Deloitte.

COVID-19 Retail Industry Sentiment Survey

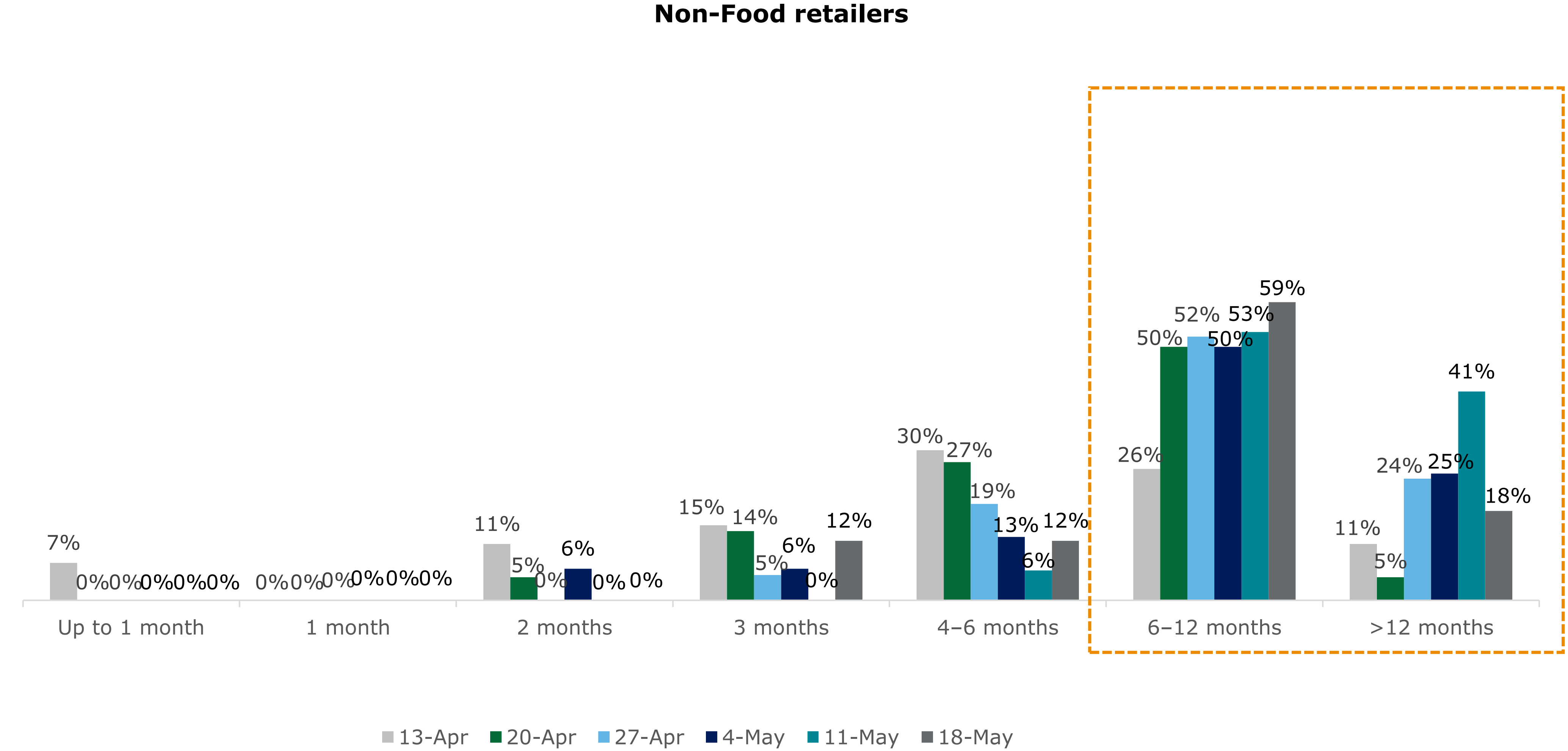
Key findings

Consolidated weekly results from 13 April to 18 May 2020

These are the consolidated key findings from the Deloitte Retail Industry Sentiment Survey, conducted over six weeks from 13 April to 18 May 2020. The findings are based on the responses of senior figures within the retail industry across both food and non-food retail.

Length of the disruption to the retail sector

As the COVID-19 crisis deepened in May, more than three-quarters of non-food retailers anticipated a disruption of more than six months; around half of the non-food retailers expected a 6–12 month disruption period throughout the survey period.



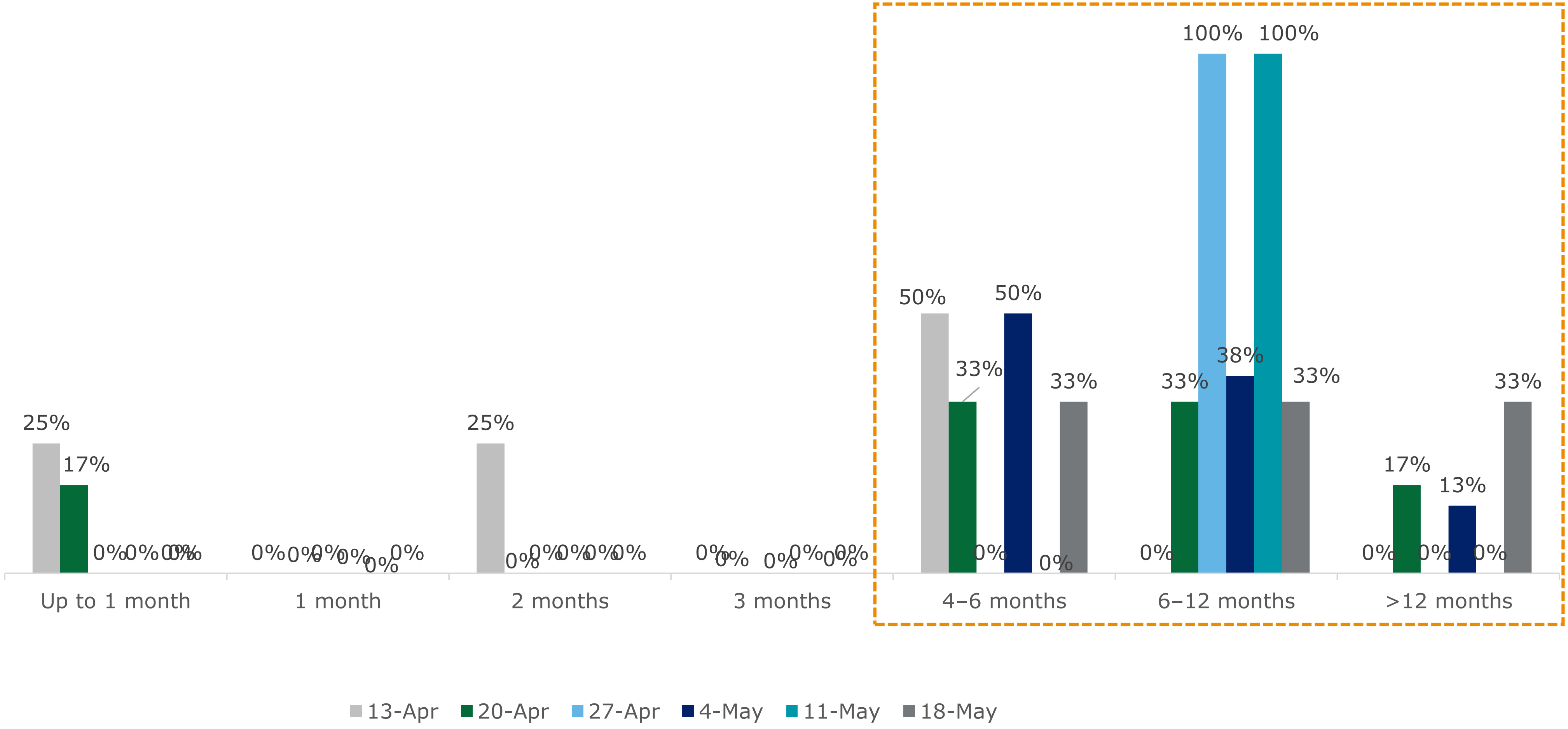
Q1: From now, how long do you expect material disruption to your business to last?

Note: Please note that percentages may not add up to 100% due to rounding-off error

Length of the disruption to the retail sector

Food retailer sentiment shifted towards longer term disruption during the entire survey period, but displayed positive momentum in the last survey with one-third of respondents believing the disruption period to be less than six months; however the majority of retailers anticipated a disruption period of more than four months.

Food & Grocery retailers



Q1: From now, how long do you expect material disruption to your business to last?

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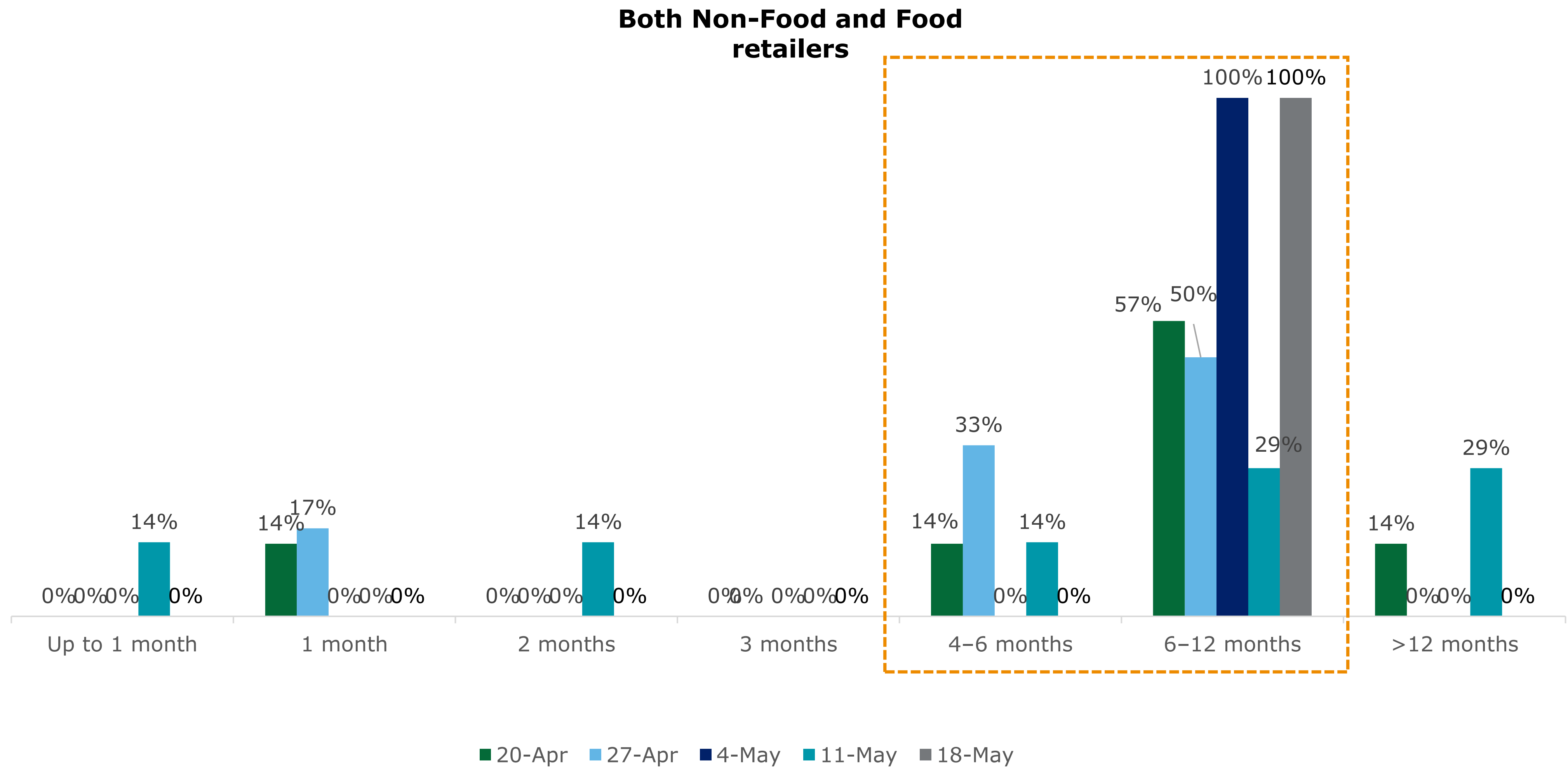
Length of the disruption to the retail sector

More than half of the mixed retailers expected the disruption to be longer than six months, with the majority of them foreseeing a 6–12 month disruption period.



Q1: From now, how long do you expect material disruption to your business to last?

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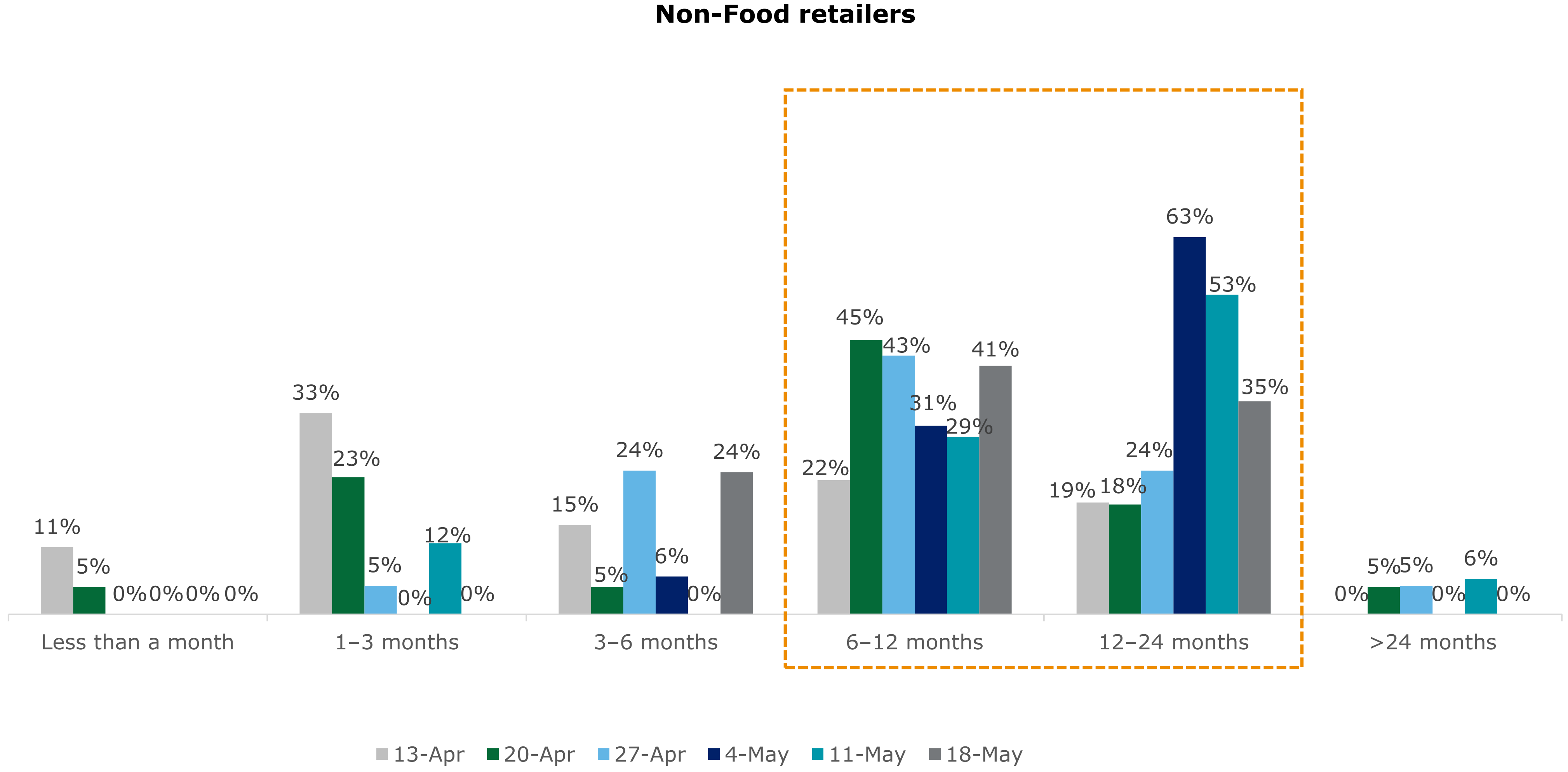
Retail industry's recovery speed

During the initial stages of the survey, non-food retailers anticipated a short-term recovery period once the pandemic is contained; however, as the weeks progressed, this sentiment gradually shifted towards a longer-term recovery period of more than six months.



Q2: Once the COVID-19 outbreak is contained, how long do you estimate it will take for your business to get back to business as usual?

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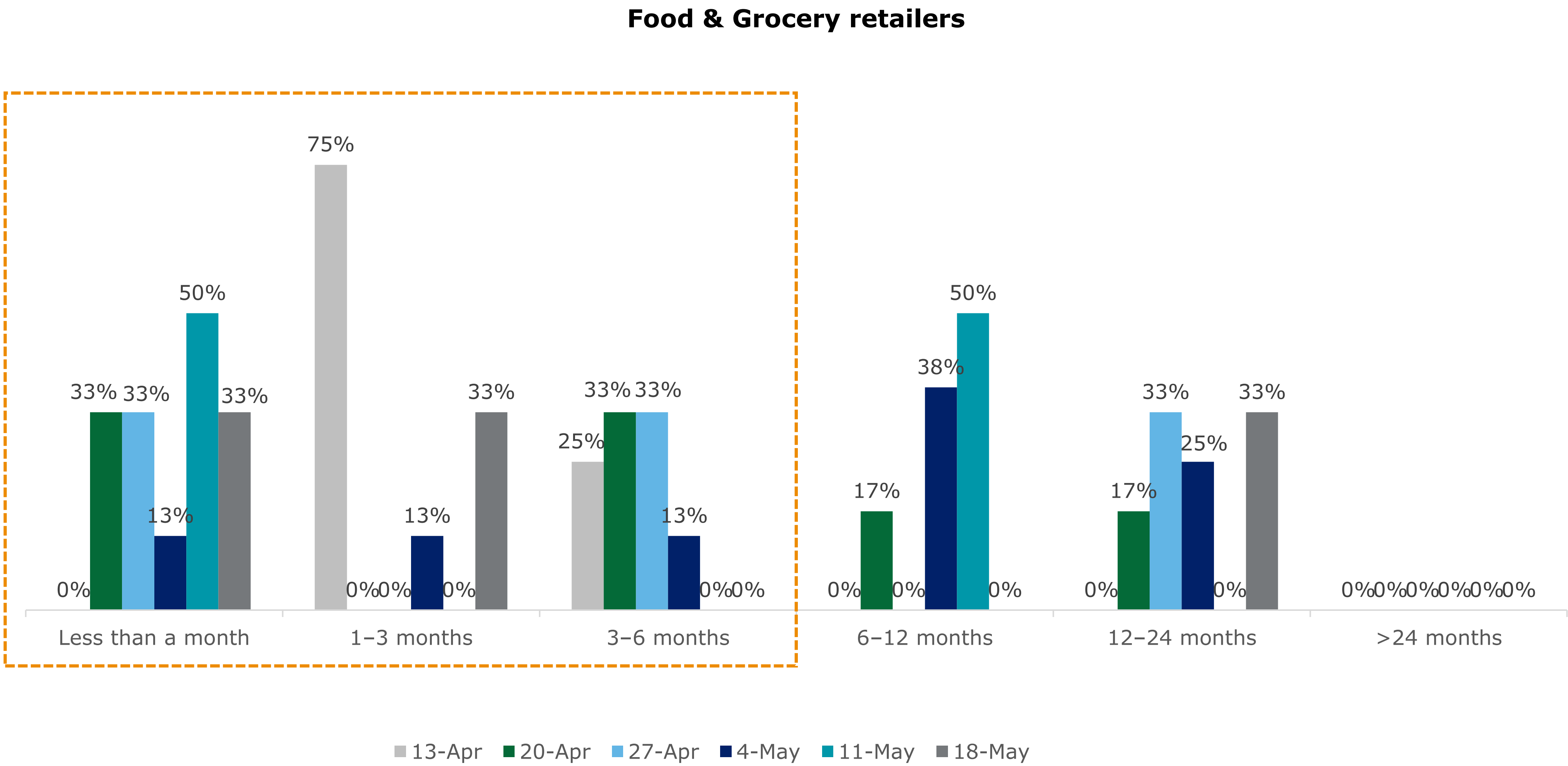
Retail industry's recovery speed

Food retailer sentiment on the recovery period has been more positive across the survey period, with the majority of respondents expecting normalcy to return in less than six months once the COVID-19 pandemic is contained.



Q2: Once the COVID-19 outbreak is contained, how long do you estimate it will take for your business to get back to business as usual?

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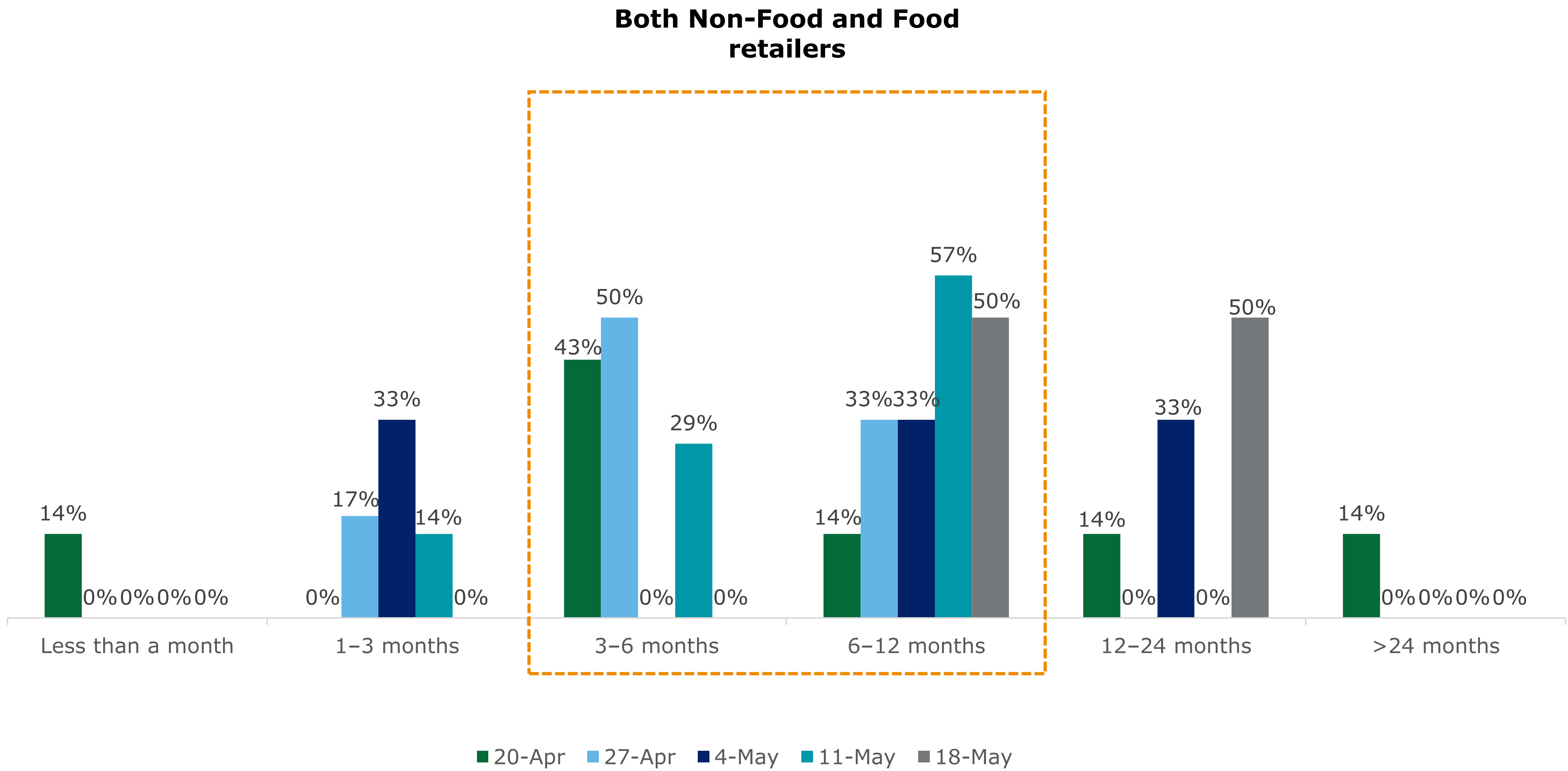
Retail industry’s recovery speed

Mixed retailer (both non-food and food) sentiment on recovery during the survey remained largely around the 3–6 month and 6–12 month horizon.



Q2: Once the COVID-19 outbreak is contained, how long do you estimate it will take for your business to get back to business as usual?

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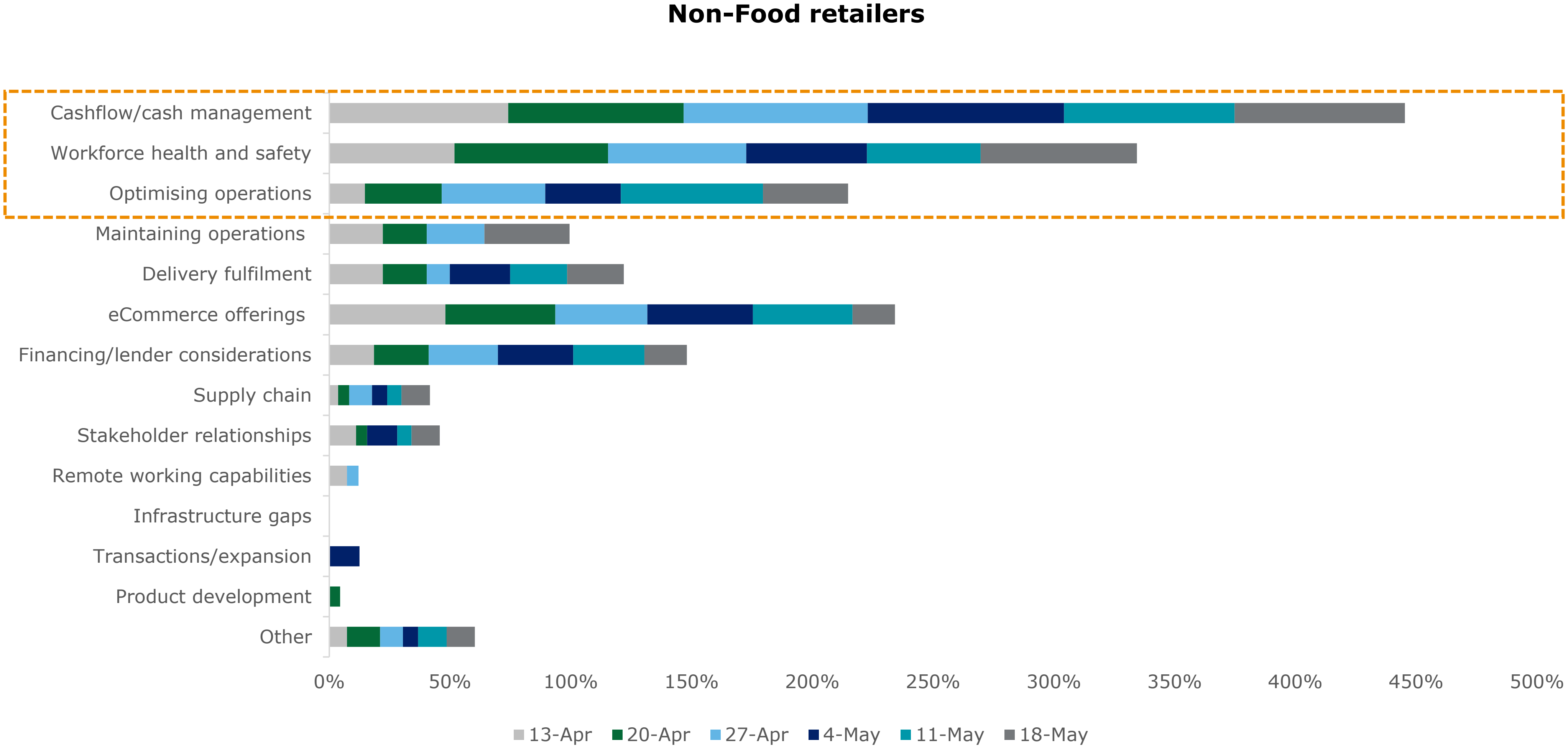
Current key priorities

Cash management, workforce health and safety, and optimising operations have been the top priorities for non-food retailers. eCommerce offerings had also been a key priority in the initial period but was surpassed by maintaining operations and delivery fulfilment in later stages of the survey.

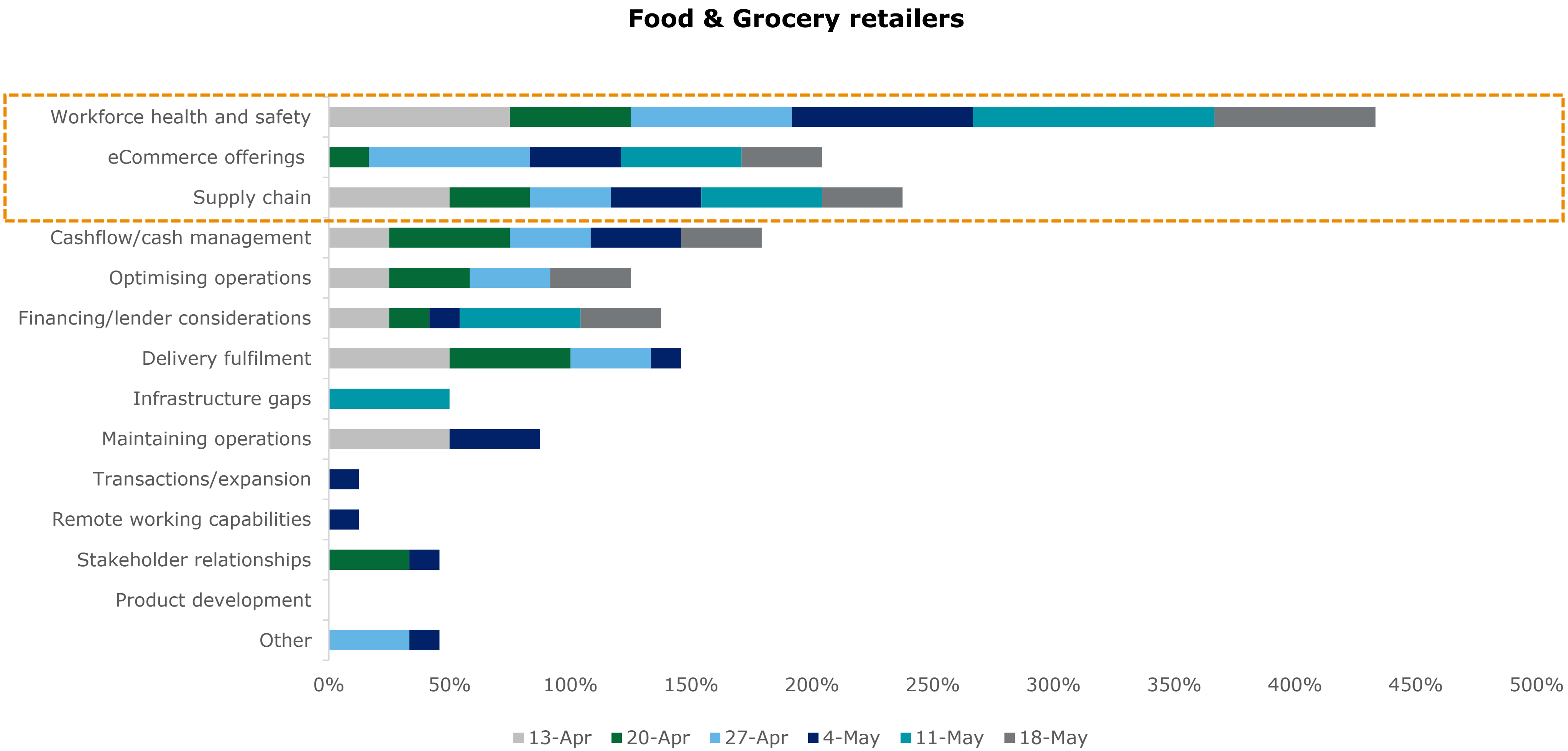


Q3: What are your key priorities over the next four weeks? (multiple answers possible)

Note: Please note that percentages may not add up to 100% due to rounding-off error

Current key priorities

Workforce health and safety has consistently been the top priority of food retailers. eCommerce offerings and supply chain have also been the key focus for food retailers throughout the survey period.



Q3: What are your key priorities over the next four weeks? (multiple answers possible)

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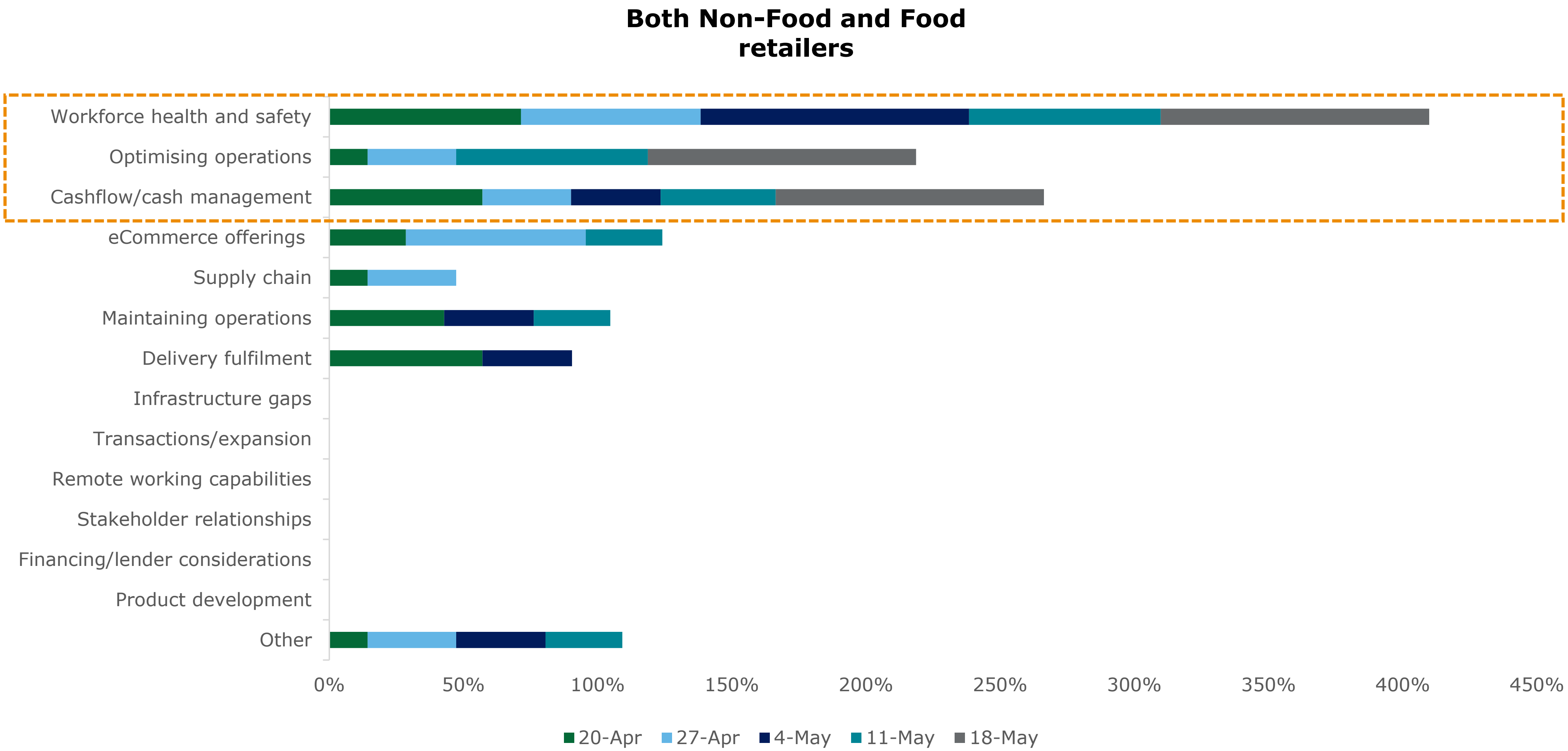
Current key priorities

Mixed retailers have placed workforce health and safety, cash management and optimising operations as their top priorities throughout the survey period. However, companies increased their focus on optimising operations in the later stages of survey.



Q3: What are your key priorities over the next four weeks? (multiple answers possible)

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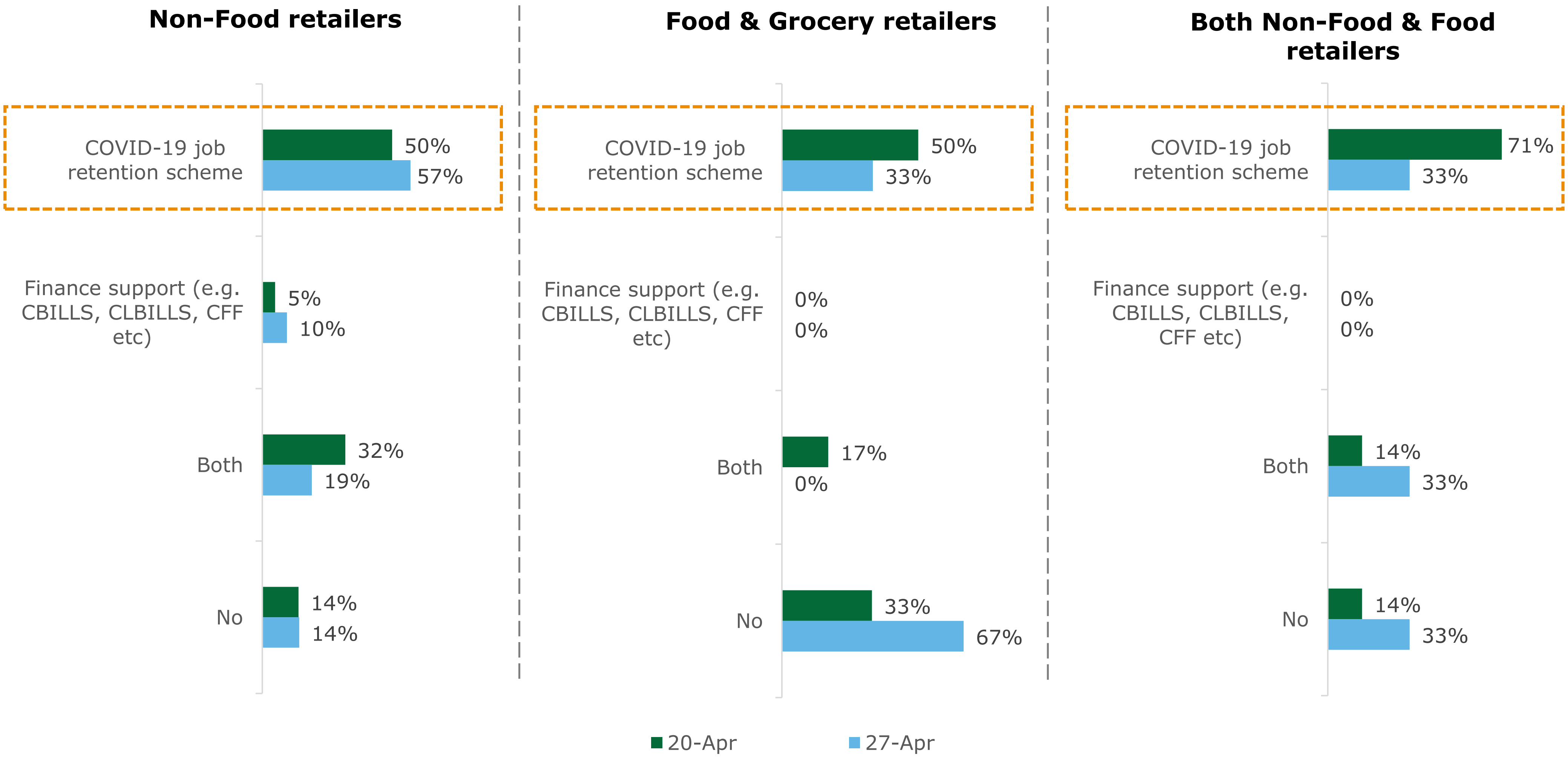
Government-backed schemes

The number of non-food retail respondents (86%) participating in one or more of the government support schemes remained unchanged over the survey period, with the job retention scheme proving the most popular.



Q4: Have you participated or do you plan to participate in any of the following Government-backed schemes?

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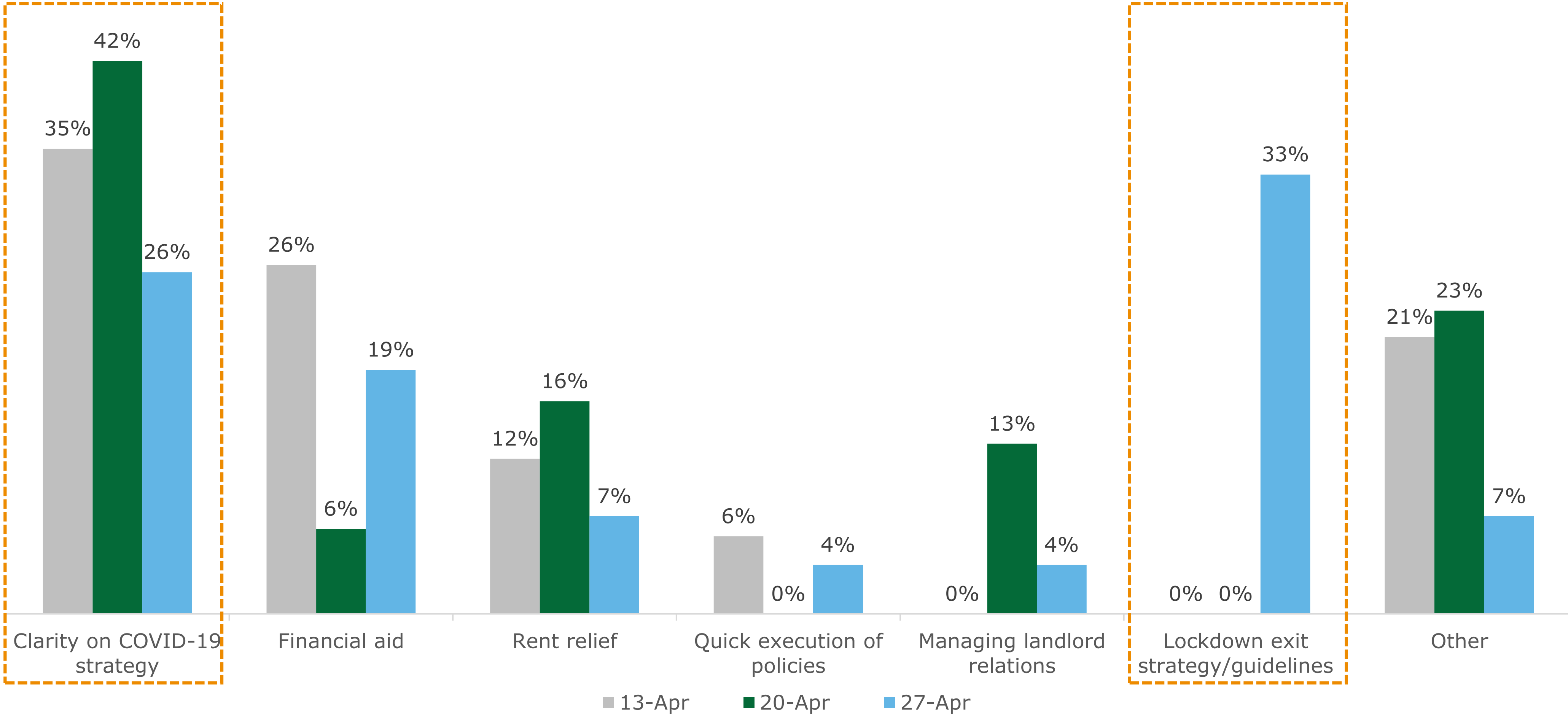
Government's priorities to support the industry

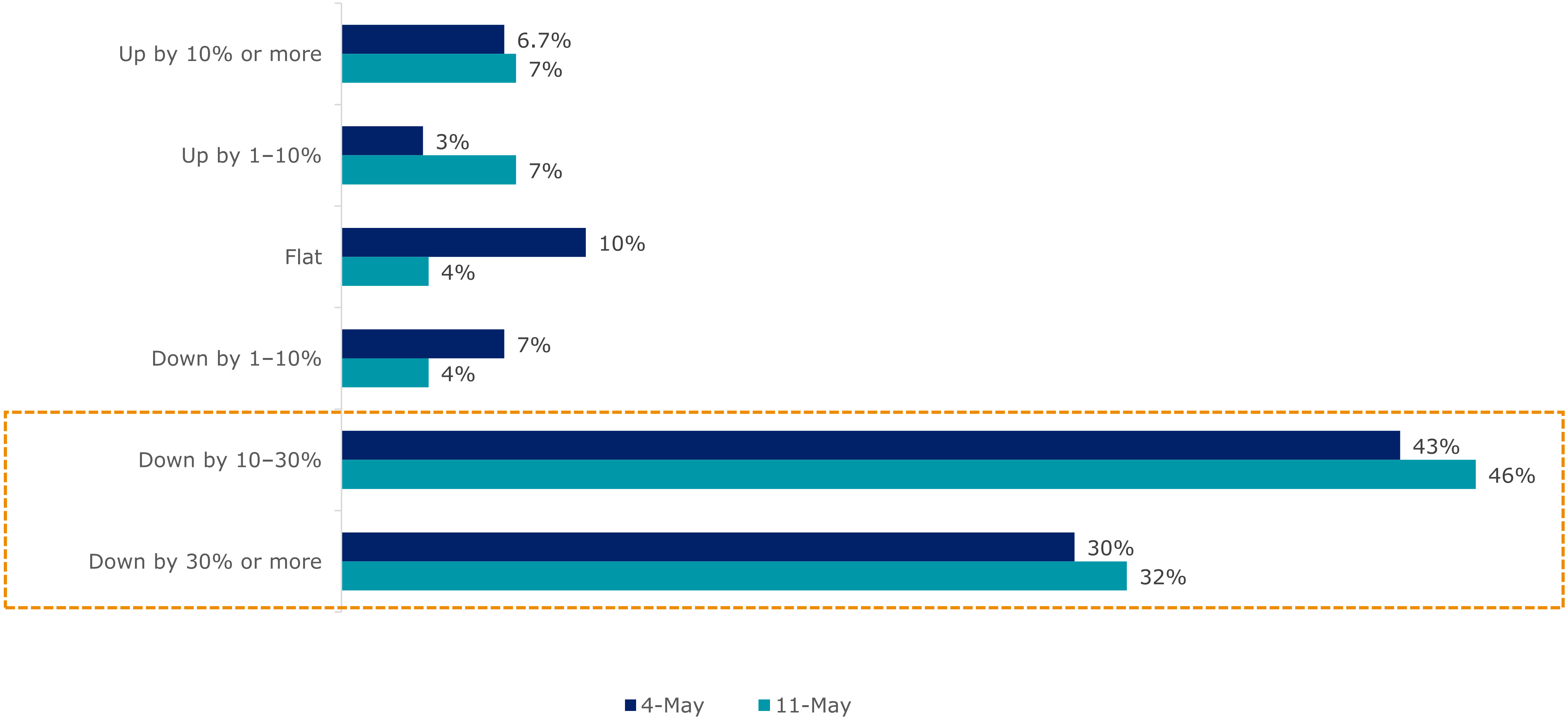
During the initial stages of the survey, respondents expected the government to clearly communicate the COVID-19 mitigation strategy. As the lockdown period extended, respondents displayed a shift towards clarity on lockdown exit strategy rather than mitigation strategy. Rent relief and financial aid were the other key recurring priorities over the survey period.



Q5: What additional government support would you like to help you cope with COVID-19?

Impact on earnings – Q3 2020

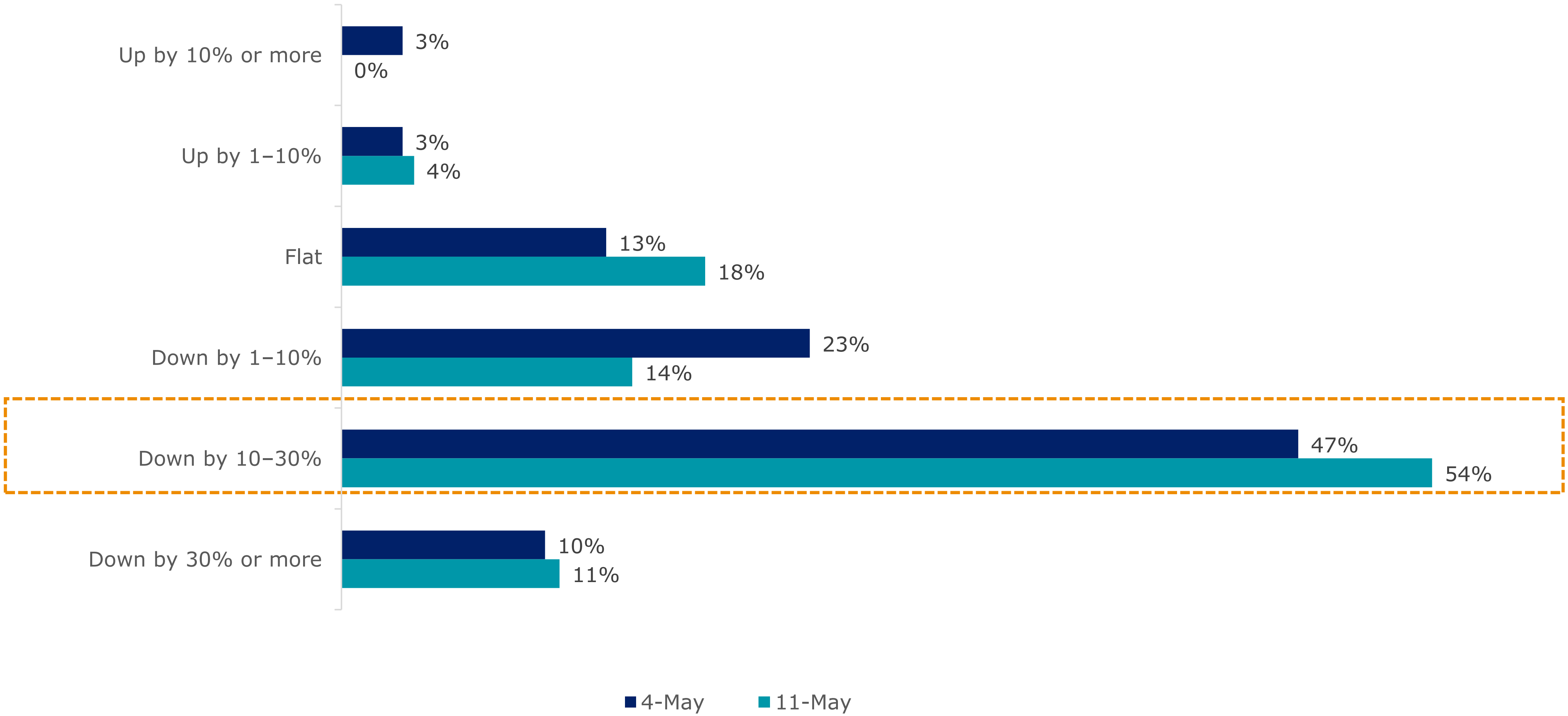
The survey highlighted that overall retailer sentiment on revenue impact due to COVID-19 was negative, with more than 70% of the respondents across the survey period expecting top-line figures to contract by more than 10% in Q3 2020 compared to last year. However, food retailers remained positive and expected earnings to either increase or remain at last year's levels in Q3 2020.



Q6: By how much do you expect revenue to be impacted in Q3 (Jul–Sep) 2020 compared to last year?

Impact on earnings – Q4 2020

More than three-quarters of the respondents (79%), mainly non-food retailers, expect their revenue to decline in Q4 2020, with 54% foreseeing a 10–30% drop in their revenue. 22% (+3ppts) of respondents expect the impact in the Golden Quarter of 2020 to be flat or better.



Q7: By how much do you expect revenue to be impacted in Q4 (Oct–Dec) 2020 compared to last year?

Note: Please note that percentages may not add up to 100% due to rounding-off error

Store reopening – Q2 2020

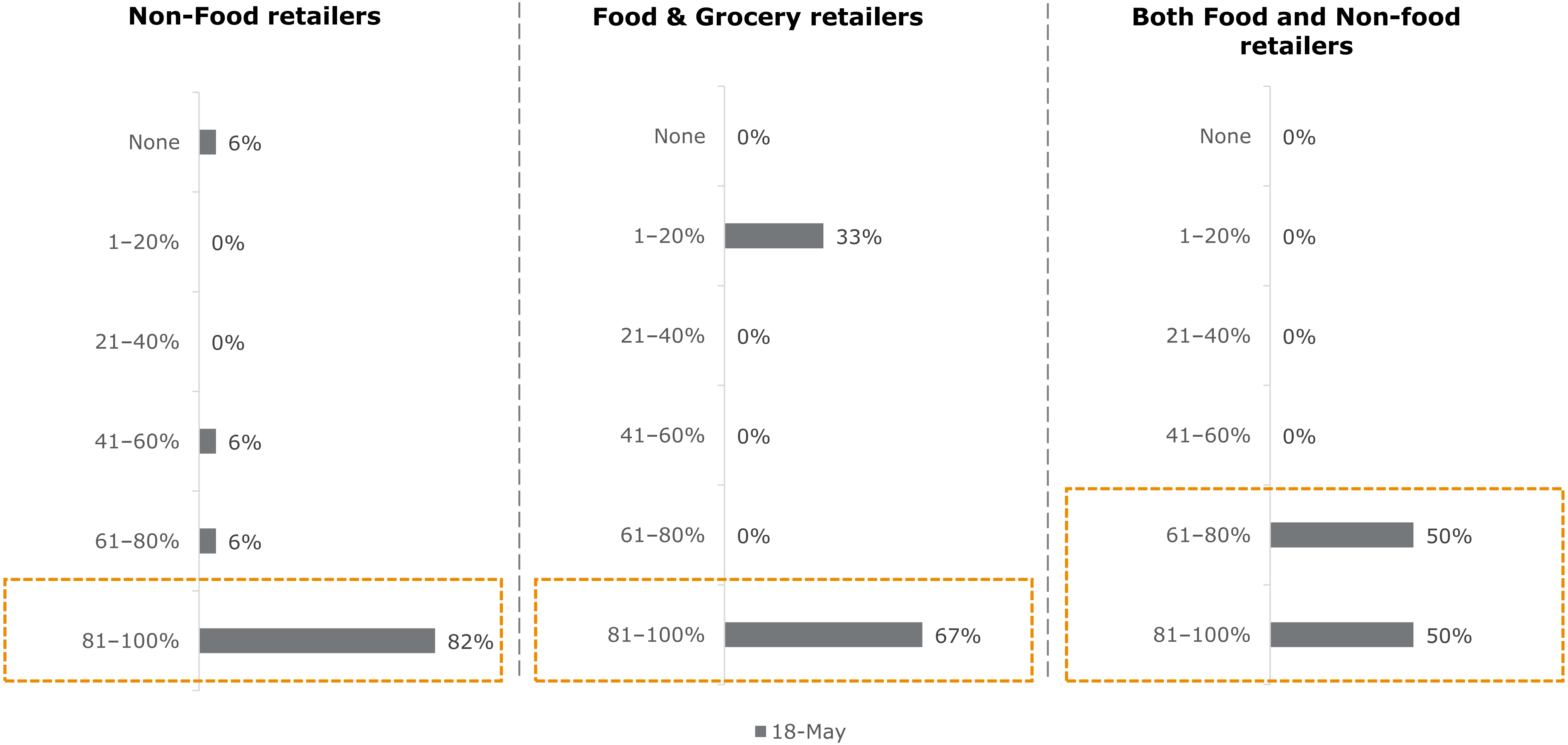
The survey revealed that as lockdown restrictions ease, 59% of non-food retailers plan to reopen more than 60% of their store estate to customers by the end of June 2020. Food retailers are more optimistic with two-thirds planning to utilise more than 80% of their store estate by the end of Q2.

Q8: What percentage of your store estate do you plan to have open by the end of June 2020?

Note: Please note that percentages may not add up to 100% due to rounding-off error

Store reopening – Q3 2020

As lockdown eases, the majority of non-food retailers plan to have most of their stores open by end of Q3 2020. However, there are still 12% of non-food retailers that are anticipating having 60% or less of their stores open, with 6% planning for stores to remain shut.



Q9: What percentage of your store estate do you plan to have open by the end of September 2020?

Note: Please note that percentages may not add up to 100% due to rounding-off error

Contacts

Please get in touch if you have any questions

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