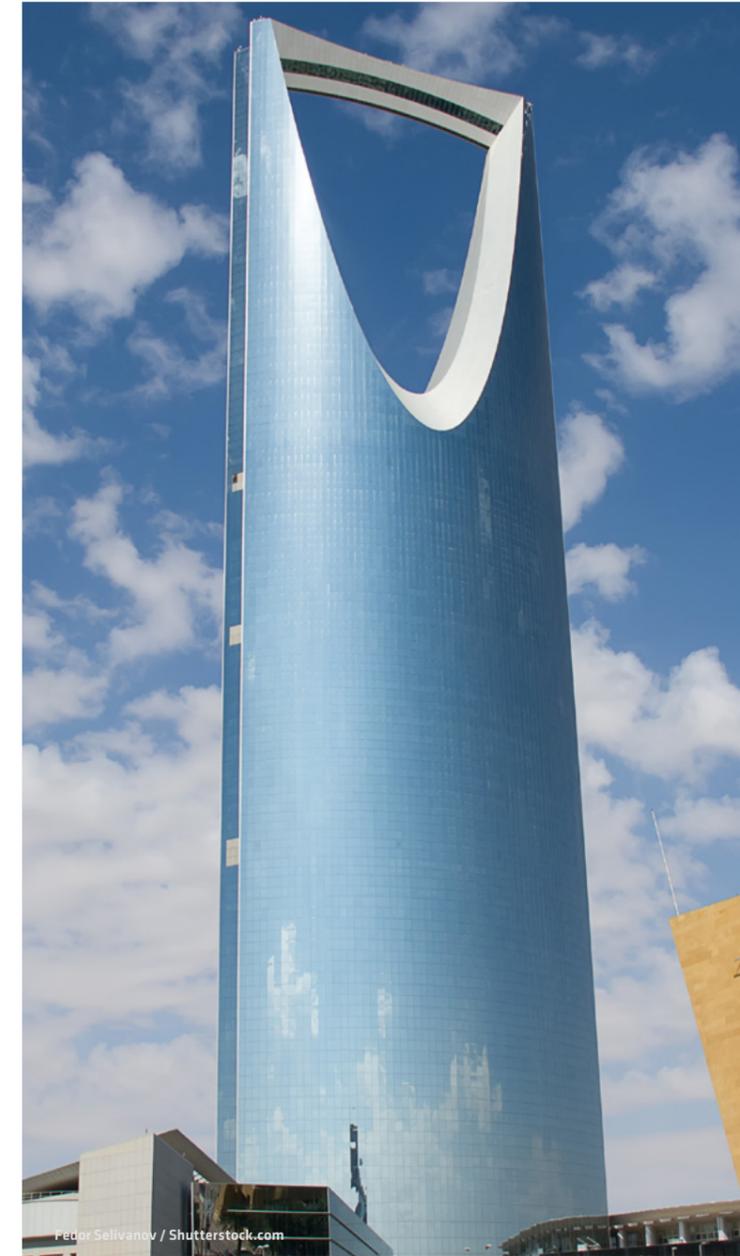
With limited mobility, the shifting of shopping started taking place to digital but that is still not converting the volume of consumer spending that happened in the brick and mortar channels. The estimated requirement for drivers to deliver online orders is above 40,000 drivers. With that in play, retailers are scrambling to meet the customer needs. The priority is taking place at food retail as there is no panic buying thus far. This is naturally the period that precedes Ramadan and the full market goes through a massive growth of food retail. With Ramadan less than three weeks away, the pressures witnessed by the food grocery retailers are within acceptable trends.

On the other hand, fashion retail is experiencing a complete wipe out. The priority today, like everywhere else in the world, is clearly not for fashion. The drop in sales for the fashion retail sector is in the region of 90%. Very little fashion retail sales are taking place online which comprises the existing 10% driven by the closure of malls.

The authorities are actively working on multiple fronts giving priority to the control of the spreading of the virus. Supporting the retail sector to survive in such times is taking place under different initiatives. Examples are as follows

- Empowering and supporting the different grocery food retailers' digital platforms
- Design a redeployment program for retail resources
- Putting a hold on government and developments banks' loans repayments for nine months for all commercial companies
- Reschedule bank loans for six months with no financial impact on SMEs
- Extending loans to affected companies to finance working capital
- Holding VAT payments by SMEs
- Holding of taxes collections from SMEs
- Waiving of some government fees
- Putting on hold all importation custom duties

The current economic situation has proven that the whole world is strongly connected. The recovery to go to normal retail volumes will require opening of borders for people to travel but that can only happen until the virus's spread is controlled.



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Muwaffaq M Jamal
Managing Partner, Retail &
Marketing Consulting Group
and former CEO, Panda Retail
Group



EUROPE

By Christian Verschueren , Eurocommerce

THE EUROPEAN EXPERIENCE



The last month has not been easy for retailers worldwide, and Europe is no exception. Individual governments have imposed strict controls on movements, with multiple impacts on our sector. Countries closing borders have meant massive delays for lorries carrying vital products, drivers reluctant to leave their home countries for fear of not being let back in, and freight prices rising. Retail workers in border regions could not get to work on the other side of the frontier. EU leaders have promptly agreed a set of guidelines including 'green lanes' for lorries at borders, and the situation has eased since then.

But demand is a real problem. On the one hand, the closure of many non-food shops has meant no sales and a real threat of as many as 50% of those affected never opening again, and those allowed to open seeing footfall and sales reduced by up to 80%.



On the other, in the grocery sector, panic-buying has led to peaks of over 200% of normal demand, particularly for some products - and empty shelves. This has cost retailers - extra staff, extra (expensive) deliveries, and from regulations on the number of, and minimum distance among, customers and between them and staff, including physical barriers and providing personal protective equipment to ensure this.



With shop closures, ecommerce has picked up initially, both in food and in non-food, but with the lockdown and other restrictions, demand is slowing down as well, as consumer confidence wanes. Recent McKinsey analysis suggests that consumer confidence, and therefore future demand for all kinds of retail products, is likely to weaken considerably for quite some time.



Governments, the European Commission, and the ECB have stepped in with aid measures, particularly for small business and to support staff wages, along with some relaxations of tax. The ECB and national finance ministers have injected massive capital into the economy. But retailers' end-year results in Europe are uncertain, given added costs and possibly depressed demand across the board, with non-food particularly vulnerable.

Staff in food retail (#foodheroes #retail4consumers) have been working hard to keep goods in the shelves, and I pay tribute to them in carrying on despite the pressures, and the daily worry that contact with customers could risk them catching the virus, which employers have been working equally hard to minimise. Retailers across Europe have been providing reserved slots for elderly consumers and health workers, sending out boxes of essentials to people kept at home due to illness or age, and in donating food to help food banks seeing additional demand from families affected by the shutdown. We are proud to work for retailers and hope that our customers - and policymakers - will appreciate the vital social service our sector provides every day and understand the challenges we all face.

Christian Verschueren,
Director-General,
EuroCommerce



EUROPE | DENMARK

By Peter Husted Sylvest

Week 01



When COVID-19 hit Denmark and the government decided to close down the country by March 11th, the immediate reaction of the consumer was to flock within minutes to the nearest supermarket and stock up on essentials.

To allay peoples' fears, all the leaders of the country's supermarkets appeared on stage with the Government Minister to assure them that there was enough supply of all products and to urge people not to panic buy.

It was amazing to see that these competitors put aside their normal competitive spirit in the national interest.

However, the smaller players and individual specialist shops have been hurt a lot - if they haven't had an online presence and digital platform for communication and take orders, they have had to get one and do it fast. New initiatives to turn around webshops in 24 hours have come up and delivery services joined quickly.

The local organic wineshop/bar, **Rødder & Vin** and local brewery, **Broaden & Build** have taken their business to the streets with home delivery by bike so has the famous bakery, **Hart Bageri** who have started home delivery to prevent the normal long lines of patient customers waiting to buy their to die for pastry.



The top HORECA wholesalers like **Ingwersen** and **Fiskerikajen** normally supplying the best restaurants have upscaled their own produce or created meal boxes. Having engaged with their top chef clients to communicate these offers to a wide audience.

Top restaurants like Amass by head chef Matthew Orlando have opened their strong social media platform to their smaller suppliers of sustainable organic produce to promote their goods and opened to colleagues doing take away.

COOP Denmark have launched a **crowd funding platform** to support the small producers in their quest in making the products of tomorrow. Only last week, this platform was made available to ALL small producers to sell direct to the consumers and reach a wide audience.

The purely online supermarket, **Nemlig** reported about a waiting list to enter their webshop of more than 60,000 people, which in Danish terms is likely 5% of the shoppers shopping in supermarkets.

The leading home delivery service for organic produce, **Aarstiderene** has never seen such increase in new clients and subscribers, but also never seen such a fast drop in their B2B sales which happened almost overnight.



The main conclusion is that pick & mix sweets are banned and since people are "couching" at home watching TV, the sales of packed sweets have exploded.

But what has become clear is that the supermarket staff have, alongside the staff of the hospitals, become the front line soldiers and gained a tremendous respect from all around.

Peter Husted Sylvest is the founder of pH value Aps, a consultancy working with Scandinavian home interior design companies and gourmet food businesses and restaurants. He is based in Copenhagen, Denmark.



EUROPE | FRANCE

By Anne-Sophie Fernandes

Week 01



Since March 14th, all “non-essentials stores” in France were closed. Grocery stores, pharmacies, tobacco shops, garden centres (for animal feed), some electronic products (computers, telephony), automotive equipment and agricultural equipment all remain open.



The day before the closure of stores and schools, French consumers anticipated this and mass retailers registered record sales. The sale of essential products such as pasta, sugar, rice or toilet paper increased by 174% compared to previous Fridays. During the pre-confinement week (March 9 to 15 – lockdown started on March 17th) French consumers increased the stocks of supplies in their homes. FMCC’s sales jumped by 38% in value compared to the same week in 2019 (Nielsen).

Food retailers are adopting various measures for the safety of employees and consumers (restriction of the number of people in the store, regulatory distance to the cash register, for example) but also to simplify purchases. For example, Carrefour and Monoprix offer shopping baskets already prepared for home delivery. Click & collect sales also recorded a sharp increase following the government announcements: withdrawal slots were full, websites to order were saturated.

In a Carrefour hypermarket in the suburbs of Paris, orders are up by 140% since the start of coronavirus breakdown. For non-essential stores it is more complicated as they must stay closed. Some retailers have decided to close e-commerce, often for lack of means to ensure order preparation. In addition, pick-up points Mondial Relay and Point Relais have stopped their activities (since March 17). It makes delivery even more difficult as this represents around 20% of ecommerce deliveries according to FEVAD. If the COVID-19 crisis does not benefit ready-to-wear distributors, household appliances, electronics and cultural products sector seems to be doing well for the moment and is seeing an increase in demand for IT equipment, games consoles, and freezers.



Anne-Sophie Fernandes, Reporter, Global Retail News [Global Retail News](#) and Content Manager for the [Institut du Commerce Connecté](#)



EUROPE | GERMANY

By Mirko Hackmann

Week 01



Andreas Marquardt / Shutterstock.com

C OVID-19 is having a massive impact on consumer sentiment in Germany. Both the economic and income expectations as well as consumer spending have been badly hit. In its latest consumer confidence study, the market research institute GfK forecasts a value of 2.7 points for April - 5.6 points less than in the previous month. This is the lowest value since May 2009. At that time, the consumer climate during the financial and economic crisis was 2.6 points.



Thuong Huyen Vu / Shutterstock.com

With the slump in sales, the often high rents in the city centres in particular have completely overwhelmed many small and medium-sized retail companies. According to the main German retail trade association, **Handelsverband Deutschland** (HDE), the coronavirus crisis in stores is currently hitting sales by around EUR 1.15 billion a day in non-food retailing. At the same time, the rents must continue to be paid, which is on average around 15 percent of turnover. This results in monthly rental charges for non-food retailing of EUR 4.4 billion. In the current situation, the trading companies cannot cover that from their mostly thin reserves.

In the meantime, several trade associations and trade research institutes are supporting the "Traders Help Traders" initiative. Retailers have welcomed the decision of the federal government to make a short-term budget of 150 billion euros available as an aid measure. However, retailers argue that the measures did not go far enough and are made more difficult due to bureaucratic hurdles. At the same time, the number of retail companies that register short-time work is increasing rapidly.

The previously stricken fashion industry is particularly hard hit. According to industry experts, hundreds of thousands of jobs in retail and industry are facing collapse due to the shutdown. Already the bans on opening until the end of April led to numerous bankruptcies despite increased efforts to generate additional online business through social media activities.

In contrast, according to GfK, the sales channels of the food retail trade grew between 12 (drugstores) and 16 percent (full-range food retailers). After **Rewe** announced a special payment to the employees, other retail chains are now following suit: the 140,000 employees of **Lidl** and **Kaufland** also receive a bonus for their strenuous efforts in the Coronavirus crisis; **Real** is also offering the prospect of a special payment. The winners also include online grocery delivery services: in some cities, the number of new customer registrations rose by 500 percent compared to the previous month. Despite the increase in staff, delivery times are now usually 14 days.



Chris Redan / Shutterstock.com

Mirko Hackmann, Editor-in-Chief, Handelsjournal



EUROPE | ITALY

By Richard Simonin

Week 01



Unfortunately, as of today, Italy is in the most critical Coronavirus situation in Europe. From Day one of the Pandemic until March 29th, 92,472 people have been infected and 10,023 died. A very scary 10.8% death rate - growing slowly but constantly by +/- 0.1% or 0.2% day after day - on which we have not got any credible explanation yet. And, in full transparency, scientists and authorities are officially saying that there are still working, analysing and investigating to understand the root causes.

It is important to set out this context in order to explain why the appetite for shopping by Italian consumers is currently so low. It also explains why we have not yet seen any spectacular or highly creative retail initiatives, but I am convinced we will once we see better news. And we will definitely get some. The question is when?

For food retailers they are doing the job from quite well to very well. The first week of panic, with shoppers emptying supermarkets and hypermarkets, especially in the Milan area has been properly and effectively managed by showing that there is absolutely NO reason to panic. Supply-chains are operating smoothly, and this is visible on the shelves. And, I have to say that I have been very positively surprised by the acceptance of social distancing and hygiene measures which have been very rigorously and universally implemented by the biggest to the smallest retailers.



At the same time, even when the online orders went through the roof three to four weeks ago, the delivery times did not increase that much. **Esselunga a Casa**, which is one of the biggest omnichannel hypermarkets, went to a maximum 7/8 delivery days. It is now back to normal on delivery terms but also in term of LFL since the week of panic has ended. This is also because small independent fruit and vegetable retailers are still very important in Italy.

They are strong for the usual and basic retail-reasons: product quality, affordable prices, almost one-to-one personalised relationships which has created a lot of trust. And they have adapted in "just one click". They take phone orders, deliver the same day and if you don't have cash available you will pay next time.



Amazon is unsurprisingly the big winner at this stage. Even if they have had to announce that, due to the necessary improvement of hygiene conditions and social distancing in their warehouses, they may have to refuse/cancel orders relating to non-essential products and consumers may face delivery disruption. As a frequent consumer and I have double checked with a significant number of friends all in the same situation as mine who have been locked-in at home for almost three weeks - I have noticed almost no change, almost no customer-service issues at all. But, critically, this applies to orders for which logistics and transport are directly operated and managed by Amazon. Deliveries are happening 99% accordingly to the initial date confirmed. PRIME works as usual. When logistics and/or transport are managed by the vendors (market place) it is significantly disrupted. This is just another demonstration on how Amazon has placed the bar at a very high level in terms of IT, logistics, deliveries and customer service in general.

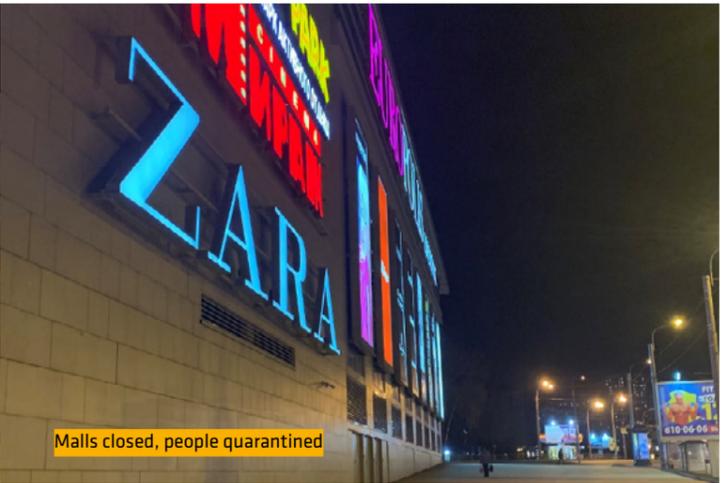
Richard Simonin is a Turnaround Retail CEO - Luxury, High-Street & Discount, Apparel, Shoes, Accessories & Perfumery. He is also the Vice-Chairman of AlTayer, one of the leading Luxury-Retailers in Dubai. A French citizen, he has lived in Bologna, Italy with his family since 2011.



EUROPE | RUSSIA

By Maria Mironovskaya

Week 01



Malls closed, people quarantined

On Monday March 30th, retailers and business in general were hit with a real blow when a Presidential decree came into force making it compulsory for everyone to stay-at-home for 'paid non-working'.

There have been top-level meetings of the government with the most affected industry unions, led by the newly appointed Prime minister and even Mr. Putin.

However, entrepreneurs from entertainment, travel, leisure and retail industries consider government support insufficient, offering only to postpone tax, credit and rent, but no direct financial support. It is forecast that many non-food retailers and restaurants will simply go out of business.

Among the social initiatives I love are volunteers for the elderly and mask sewing. Since people over 65 are strictly required to stay at home, there is a community of volunteers who run the daily errands for them and deliver medicine and food supplies to their door.

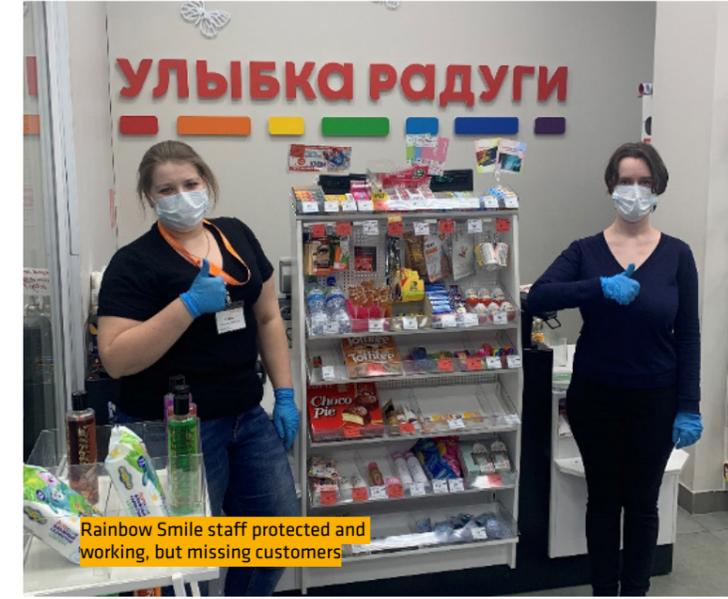
Another big problem is the complete sell-out of protective masks, gloves, hand sanitisers and sprays. These items can only be bought at speculative prices online. So, many small NGO's and businesses turned to mask sewing for the local communities, among them the autism centers 'Anton's right here' where I volunteer. All students with RAS are quarantined at home, while all the staff sew away.

Only pharmacies, healthcare and food stores are open. All other venues, including all shopping malls, are shut down across the country, while the business owners are supposed to pay the wages.

However, even the 'lucky' retailers have to deal with almost empty stores, on top of protecting the staff and the customers. Masks and gloves are a must for all staff at stores and delivery services, while customers are offered hand sanitisers and social distancing is practiced in queues.

Ecommerce and home delivery of any kind is allowed. As a consequence, ecommerce sales of everything have skyrocketed. Brick and mortar retailers who made an effort to go omnichannel in the last few years can finally justify their investments!

The greatest increase in online trade was in sales of notebooks at 140% like-for-like, video streaming, food delivery and, not the least, alcohol at 60% like-for-like.



Rainbow Smile staff protected and working, but missing customers



Fashionable masks from 'Anton's right here' with mottos "for the better" and "carrying love"

Maria Mironovskaya is based in St Petersburg and is an omnichannel executive and former chief customer officer and member of board at Rainbow Smile, a leading Russian health & beauty retailer.



EUROPE | SPAIN

By El Corte Inglés

Week 01



The Spanish Government declared a state of emergency on March 14th and on that day, we closed all our department stores. The only good news is that we have been able to keep open our 300 food stores to sell not just food but some selected, essential products such as electronics and parapharmacy. We moved quickly to work out how best to serve our customers, particularly the elderly and the response from the business has been amazing. Within four days we had set up a system that extended our call centres so that the massively increased number of calls from customers who weren't able to order online could be diverted to the mobiles of any designated person in head office. Using a handheld device, we can place the orders and they are delivered within three days. Additionally, we've started an enhanced click and collect service where customers drive into the store carpark and their order is placed in the car boot without any close human contact.

The feedback from customers has been fantastic and we believe it is really important for a brand that is so important in Spanish society to provide these services to all our customers. This has been at a time when many of our competitors have cut their online services. Head office employees and some department store employees are now helping support the food stores.

¡Los superhéroes ya no llevan capa!

¡GRACIAS!



Food sales have been incredible as people have stopped being able to spend money in restaurants. The first week of the emergency saw food sales in Spain 40% higher than the best-ever Christmas week. But for El Corte Inglés our food sales have almost doubled. There was panic buying to begin with but there was never any problem with stock availability and this has pretty much stopped once customers realised they could get these products. Protecting our employees and our customers is vital and we provide masks, gloves and hand sanitisers for workers in the stores and gloves and hand sanitisers for customers. All trolleys and baskets are cleaned before being handed

to customers and we limit the number of people allowed in store to prevent crowding and to keep distance. We have special shopping times for older customers to visit stores on their own. For health workers who really need special support and help we provide preferential service, so they can get same day delivery of groceries.

Our ecommerce business has more than doubled but in certain categories such as home fitness, sports, video games, consoles and electronics this has more than tripled. However big categories such as fashion have stopped selling almost completely.



As a business we are also doing as much as we can to help those working in healthcare. El Corte Inglés co-owns the Ayre chain of hotels which we have opened-up to become hospitals or accommodation for healthcare workers who aren't able to return home because they are isolating. And we moved quickly to support the conversion of the exhibition centre near the airport into a 5,000 bed hospital and we donated all the bedlinen.



EUROPE | SPAIN

By Ignacio Sierra Armas, Tendam

Week 01



All stores were closed down from March 14th in Spain and from that day onwards in the rest of our Direct operated markets in Europe. Hungary remains open with restrictions as well as Russia and Mexico. Our ecommerce business is still operating but with strong fall in sales.

The crisis hit at a moment where we were managing tight stock control with good cash management given where we were in our buying cycle. This has allowed us to complete the public payments of the Temporary Employment Regulation File to 100% of the salary. We are also granting microcredits at zero rate to employees to afford any delay in public payments or any other urgent cash needs. In all cases in which jobs were required to keep the business administration functioning and operating on line we have implemented a work from home program which is working very well after these first two weeks.

As the crisis has developed, the clear focus for our leadership team has been the health of our employees and to guarantee the future survival of the company together with finding ways to help the Health Authorities through PPE donations and offering our global supply capabilities to buy them.

We have also focussed on finding ways to support our customers and vulnerable members of local communities across Spain. Some of our initiatives include direct donations of Personal Protection Equipment for more than €150,000 plus the purchase of additional €100,000 on behalf of Openbank (digital branch of Banco de Santander) and offering our global supply capabilities to National and Regional Government and other companies.

We've also made a direct donation of garments and shoes to hospitals, clinics and third age residencies in a coordinated group program called #todossomamos

With the shutdown of so many businesses, we do not feel that the Government has done much to offer financial support. They have focussed on smaller companies but not the larger corporations responsible for most of the employment and tax contributions. The only help offered by Government has been loans through banks and financial institutions and public guarantees.

Ignacio Sierra Armas,
Corporate General Manager,
Tendam



EUROPE | UNITED KINGDOM

By Luke Tugby

Week 01



As the UK comes to terms with life in lockdown, the past week has shown British retail at its brilliant best.

A number of non-food businesses took action before the Government implemented its strict rules – the likes of John Lewis, Ikea, TK Maxx, New Look and Clarks all put people before profit and shut up shop across the country before they were forced to do so. Some, including Next and TK Maxx, have now taken that a step further, closing down their online businesses and warehouse operations too, as falling demand and employee safety come under increasing focus. Pressure is mounting on other retailers to make similar moves.

The essential stores that remain open, including supermarket chains, have been grappling to adapt to a



spike in demand and implement new measures to ensure customers and staff adhere to social distancing.

Between them, grocery retailers like **Tesco**, **Asda**, **Aldi**, **Lidl** and the **Co-op** are now sharing information and ideas to improve their supply chains after the Government relaxed competition regulations.

Production of certain ranges is being scaled back as they prioritise the essential products shoppers need. Grocers are employing tens of thousands of new staff to help stock shelves and serve customers.

Tesco and Aldi are also paying existing shopfloor staff a 10% bonus for the hours worked during the epidemic, while others including Morrisons have pledged that even those in self-isolation will receive full pay while they are at home.

Stories of staff members going above and beyond, personally delivering online orders to the elderly, buying toilet rolls to give to vulnerable shoppers – or the tale of a man who proposed to his girlfriend in an Iceland shop when his holiday to the eponymous country was cancelled – have caught the imagination and touched hearts.



They have shown that, in the darkest of times, Great British retail can not only feed, but unite the nation.

For non-food retailers, however, the situation is much starker. The Government has stepped up its game to help retailers, such as those in the fashion sector, that have suffered a slump in demand during the pandemic. Chancellor Rishi Sunak has pledged a £330bn financial package designed to help companies, including a 12-month business rates holiday and loans to help pay the salaries of staff who aren't working during the crisis.

Even with that help, such retailers are feeling the pinch. A number of national chains refused to pay landlords the quarterly rent they were due at the end of March as they tighten the purse strings. Other outgoings including marketing budgets are being stripped back, and some listed businesses are even suspending the dividends they previously intended to pay to investors.

The UK remains in the infancy of its coronavirus crisis – and for many retailers, the road to recovery will be a long one.

Luke Tugby
Editor, Retail Week



OCEANIA | AUSTRALIA

By Bernie Brookes

Week 01



The Australian Department of Health had confirmed more than 4413 confirmed cases of Coronavirus (COVID-19) in Australia as of 31st of March 2020. The major food retailers are reporting sales lifts of up to 25% and some trading days representing a peak Christmas trading. The food retailers together with pharmacy retailers are winners, in a unique and challenging environment. Already, both **Coles** and **Woolworths** are recruiting 5000 additional shelf stackers. **Aldi** and **Costco** were slow to impose limits on staple items but have also seen spikes in volume from panic buying.

Unfortunately, that is where the good news ends. Retailers in fashion, beauty, travel goods, food service and service providers in general are moving into tragic territory, where covenants will be breached, mass layoffs will become the norm, and store closures will accelerate daily. High fixed cost in items such as rent will get some support from a number of new Government subsidies but as each day passes more retailers close or cease trading. Unemployment at 6% is expected to double or even triple within a year. Each day more companies announce major lay-offs. **Myer** Department stores just laid off 10,000 staff and that adds to the hundreds of thousands exited from retail companies. Despite being allowed to trade, fashion, beauty and homeware stores are empty.

The Government has legislated that landlords cannot evict tenants, but that has added to great uncertainty as a standoff between retailers and shopping centre landlords continues, with some retailers refusing to pay rent.



Queen Victoria Building, Sydney
Natsicha Wetchasart / Shutterstock.com

The rise in online sales as a potential, partial replacement for lost volumes has been thwarted by inadequate supply chains. In fact, the two major food retailers have ceased home delivery!

It is becoming obvious that some retailers already in significant distress with bushfires, the impact of ecommerce, and poor consumer confidence will not survive post the virus - others will use this as a time to fast track re-positioning or re-engineering plans.

Like the rest of the world, there is no retail playbook for what is happening and with that comes great pressure on landlords, staff, service providers and banks.

One other winner will be retail debt restructurers and liquidators!



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Bernie Brookes AM
Retail Chairman, Consultant
and Advisor.



LATIN AMERICA

By Jorge Lizan

Week 01

The coronavirus landed in Latin America for the first time on February 26, when **Brazil** confirmed a case in São Paulo, Brazil. Since then, governments across the region have taken an array of uncoordinated actions to protect their citizens and contain COVID-19's spread.

COVID-19 was slow to hit Latin America but escalated sharply in March, the region may be hard-hit, with deep humanitarian, economic, and political consequences as the region is ill-equipped to tackle the pandemic. The number of known infections jumped exponentially, spreading to every country in the region. As of March 30, more than 10,000 cases are confirmed in the region, but the real extent of contagion is believed to be far greater.

As of March 30 2020 **Brazil** is the country with most known cases in the region with 4,256, followed by **Chile** with 2,139,

Ecuador with 1,924, **Mexico** with 993, **Panama** with 989, **Peru** with 852, **Argentina** with 844 and **Colombia** with 702 just to mention the countries in the top of the list.

Overall, most Latin American governments were behind the curve, waiting until cases had appeared, then swiftly taking sweeping measures. The worst reactions were the ones of populist rulers throughout the region; **Brazil's** President Jair Bolsonaro, **Mexico's** Andrés Manuel López Obrador (AMLO) and **Nicaragua's** Daniel Ortega who bluntly downplayed the impact of the virus in their countries, even encouraging their citizens to go out and mingle. At the opposite end was **El Salvador's** 38 year-old president, Nayib Bukele, who was the first to declare a ban on flights from Asia and Europe starting on January 31, weeks before his country's first positive test of COVID-19.

The region is now probably two weeks ahead of the stage when Italy and the United States began to seriously address the crisis. Most countries, including **Brazil** and **Mexico** have already imposed shelter-in-place measures on some areas in the last two weeks, as well as closing restaurants and bars, including banning flights from high-risk countries, prohibiting large public gatherings, and suspending school. With the exception of **Mexico**, most Latin American countries have shut all their air spaces, leaving some tourists stranded as a result.

All these policies may be too little too late for countries whose health systems are clearly underfunded. The per capita annual health expenditure in Latin America is \$949, a little over one-quarter that of Italy.

Unlike their European and North American peers, governments in the region haven't implemented broad stimulus packages. Some nations are unveiling financial aid packages to help stave off the economic crisis created by the coronavirus, **El Salvador** has announced a freeze on mortgage and credit card debt for those directly affected economically by the health emergency, others will suspend utility, cable, and internet payments for three months to be redistributed interest-free over two years, and others have pledge credit lines for "pymes" (small businesses) and self-employed entrepreneurs. Regardless, all incentives pale when compared with the ones in other regions or with what will be needed to maintain the economy running.

The region's currencies have been decimated over the last few weeks, credit rating agencies have downgraded sovereign debt ratings and lowered outlook of many countries, including **Mexico's**. Growth was already slow before the Coronavirus, before the first patient tested positive for the coronavirus, the regionwide GDP was projected to grow by about 1.3 percent.

Travel restrictions and social distance policies have led to decline in revenue for restaurants, retails, shopping centers. As restaurants, bars, nightclubs, cinemas, liquor stores, retail shops, bars, beauty salons, and other establishments were forced to close, revenues fell drastically to zero. Restaurants alone have seen their sales fall by 80 percent due to the coronavirus in Latin America.

With the lack of any government support, retailers have been left alone to find solutions. In the first 15 days of March 2020, overall ecommerce sales in **Brazil** increased by 40 percent compared to the first 15 days of March 2019. Retailers with strong ecommerce platforms are faring better, restaurants have resorted to delivery, but in any case, sales are just a fraction of what they used to be before the outbreak. Some retailers are shifting to produce protective medical gear and hand sanitiser, market places such as **Mercado Libre** are lowering commissions and delivery integrators such as **Rappi** have seen significant increase in demand.

Grocery stores in most Latin American countries are well stocked. Produce and general merchandise supply chains haven't been disrupted with the Coronavirus outbreak. With the exception of toilet paper, hand sanitiser and many cleaning products supermarket shelves are almost at normal levels. Supermarket chains and pharmacies have experienced a recent uptick in sales, which is predicted to stay as people hoard food and supplies for the upcoming weeks in quarantine. The concern nowadays is for grocery stores personnel which in many cases are older people with higher-risk of severe illness.



The majority of the close to 2,000 shopping centres in Latin America are closed or have very limited operations, which has prompted tenants to start conversations with their landlords as the day to pay April's rent approaches. A group of some of the major Chilean developers have suspended voluntarily the rent collection for the time being.

But the Chilean example is an exception, in the best of cases developers are negotiating case by case with their tenants; each contract is unique, individual, so finding a rule that applies to all contracts is simply impossible, impracticable. Developers at the same time are negotiating with their investors and creditors in order to delay mortgage payments as they feel the impact of the sudden stop in cash flows as many tenants come under pressure.

What is clear now is that the only way for the Latin American retail and shopping centre industry to come out strong and in good shape would be for all parties to stay open and flexible, every party will need to put a little of its part.

Jorge Lizan
Managing Director of Lizan
Retail Advisors (LRA)



NORTH AMERICA | USA

By Matthew Shay

THE US EXPERIENCE



Just like travel, hospitality and restaurant industries all over the world, retail is on the frontlines of the impact from COVID-19. In order to arrest the spread of coronavirus, governments are encouraging people to stay home and mandating the closure of all non-essential businesses. While the critical decision will save lives, it also will take a big toll on the economy – retailers in particular, along with the tens of millions of people they employ. Retail supports 52 million jobs alone in the United States.

When businesses close, as many have across the country, critical revenue and working capital dry up. That has forced retailers and companies of all kinds to furlough or lay off workers as businesses struggle to stay afloat.

In the U.S., we've worked closely with government officials to develop a policy response that builds a bridge to get us through this period of massive uncertainty to the other side.

Last week Congress passed, and the President signed, the CARES Act that supports the consumer, protects the labour force and provides ample liquidity for businesses to have the money they need to get to the other side. Support for the consumer is key as income disruptions are real and increasing, for the retail labour force to keep people employed until this crisis is over, and finally liquidity to provide loans and loan guarantees to provide funding during this period of anaemic revenue.

We are actively communicating with retailers and health officials to help retailers minimise the spread of coronavirus. Through this entire crisis, our top priority is protecting the health and safety of customers, colleagues and communities, and ensuring retailers can safely serve the needs of customers. We are also working to ensure that retailers are ready and able to open their doors and get back to work when the health crisis abates.



Matthew Shay, President and CEO, National Retail Federation



NRF NATIONAL RETAIL FEDERATION

DELIVERING FOR COMMUNITIES

By Olivia Yates O'Donnell

Dumpling is a platform that empowers Gig Workers to become Business Owners by providing the tools they need to start their own personalised grocery delivery businesses. The COVID-19 pandemic has dramatically increased awareness of different grocery delivery options, for both business owners (shoppers), and customers. Dumpling's first reaction was to ensure all business owners feel safe and supported.

One step we've taken is providing \$15 per business owner to purchase items such as hand sanitiser, lysol wipes, etc. to ensure they are able to shop safely. Next, we found that many business owners were making changes to better serve vulnerable populations in their communities, by reducing or eliminating delivery fees, so we started the **Dumpling Community Support program** to give back \$10 to business owners for every order serving vulnerable populations, so they don't have to sacrifice their income for better serving their communities.

We recognised that there was a lack of much needed education about how to stay safe while shopping during COVID-19, so we brought in food safety specialist, **Professor Ben Chapman, to educate shoppers on best practices**. In addition to these pandemic-specific efforts, we recently released an app update that allows business owners to further customise their services. This gives them the ability to choose pricing structures that best fit their business needs. Ultimately, we've found that our **human powered model** is well suited for an environment where trusting your grocery delivery person is paramount to customer safety and happiness.



Olivia Yates O'Donnell,
Marketing Director, Dumpling

MAKING SENSE OF IT ALL

By Deborah Weinswig

Coresight Research's team of analysts continually track retail around the key regions of the world. They are now using their knowledge, retail relationships and consumer insight to try and put some shape to the potential longer-term effects of the coronavirus pandemic. Founder and CEO, Deborah Weinswig looks at what is happening in the US and how China is emerging from the crisis.

Just a few months ago, US retail was celebrating its tenth consecutive year of positive holiday retail sales growth. Now, the only thing anyone can talk about is the worsening coronavirus outbreak—and the measures taken to control it—and for good reason.

We have seen huge swaths of the country impose close orders on retail, in one fell swoop cutting off virtually all revenues for most retailers. Those retailers can of course still operate online businesses, but we expect to see low sales-transfer rates from stores to ecommerce as multichannel retailers lose sales to rivals and as shoppers slash discretionary spending.

Coresight Research conducted two surveys of US shoppers asking them about the coronavirus pandemic, their concerns and how the outbreak is impacting purchasing behavior. We noticed several concerning trends in a very short period of time.

In just one week between surveys, consumers became much more worried about the outbreak: Almost half of US consumers were extremely concerned about the outbreak when we surveyed them on March 25, up 10 percentage points in just a week.

More concerning was that 9.1% said they had already lost their jobs because of the coronavirus outbreak, up from 4.2% the prior week and peaking among younger adults. This, and the record-breaking three million new unemployment benefits applications filed during that same week, point to a consumer population not only concerned (and probably less willing to spend) but also less able to spend.

We also found that a much greater proportion of US consumers are reducing their purchases of discretionary categories than just one week earlier. The cutbacks show shoppers are battering down the hatches for the long haul: Over half of respondents in our March 25 survey thought the severe impact of the outbreak on everyday life in the US will last for three months or more.

Shopper cutbacks also mirror the shutdown of a huge tranche of US brick-and-mortar retail. As of Friday, March 27, we recorded almost 62,000 temporary store closures by major US retailers. Coresight Research estimates that discretionary retailers make up around three-quarters of brick-and-mortar stores—which equates to over 600,000 discretionary stores once we look beyond the biggest retailers to consider all chains and independents.

The effects of a universal shutdown are likely to be profound and lasting – as we noted in our recent 2020 US Store Closures Outlook, we anticipate that some retailers that recently announced temporary store closures, including some well-known names, may never reopen their doors.

The silver lining, if there is one, is that unlike the Global Financial Crisis of 2008-09, there is no underlying, systemic economic weakness as there was last time around, so unless the prolonged shutdown creates it, we could see a healthy rebound once life returns to normal. It is too early to assess quantitatively, but we can look to China for clues as to what our near-term future may look like.

The outbreak hit China just before the late-January Chinese New Year, and heavy containment measures were put in place shortly thereafter. Two months later, life in China is slowly returning to normal. People are returning to work and hitting the streets and open areas—and there is even anecdotal evidence of an increase in retail sales as people “revenge shop,” as local media in China is referring to the trend of consumers releasing months of pent-up demand.

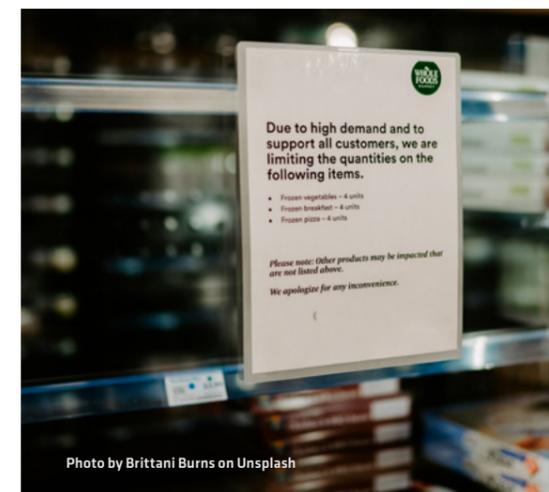


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Deborah Weinswig, Founder and CEO, Coresight Research





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