

## **Retail Excellence Opening Statement to the Joint Committee on Enterprise, Trade and Employment – Wednesday, July 7<sup>th</sup>, 2021**

### **'The challenges facing the retail sector following the disruption of the Covid pandemic'**

Chairman, Deputies and Senators. Thank you for the invitation to meet with the Committee today. I am joined by Keith Rogers from Ecco Footwear who is a former Chairperson of Retail Excellence Ireland.

Retail Excellence is the largest representative body for the retail industry in Ireland, with over 2,000 members across various retail sectors who between them employ approximately 280,000 staff throughout the country.

Since the emergence of the Covid-19 pandemic in Ireland in March 2020, retailers have faced an unprecedented level of disruption to their livelihoods. The vast majority of retail stores were shut for almost nine months in total. Many could not trade at all. For others, huge effort and cost was invested in trying to pivot to online sales and delivery systems in order to survive.

While contending with a major drop in income, retailers were obliged to invest in control measures to safeguard customers and staff when their stores were open, such as Perspex screens and hand sanitisation units, while all were forced to reduce selling space in order to facilitate in-store social distancing.

And retailers also had to struggle with the mixed signals and confused messaging about how long lockdown would last. Many of our members incurred huge expenses on season-specific stock which has now had to be discounted as the seasons have moved on.

In short, the Covid pandemic has not merely disrupted the retail industry – it has decimated it. For example, we know that at the end of Q4 2020 there were 2,000 more commercial vacancies in Ireland compared to the same period a year earlier.

There have been several high-profile retail closures and exits from Ireland since last year, including Gap, Carphone Warehouse and Topshop. No doubt various factors influenced these decisions but there is no doubt either that the impact of Covid 19 was a significant influence.

It is regrettable to note that these closures are a reflection of what is happening to retailers of all sizes throughout the country. When big name brands are involved, a closure announcement gets national attention. Not so when the business closing is a small shop in a small town, but that doesn't diminish the tragedy for the individuals involved or lessen the impact on the community in which the shop is based. These smaller closures are happening every day.

Technically non-essential retail fully re-opened on May 17<sup>th</sup> but it is important to point out that the continued restrictions on the hospitality sector are having significant knock-on impacts on retail; in our towns and cities, retail and hospitality have an extremely close relationship. People go to town not just to shop but to shop, eat, have a coffee or a drink and so on. While hospitality is still restricted, retail can only get by rather than thrive, so we are desperately keen to see hospitality fully reopened as soon as possible.

Meanwhile, Covid-19 has led to several major international retailers deferring planned investment in Ireland. Businesses such as sporting goods retailer Decathlon and homeware provider JYSK said in March this year that tough Government restrictions meant that they had been forced to re-evaluate their plans, and now there is no indication that they will go back on their decisions.

There are several challenges which face the retail industry following the Covid pandemic, and chief among them is the issue of rent. While many commercial landlords around the country have struck fair deals with tenants who did not take in any income for well over half a year, there are several examples of others who continue to pursue retailers for overdue rent payments in full.

We believe that all landlords should, at the very least, be offering a two-month rent amnesty to commercial tenants, which would represent half of the time retailers were shut during the third Covid lockdown from January to May of this year.

In the absence of any leniency from landlords, we would ask the Government to consider introducing a mandatory mediation scheme through which landlords and tenants could settle disputes and move on. Were all landlords to demand overdue rent payments in full from their tenants, it is obvious that we would be facing the collapse of the retail industry in Ireland and a resulting economic catastrophe.

In a wider sense, it is clear that the disruption of the pandemic has brought about a change in the very nature of shopping. We are starting to see a new trend – a mixture of physical and digital shopping. People have embraced multi-channel shopping over the past few months – perhaps browsing online and making a quick purchase in-store where possible, or vice versa.

This is good news for larger businesses who can afford to invest heavily in online systems, but has been a significant challenge for small businesses which do not have the time or resources to properly develop their online presence.

Government initiatives such as the Online Retail Scheme have helped, but in reality these are just a drop in the ocean for the thousands of businesses who now find themselves on the brink.

However, it is clear that, along with challenges, the pandemic has created opportunities for the retail industry and for society as a whole. Covid has given us a chance to reimagine what we want our towns and cities to look like.

In recent years, city centres have been hollowed out by the rapid emergence of several large shopping centres in city suburbs.

Our towns and cities are places where people should want to live and shop as well as work, and if anything, this pandemic has shown that we must invest in these places in order to survive and thrive. We have a huge job ahead of us rejuvenating our towns and city centres. Figuring out how we can attract people back into city centres should be a key goal of this Government.

There are other issues too. Brexit has not gone away for retailers and is something which still has the potential to cause prolonged disruption itself. Even though a deal has been done, it remains to be seen how logistical issues manifest themselves in trade between the EU and the UK. It will clearly have an effect on costs and the supply chain, along with additional bureaucracy, so retailers will be keeping a close eye on developments.

In summary, the retail industry in Ireland has never experienced a crisis like Covid. Thousands of businesses have already been forced to close their doors, and many will not survive the coming months as society begins to return to some form of normality.

Considering the retail industry employs over 10% of the entire country's workforce, it is beholden on us all to ensure its survival. After such an intense and deep shock, the industry and its staff now require major investment, resources and support from the Government in order to emerge better and stronger.