

COVID-19 Service Newsletter

Latest updates covering the week to **20 November 2020**

Don't miss key **coronavirus updates** impacting the UK retail industry.



Covid-19 Briefing is a regular bulletin from Retail Economics designed to accumulate the latest key updates related to the fast-paced coronavirus outbreak and its impact on UK retail.

Government policy updates

Weekly Government updates related to retail

Small business relief

- The Government announced a £2.2bn grant for small businesses to help them through current restrictions.
- Two schemes were announced: one for businesses that have had been forced to close due to restrictions and another for further business support as a result of the pandemic.

Vaccine news

- Initial data from US company Moderna showed its vaccine was nearly 95% effective in protecting against COVID-19.
- This prompted the UK Government to secure five million doses of the vaccine, enough for 2.5 million people, due to be delivered in Spring 2021.

News on the economy

Updates from key releases during the week

Overall outlook

A recent survey by the ONS on the business impact of the coronavirus (covering the period 19 October - 1 November 2020) shows that, within the wholesale and retail sector:

- 85% of businesses were currently trading.
- 47% of businesses reported a decrease in turnover compared with what is normally expected for this time of year, while 15% reported an increase.
- 18% of the workforce were working remotely instead of at their normal place of work.
- 20% of businesses had less than three months' cash reserves.
- 16% of businesses had no or low confidence that their business would survive the next three months.

How are retailers responding?

Updates from retailers

Food & Grocery

Redundancies

- Greggs has announced that they have made 820 employees redundant as they continue to combat the impact of coronavirus following a second lockdown.

Online boost

- ASDA posted a sales increase of 2.7% during the three months to September 30, while combined online revenue from ASDA.com and George.com soared by 72% year on year.

Stake sold

- Walmart sold its majority stake in Seiyu, a Japanese grocery chain. The US retail giant sold 85% of its stake to private equity firm KKR and Japanese ecommerce giant Rakuten.

How are retailers responding?

Updates from retailers

Clothing & Footwear

Administrations

- Peacocks and Jaeger have fallen into administration with 4,700 jobs and 500 shops at risk as its owner failed to find a buyer for the businesses.

Funding sort

- The Arcadia group is seeking to raise a £30m loan from lenders to enable them to sustain the business, as a second lockdown has hammered their recovery plans.

Potential bid

- JD Sports rose as a potential bidder for Debenhams with the sports retailer said to be conducting due diligence on the target company.

IPO Launch

- Dr Martens is considering launching an Initial Public Offering (IPO) on the London stock market as of next year.

DIY & Gardening

Surge in sales

- Kingfisher posted a surge in their third quarter sales, driven by increasing online demand. The group's like-for-likes sales rose by 17.6% to £3.5bn. Ecommerce revenues skyrocketed by 153% during the period, accounting for 17% of the group's total sales.

Marketplaces, department stores and specialists

Results

- Halford's profit surged by 116% to £56m in the first half period. Similarly, like-for-like sales climbed by 6.7% to £639m.
- HMV posted a marginal loss before tax of £198,000 in the sixteen months to May 30. Encouragingly, the group made sales of £187m during the same period.

Impact by channel

Weekly updates from retailers and consumers

Stores

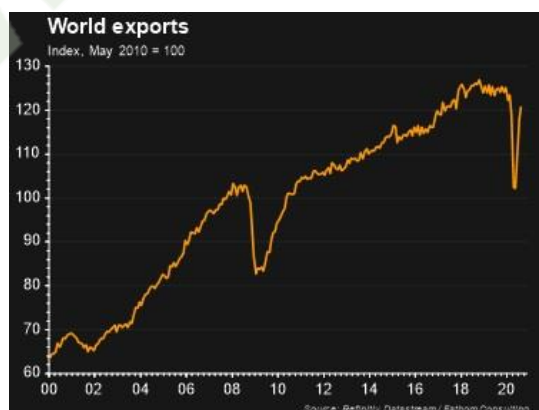
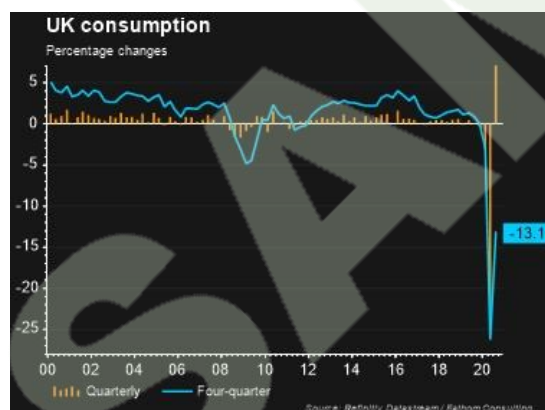
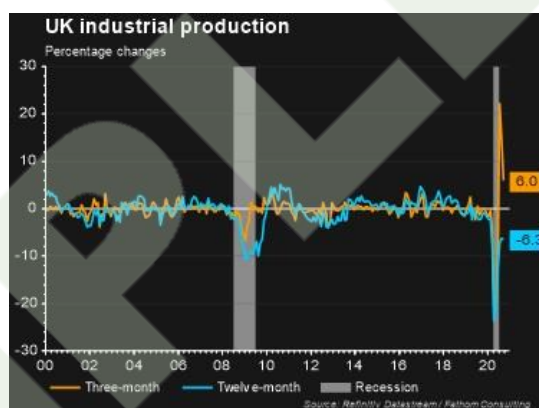
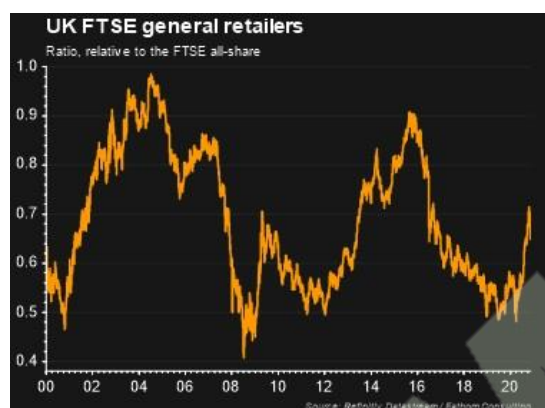
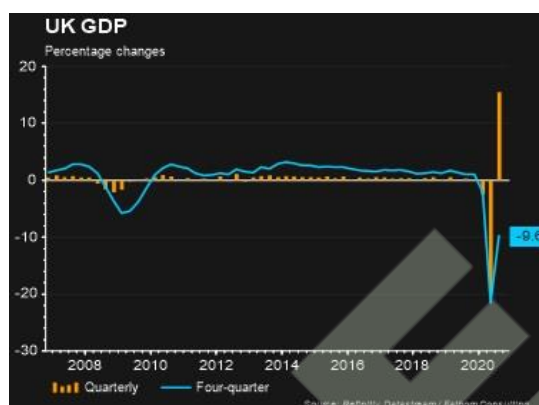
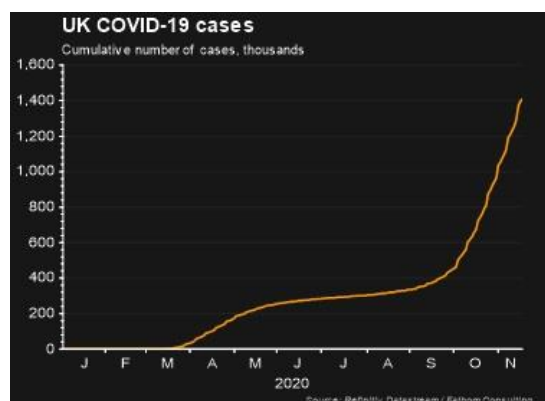
- British Land reported a 15% drop in the value of their retail real estate portfolio in the first half of its financial year.
- UK shop vacancies accelerated in October to their highest rate since April 2013 (11.3%), according to Springboard.

Online

- Global Fashion Group (GFG) completed a €120m (£107m) funding through new share placement. The fashion e-tailer will invest the new round of financing to accelerate growth and expand its market share and fashion services business.
- Amazon has launched an online delivery service in the US discounting prescription medicine by up to 80% (on generic drugs) for Prime subscribers paying without insurance.

Latest economic indicators

Updated 20 November 2020



The week ahead

What?	When?
GfK Consumer Confidence (November)	20 November
Retail Economics Retail Sales report (October)	23 November
Retail Economics Online Retail Sales report (October)	25 November
Retail Economics Retail Sales Sector reports (October)	26 November

Any feedback?

We would love to hear your views on the updates and reports you receive from Retail Economics, including what you find useful, what you would like to see in the future, and how we can better inform you during the coronavirus outbreak.

For further information, please get in touch and I'll put you in contact with one of our retail analysts. Send us your suggestions and other feedback to amy.yates@retaileconomics.co.uk

Retail Economics Covid-19 Service

As the Covid-19 pandemic develops, we would like to reassure you that we remain committed to supporting our clients through this profoundly challenging period. We have taken a range of measures to protect our employees and operate with a very committed team, fully equipped to work remotely to ensure continuity of service.

In fact, we are increasing and focusing our resources on Covid-19 to better understand the implications to the retail sector and to our clients. We will continue to provide unparalleled insight that is accurate, timely and of the highest standards to assist our clients through these unprecedented times.

We have launched a Covid-19 Retail Response Service which will provide regular updates to our subscribers as the crisis unfolds. Please do not hesitate to reach out to us if you require specialist assistance.

We wish you and everyone across the retail industry good health.

