

## Stirlingretail

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

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### COVID-19 and Christmas

Posted on December 15, 2020 by Leigh Sparks

About six or so weeks ago I completed a piece for the [Economics Observatory \(@EconObservatory\)](#) on the impact of Coronavirus on the UK's retail sector. [You can find my short intro to it on this blog](#) and the [full piece here](#). Well, I must have done something right as they have asked me back.

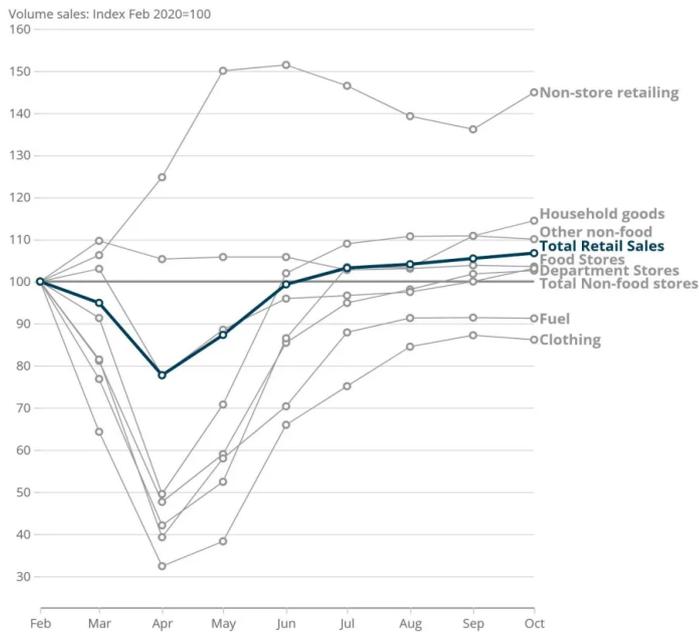
This time the question posed is [How is coronavirus affecting retailers in the run-up to Christmas?](#) As before I do not intend to reproduce the full piece here but thought I might mention a few of the points. I would encourage you to go the full piece and also while you are there take a look round the Observatory as a whole – there are lots of interesting pieces there.

[My piece was published on Monday morning](#) (14<sup>th</sup> December) and obviously had to be completed at the end of last week to make the deadline. That means though that I missed the weekend shopping stories. [In Scotland the main issue was the crowds of people going shopping as lockdown was eased somewhat](#). [Similar stories were found in Wales](#) and other parts of [England](#). There is clearly a demand for purchasing ahead of Christmas and a feel that the Christmas spending has arrived for hard-pressed retailers. Quite how it will all pan out however in terms of sales and profits, given the very strange run-up to and likely actual Christmas we are going to have, we will have to wait and see.

My Observatory piece goes through a range of issues. For many retailers, Christmas is the most important period of the year – the time when most sales and profit are made. Covid-19 and lockdowns have disrupted retail trading as well as consumer behaviour, making the holiday season of 2020 unlike any other in living memory. Given the restrictions on many retailers this year planning is more than a little upset, and we do not really know how consumers are hoping to react, behave and spend. Operationally too it will be different with traffic lights, capacity management and other physical distancing techniques to keep people shopping as safely as we can.

But there have been early indications in the national data and [in some of the reporting from the market research firms](#). These are showing that Christmas has indeed come earlier than in previous years for some categories and that it has also moved online. Online sales have picked up again and retailers are reporting large demand, some out of stock positions and some concern about delivery. Delivery companies likewise have expanded their services ahead of the expected rush but are still seeing a large volume of business. Small and independent businesses have reported good sales as consumers seek out different products than normal and seem keen to embrace a wider concern about supporting our independent traders.

### Volume sales, seasonally adjusted, Great Britain, February 2020 to October 2020

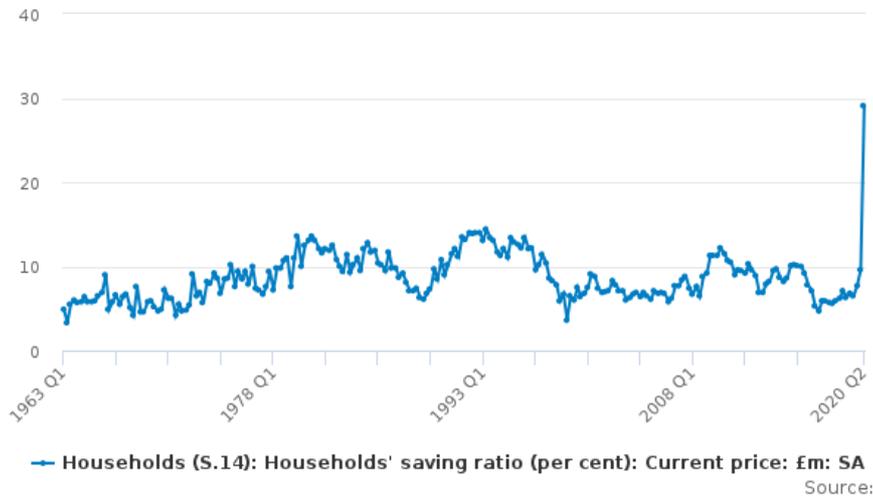


Source: [Office for National Statistics](#)

The Christmas spending splurge has come at a time when major retailers have been under pressure to “do the right thing” and give back their pandemic rates relief. [This has been most obvious in food retailing](#) but other retailers have also been accused of taking the taxpayers’ money but rewarding shareholders and directors at the same time. This has turned into something about being responsible and [so pressure on them to close for a period over Christmas e.g. Boxing Day](#) as well to relieve their staff has emerged. I doubt this will apply to online in the same way though.

We also need to recognise that, for all the talk about spending, not everyone is in a fortunate place at this time. There remains concern about the economic position both personally and nationally and we have had a slew of retail failures and other set backs. At a personal level the national evidence about the savings ratio suggests that there is a pent up volume of money that might be available to consumers who have not spent the same way in lockdowns. How and when this is released will be important to businesses including retailers. But at the same time there is a record take up of food banks and there is no doubt that inequalities have been exacerbated during the pandemic. For this, actually large group of people, Christmas is a really tough time normally, and is potentially much worse this year. If you can, then contributing to alleviating this via say a local food bank ([Start-up Stirling is ours](#)) would help.

### Households (S.14): Households' saving ratio (per cent): Current price: £m: SA



Source: [Office for National Statistics](#)

There is then the future. We have seen [Christmas markets cancelled and closed down](#) over the risk of too many people congregating in a “Covid soup”. The clamour for a “normal” Christmas has resulted in a five day window of opportunity, though whether for people or the virus remains in debate. More voices are now saying that this is a bad idea in that we could be paying for it in January and beyond in a rise in infection and further harder lockdowns ([as in Germany for example](#)). This would be perfect given that [we are all now being told not to stockpile food](#), as the retailers can stockpile for us. And even worse, [IKEA have seen their supply chain disrupted, to the anger of many](#). Retailers say that prices are going to rise and supply will be disrupted; the UK government say not to worry as they know better. Yes it is Brexit – the gift that keeps on giving. [And I have written about Brexit and Christmas before](#). A bit of planning and a bit of certainty and all this can be managed – just like a normal Christmas. But in this year, who knows how things are going to pan out. Eat, drink and be as merry as you can – responsibly of course.

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#### About Leigh Sparks

I am Professor of Retail Studies at the Institute for Retail Studies, University of Stirling, where I research and teach aspects of retailing and retail supply chains, alongside various colleagues. I am Chair of Scotland's Towns Partnership. I am also a Deputy Principal of the University, with responsibility for Education and Students.

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