



RETAIL – THE NEW NORMAL

AGENDA

- A brief update on matters
- Some macro trends that will impact retailing
- New ways of retailing
- Assessing the impact on different sectors of retail
- Some tips to assist you
- Likely demand?
- Jim Power – Ireland's economic outlook

A BRIEF UPDATE ON MATTERS

Rent – Govt are investigating Scandinavian rent grant models. We are pushing for the Danish one as it covers members who stayed open and lost money:
Denmark: Compensation is given as a percentage of the company's fixed property expenses during the period March 9, 2020 to June 9, 2020. The percentage of compensation varies between 25-80% and depends on the decrease in revenue that we suffer from:
80% if the revenue decline has been 80-100%
50% if the revenue decline has been 60-80%
25% if the revenue decline has been 40-60%

Rates – Govt are reviewing an extension of the current 3 month rates waiver. I have been clear that we need 12 months at minimum and tourist facing retailers will require 18 months at minimum

Liquidity – Working with the newly formed SME Recovery Team Chaired by ex Sec Gen Finance, John Moran. Liquidity solution is:
1. Provide all businesses with a 0% loan for them to pay their rent, rates, suppliers, reopening costs etc
2. Establish a Revenue Managed Compensation Scheme where all businesses make a claim for all Covid-19 losses sustained, they then pay back the loan with the pay out from your claim. Everyone's creditor is someone's else's debtor and thus liquidity is key to recovery.

MACRO TRENDS – INTO THE SHORT-TERM

- Home work will become increasingly prevalent and thus:
 - # Footfall in major urban / work areas will decline
 - # Footfall in commuter and local towns will increase
 - # Home workers will become more connected with their local towns
 - # Online sales will increase as access to favourite stores will reduce
 - # Decentralisation will be on the cards for many corporate employers
- Shopping, the world's favourite hobby full of experience, tactile, social will become overtly functional and less enjoyable. Stores will have capacity limits and some will promote reduced dwell time. Many will actively discourage browsing
- New ways of retailing will emerge
- We have all rethought what is important in life. One significant consideration is that we have all come to realise the importance of shopping local. In a recent survey EY found that 34% of consumers are willing to pay more to support local businesses!
- No events such as weddings and funerals, and the fact that we are all staying in, will continue to have a negative impact on the likes of fashion.
- We are all social creatures. We will all, at some point soon, return to enjoying the amazing shopping experiences the Irish retail industry offers!

NEW WAYS OF RETAILING

- Many retailers will launch an “**Argos style model**”. A counter in the front of the store which customers cannot go beyond. The customer requests an item/s and colleagues run to retrieve the item/s.
- **Online** will grow exponentially. Click and collect will become very popular for restaurant meal orders.
- Different forms of online will emerge. **Online with telesales and chat** solutions will be used by many i.e. online with a colleague offering over the phone telesales support to the customer to buy a pram, a book, paints etc...
- **Reservation only / blended** will also emerge as a way to beat the queues. Customers will go online or phone the store to book a consultation time. This will allow the retailer to plan labour roistering and guarantee safe distancing at all times. Free appointments software <https://squareup.com/us/en/appointments>
- **Drive thru** will become very pertinent. Not just McDonalds. If you have a carpark then you could consider a drive thru model. The customer makes an online or phone order, is given a unique transaction number and arrives in the store carpark and gives the number. The boot is opened and the purchases are brought out and the customer drives off.
- **Open air retailing** will become common. Think of Halfords with canopies in a carpark.
- **Pay by Text** will come to the fore. **Authipay by AIBMS**
<https://www.aibms.com/products-and-services/authipay/>



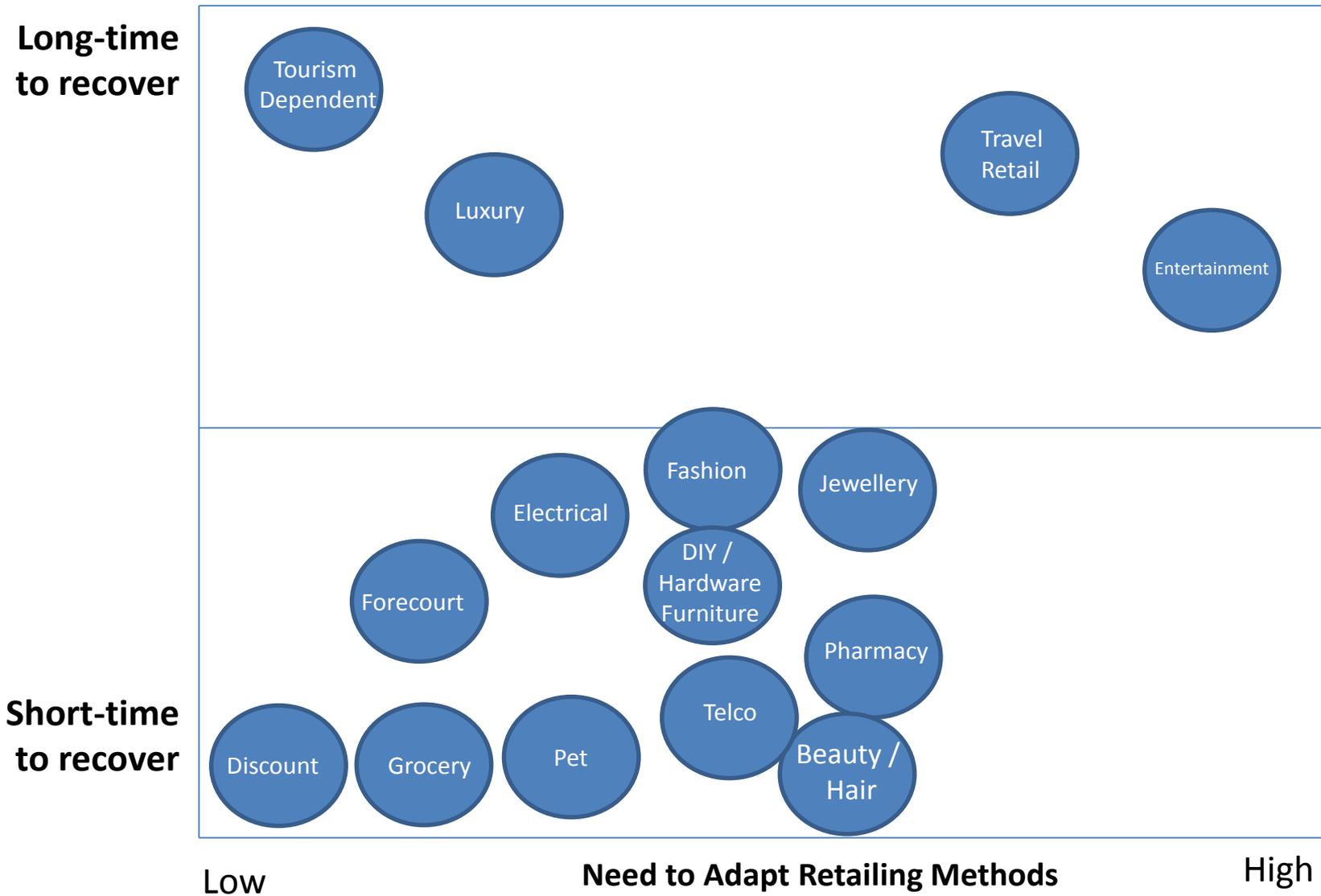
Lush, Argos Style Model



Mulligans Drive Thru Pharmacy, Waterford



POTENTIAL IMPACT ON RETAIL SECTORS



**Long-time
to recover**

**Short-time
to recover**

Low

Need to Adapt Retailing Methods

High

SOME TIPS TO ASSIST YOU

- Large stores can reopen as a small store by closing off some of the store space.
- Retailers might consider planning totally different product ranges to remain viable i.e. visitor stores stocking domestic customer relevant ranges until Q2 2021.
- Online virtual shopping might be considered. Take a video of your store and customers can shop the store online.
- Consider selling through social media platforms such as interactive Instagram video sessions where you launch ranges and offer customers advice.
- Perhaps remove some fixturing to make more space for customers to socially distance?
- Consider selling through online marketplaces – take a look at www.bezzu.com if you are an independent fashion store.
- Reassure all colleagues and customers through common sense approach to reopening – steaming clothes, spraying jewellery etc..
- Communicate, communicate, communicate – lots of posters underlying the fact that you are a responsible retailer.

Overall Revenue Predictions

	In Store Predicted Revenues					Online Predicted Revenues					Total Retail Predicted Revenues				
	June	July/Aug	Sep/Oct	Nov/Dec	2021	June	July/Aug	Sep/Oct	Nov/Dec	2021	June	July/Aug	Sep/Oct	Nov/Dec	2021
All Retail (exc Grocery & Alcohol)	-65.28%	-45.99%	-33.11%	-24.54%	-23.01%	56.03%	46.08%	44.54%	40.28%	38.87%	-47.74%	-41.41%	-29.05%	-23.94%	-21.49%
Café / Fast Food	-95.71%	-73.57%	-50.83%	-45.83%	-36.67%						-95.71%	-73.57%	-50.83%	-45.83%	-36.67%
DIY / Hardware	-21.17%	-7.49%	-12.11%	-9.89%	-14.78%	12.12%	10.06%	14.11%	18.34%	19.77%	-16.78%	-6.44%	-11.09%	-9.23%	-12.14%
Consumer Electronics	-21.25%	-18.75%	-26.01%	-18.22%	-19.55%	28.33%	18.33%	25.05%	33.75%	33.33%	-20.04%	-17.66%	-23.17%	-17.14%	-18.14%
Fashion & Lingerie	-82.01%	-58.13%	-36.88%	-26.25%	-29.54%	107.51%	96.67%	70.83%	57.14%	49.98%	-73.56%	-43.81%	-33.52%	-24.22%	-21.11%
Footwear	-81.25%	-42.59%	-26.12%	-17.88%	-16.67%	55.16%	32.14%	27.15%	24.66%	19.14%	-77.66%	-40.14%	-25.11%	-17.01%	-15.16%
Forecourt	-51.24%	-46.88%	-31.12%	-22.14%	-17.95%						-51.24%	-46.88%	-31.12%	-22.14%	-17.95%
Furniture / Flooring	-88.14%	-33.16%	-28.14%	-22.18%	-19.14%	11.14%	9.12%	11.15%	17.12%	8.16%	-84.26%	-31.22%	-26.19%	-20.15%	-18.18%
Games / Books / Toys / Music	-82.49%	-55.16%	-37.51%	-25.66%	-17.51%	42.15%	33.13%	24.15%	26.11%	17.14%	-69.99%	-48.17%	-33.15%	-22.18%	-15.14%
Garden Centres	-28.66%	-22.15%	-15.14%	-17.14%	-11.18%	105.44%	88.16%	77.77%	64.15%	43.22%	-26.14%	-20.15%	-14.77%	-15.88%	-9.14%
Homewares / Giftware	-91.01%	-28.14%	-17.77%	-15.15%	-11.14%	88.67%	68.19%	44.17%	36.17%	26.12%	-84.17%	-26.12%	-16.05%	-13.99%	-10.88%
Hair & Beauty *Online Beauty Only	-91.45%	-24.14%	-18.66%	-15.14%	-16.44%	68.15%	55.20%	42.14%	33.89%	25.16%	-88.15%	-22.05%	-15.89%	-13.17%	-14.88%
Jewellery	-78.55%	-52.15%	-43.33%	-37.66%	-28.96%	88.14%	72.66%	41.78%	33.28%	28.19%	-74.15%	-49.15%	-41.27%	-35.15%	-26.88%
Opticians	-72.11%	-64.11%	-42.19%	-31.29%	-22.98%						-72.11%	-64.11%	-42.19%	-31.29%	-22.98%
Pharmacy	-36.14%	-28.44%	-19.15%	-17.66%	-11.22%	78.44%	67.11%	55.14%	77.16%	33.12%	-28.17%	-24.22%	-17.16%	-15.88%	-10.15%
Telecoms	-74.15%	-61.14%	-41.26%	-32.22%	-21.91%	112.12%	88.14%	51.22%	41.22%	34.12%	-66.16%	-56.15%	-36.21%	-25.17%	-18.11%
Cinema / Entertainment	-96.22%	-67.18%	-62.14%	-36.44%	-39.15%						-96.22%	-67.18%	-62.14%	-36.44%	-39.15%

LIKELY DEMAND?

- Initial release of pent-up demand
 - # Eager for a return to normality
 - # Shopping lists
- Revenge retail - Followed by period of subdued demand
- Worst impacted regions in EU – micro-economies dependent on tourism
- Tax Warehousing for SMEs

HERE TO HELP OUR MEMBERS?

- The REI Team
- HR – Tom Smyth & Associates - 021 463 4154
info@tsaconsultants.ie.
- Legal / Insurance – Sherwin O’Riordan – James
Sherwin - jsherwin@sor.ie

THANK YOU
LETS GET BACK TO BUSINESS



Ennis Office – 3 Carmody Street Business Park, Ennis, County Clare
Dublin Office – Unit 10, Leopardstown Office Park, Sandyford, Dublin 18

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John Magee

A/Director of Services

Economic Development & Community Engagement



[LocalEnterprise.ie/Response](https://www.localenterprise.ie/Response)



Agenda

- Business Overview – Mayo perspective
- Response to COVID-19
- Key Business Supports



Extraordinary Times

- Very difficult time for all businesses
- Issues: Cash Flow, HR, ICT, Safe Working Environment, Stock
- BREXIT Preparedness has helped
- Variations within Sectors: Manufacturing, Engineering, Food, Retail, Technology / ICT, Hospitality / Tourism
- Businesses Pivoting

National & Local Response

- Co-ordinated Response and Supports from National Government, Local Government, and State Agencies
- Range of Financial & Enterprise Supports
- Mayo County Council:
 - LEO is leading on enterprise supports
 - Liaison with Chambers, other agencies around an Economic Recovery Plan
 - Municipal Districts now available to work with local retailers around issues that might arise in relation to re-opening (queueing, seating, planning, etc)

[LocalEnterprise.ie/Response](https://www.localenterprise.ie/Response)



LEO is First Stop...

- Free COVID Mentoring
- Advice and Guidance
- Free online training and webinars
- Trading Online Voucher - €2,500 with 10% matched funding, second voucher available
- Microfinance Loan Fund – up to €50,000, 4.5% interest rate, first 6 months interest free



Local Enterprise Office Mayo Supports: Mentoring

- LEO Mayo can provide professional, confidential advice to help you address your business challenges through our mentoring panel. Expert advice on:
 - Website Development
 - Financial Management & Accounting
 - HR Management
 - Marketing & Sales Development
 - Health & Safety Consultations
 - Business Strategy

[LocalEnterprise.ie/Response](https://www.localenterprise.ie/Response)



LEO Mayo: Training

- Build your own E-Commerce website
- Using Social Media to promote your business
- Financial Planning for your business
- Organise your workplace for productivity incorporating COVID-19 guidelines
- Redesigning your business for Physical Distancing using LEAN principles
- Re-opening your business after COVID-19 – Health & Safety Workshops

[LocalEnterprise.ie/Response](https://www.localenterprise.ie/Response)

Helping your
business **respond**
to COVID-19

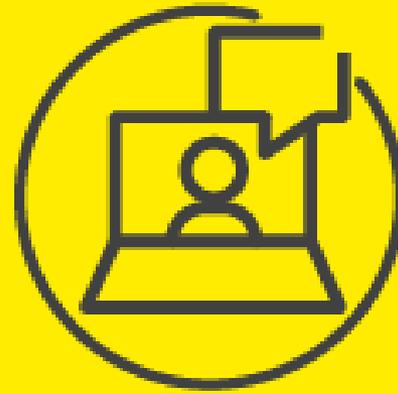


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Mayo County Council



Coronavirus
COVID-19
National
Programme

Trading Online Voucher



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Trading Online Voucher Expanded Scheme

- Up to €2,500 for ecommerce and digital marketing activities
- Match-funding for TOV application has been reduced from 50% to 10%
- 2nd application for a TOV is now permitted for ecommerce system upgrades



Mentor Mayo

Mentor Mayo is an innovative support which blends the established mentoring services of LEO Mayo with leading entrepreneurs and senior business experts from the Mayo business community who want to help other businesses through the challenges ahead.

Visit www.mentormayo.ie for more information

LocalEnterprise.ie/Response



MENTOR MAYO
Sharing business experience & expertise

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Sharing business experience & expertise

Difig Fiontair Áitiúil
Local Enterprise Office
Difig Fiontair Áitiúil Mhagh Eo

ARTS
EST

Helping your
business **respond**
to COVID-19


Local
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Office



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Coronavirus
COVID-19
National
Programme

Microfinance Ireland Loan Scheme



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Microfinance Ireland

- Loans from €5,000 – €50,000
- Loan terms typically up to 3 years
- First 6 months – 0% Interest & Zero repayments
- Reduced interest rate 4.5% APR for LEO applications and 5.5% APR for Direct applications
- No fees/no hidden charges

www.microfinanceireland.ie

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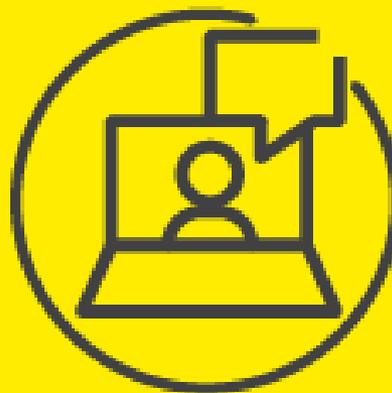


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Restart Grant



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Restart Grant

- Scheme applies to small businesses with a turnover of under €5m and employing 50 people or less.
- **Direct grant aid of between €2,000 minimum and €10,000 based on 2019 commercial rates demand**
- Closed or impacted by at least a 25% reduction in turnover out to 30th June 2020
- Commit to re-opening & retaining staff

<https://www.mayo.ie/restartfund>

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Helping your
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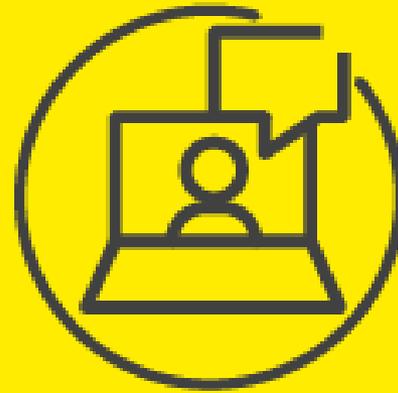


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Coronavirus
COVID-19
National
Programme

Useful Resources



[LocalEnterprise.ie/Response](https://www.localenterprise.ie/Response)



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sbci.gov.ie – Strategic Banking Corporation of Ireland – Alternative loan funding source

www.ruralenterpriseskillnet.ie – Offering free & heavily subsidised COVID-19 specific training

www.nsai.ie Information and Helpline

www.dbei.gov.ie Supports for Business – central source for information

www.localenterprise.ie/response

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Helping your
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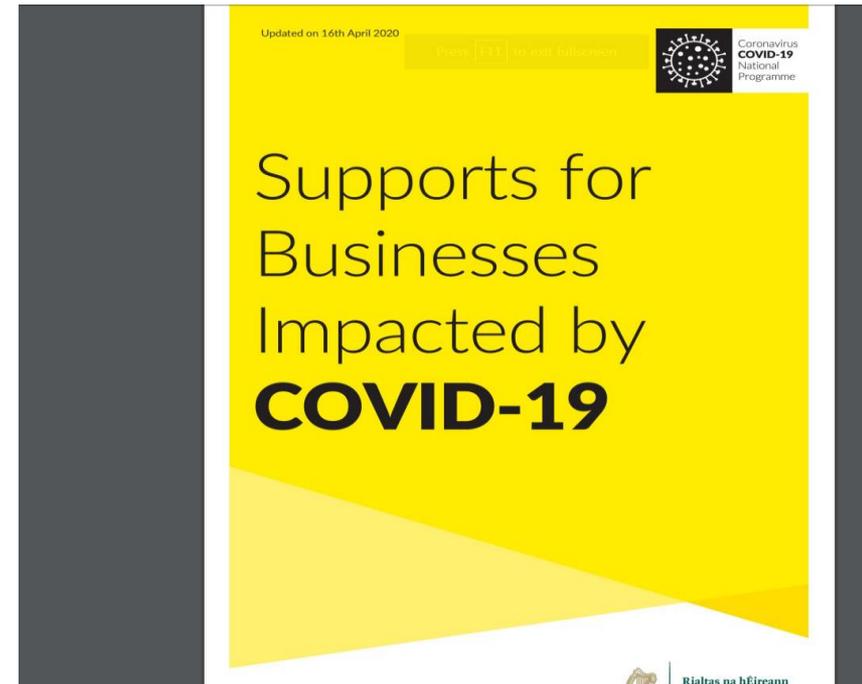


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Good Guide on DBEI

<https://dbei.gov.ie/en/Publications/Publication-files/Supports-for-businesses-impacted-by-COVID-19.pdf>



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Key Messages

- There is help available
- Avail of mentoring, guidance
- Avail of relevant supports
- Examine business model & offering
- Pivot / transform / position for recovery

Helping your
business **respond**
to COVID-19


Local
Enterprise
Office



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Get in Touch

- Find your nearest Local Enterprise Office and contact details at:
<https://www.localenterprise.ie/mayo>
- Sign up to the Local Enterprise Office Newsletter



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**KILKENNY COUNTY COUNCIL
COVID-19 Economic Seminar**

May 28th 2020



Jim Power
economics

GLOBAL ECONOMIC IMPACT COVID-19

- World looked relatively straight-forward in January > better year in prospect
- Dramatic decline in economic activity since March
- ‘Sharpest slowdown since 1920s’ (IMF)
- Ongoing strong official policy response
- Recovery will depend on path of virus – but gradual opening up under way
- Activity will be restricted/nervous until vaccine
- Sub-par growth for next 18 months

EU Commission Forecast (May 6th 2020)

GDP	2019	2020f	2021f
Euro Zone	1.2%	-7.7%	6.3%
Germany	0.6%	-6.5%	5.9%
France	1.3%	-8.2%	7.4%
Italy	0.3%	-9.5%	6.5%
Spain	2.0%	-9.4%	7.0%
Ireland	5.5%	-7.9%	6.1%
Greece	1.9%	-9.7%	7.9%
Netherlands	1.8%	-6.8%	5.0%
Belgium	1.4%	-7.2%	6.7%
UK	1.4%	-8.3%	6.0%

Ireland

- Dramatic decline in activity
- Over 1 million receiving Govt. Support
- Govt. & EU will have to accept higher deficits
- Fiscal Austerity cannot follow
- Strong support required for business & for prolonged period
- Ireland in a good place to borrow
- Personal savings will increase
- Recovery will come, but will be driven by medical fundamentals

Snapshot of Irish Data

- Retail Sales March Value -12.4%; Volume -11.1%
- Exports Q1 +12.1%; Chemical & Pharma +14.6% (64% of total Exports)
- New Car Sales (Year to 24/05/20) -34.2%
- 579,400 on COVID-19 Unemployment Payment (-5,200 on week earlier)
- 56,300 Employers on Wage Subsidy Scheme > 482,800 workers
- 214,700 on Live Register end-April
- Real impact in April & May data

Sectoral Impact – In Descending Order

- Tourism & Travel
 - Hospitality sector > Pubs, Restaurants, Hotels
 - Non-Grocery Retail
 - Motor Industry
 - Construction
 - Not-For Profit Sector
 - Pharmacy
 - Agri-Food Sector
 - Manufacturing
 - Grocery-Retail
- ~ Opening up will be Gradual, Challenging & Expensive

Dept of Finance Update

	2019	2020f	2021f
GDP	5.5%	-10.5%	6.0%
GNP	3.3%	-11.7%	7.1%
Personal Consumption	2.8%	-14.2%	8.7%
Gov. Consumption	5.6%	9.1%	-3.2%
Modified Investment	1.3%	-37.3%	22.5%
Exports	11.1%	-7.7%	7.5%
Modified Imports	11.9%	-9.3%	9.7%
Inflation	0.9%	-0.6%	0.4%
Employment	2.9%	-9.3%	5.5%
Employment (000s)	2,323	2,106	2,221
Gen. Gov. Bal. (% GDP)	0.4%	-7.4%	-4.1%
Gen. Gov. Debt (% GDP)	58.8%	69.1%	68.4%
Gen. Gov. Debt (% GNI*)	99.2%	125.1%	121.6%

Long-Term Impact

- Massive government debt legacy
- Global Travel will be slow to regain confidence
- Social Distancing Protocols > will limit business volumes & increase costs
- Economic nationalism > tighter borders/restrictions?
- Food security & safety
- Migration to Online
- Remote Working > Commercial Property Impact?
- Essential to prevent economic crisis from morphing into a banking crisis

Supporting Business

- Vital to protect business & support re-employment
- Vital to prevent banking crisis
- Judgement & Enforcement will have to take cognisance of exceptional circumstances
- Need to work with & communicate with clients
- Forbearance & Flexibility
- Full disclosure essential
- Business survival is essential

**Thank you.
Any Questions?**



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