

Stirlingretail

Comments on retail issues from Leigh Sparks, the Institute for Retail Studies, University of Stirling

Retail Armageddon – Non Food

<https://stirlingretail.com/2020/03/26/retail-armageddon-non-food/>

Posted on March 26, 2020 by Leigh Sparks

In my last post, I considered some of the best and worst behaviours we have seen in food retailing during the COVID-19 crisis to date. Now we have the Government lockdown and the splitting of retailing into essential and non-essential shops, or pretty much food and non-food (whatever Sports Direct thought).

The Government's announcement and forced closure effectively consolidated much of what was already underway in non-food retailing. As people began to stay away from many towns and footfall fell, and as consumers transferred their spending to toilet paper and canned and dried goods in food stores, so sales in non-food collapsed. The thought of – and now reality of – being housebound for weeks is not exactly conducive to clothing, fashion and other sales. As Next stated “people do not buy a new outfit to stay at home”.

So non-food retailers began to close stores and to think about their futures. Some are doing the decent thing in response to indications about the Government's business support package and are keeping on, paying and looked after their employees, at least in the short term. Others closed stores and basically disposed of their staff. I can understand the need to close stores as demand collapsed (though some I feel used this as cover) but given the support for the economy underway, simply walking away from people is unforgivable at this time.

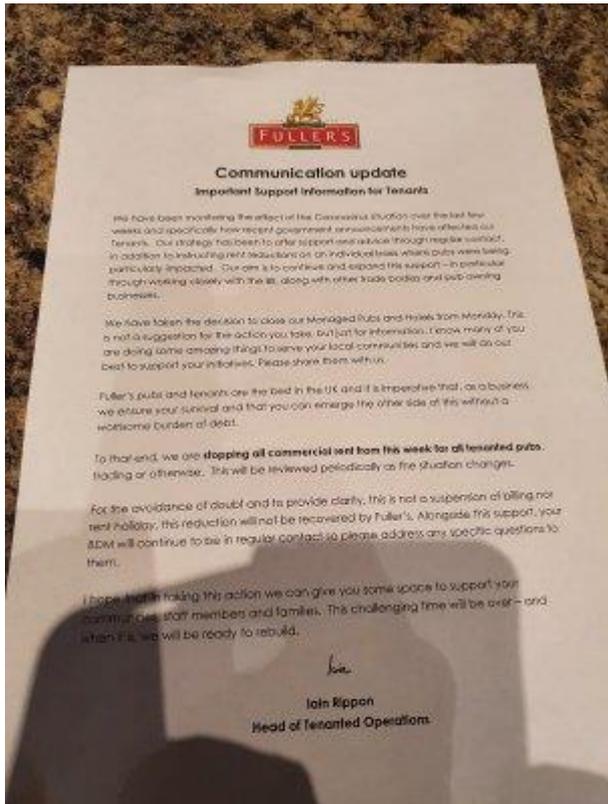
For many of these non-essential non-food stores the decision was made ahead of the Government's lockdown. Some though apparently tried forcing employees to work when they did not want to and when it looked unsafe (yes, Waterstones). Others claimed they were indeed essential (Sports Direct unsurprisingly, and they're really not). It really beggars belief in the circumstances.

Some of these non-food retailers will struggle, if they are shut down for an extensive period, to recover their store portfolio and we may well see a major consolidation, accelerating existing trends. Some will not survive the shutdown. Smaller non-food retailers will, unlike their food counterparts, be less resistant to the problems caused, despite help on offer. It is a very worrying time for many businesses.

It is possible that more non-food will move online. For those that had a strong online presence, this may be something of a respite or protection, but it is not a panacea, though does offer a channel to the market (as Next have shown). But again we may see an acceleration of the pre-existing trend as more retailers move or develop their online offer, and more consumers turn to online shopping. Whether consumers are fully in the mood to buy remains uncertain and highly unlikely though

(beyond some specific product areas). It is clothing and fashion that may be most damaged.

We should also spare a thought for suppliers and landlords (yes, I know). When M&S and [Primark cancel their order book](#) you know there is major pain at production as well as at retail. As stores close or retailers refuse to pay rent so landlords will be hit. Many retailers want rent relief to go with the rates relief; another kick for the CVA type restructuring and rent holidays seen in recent years. The effects are going to reverberate for a long time and in many dimensions. A propos the recovery after Covid19, when this is over and you fancy a pint, please reflect on these contrasting approaches:





23 March 2020

NO PAYOUT FROM WETHERSPOONS

After waiting for three days for word from our head office, today we were informed that the company would pay us only for the hours we have worked up until 22nd March.

From that point on we will not receive any payment from JDW until they receive the government grant, which could be until the end of April.

Whilst other companies such as Costa have promised their staff 8 weeks fully paid, Wetherspoons have left over 40,000 people without their next pay date. With no means of paying for rent, bills or food, and no warning.

Employees have been stripped of bonuses we had already achieved, and with no confirmation as to how the 80% of pay from the government will be calculated.

Rather, in a video circulated to all staff from the company CEO, Tim Martin encouraged his staff to apply for Tesco's.

It is clear that Wetherspoons hold no regard for the financial and mental wellbeing of their employees.

We demand full pay.

Fullers commit to not charging rent and [Wetherspoons pay off their staff with immediate effect and tell them to go and work in Tesco](#). You pay your money and you take your choice, but there is a price to pay for decency.

Overall, as we said in the previous post, food is under massive stress but in a big (temporary) boom; non-food is something of a disaster zone. In the next post I try to reflect on what this might mean for the future.