



The path to sustainability and recovery

So, what additional steps can brands, distributors and retailers take in order to deal with the crisis and recover? We believe there are several areas where retail businesses may focus on to better prepare their business for the near future.



Demand planning

Managing demand fluctuations should be the focus of retailers' short-term plans. While some are seeing demand fall away and customers shifting channels, others are facing unprecedented spikes in demand. The ability to predict and manage these trends has never been more important.



Cash reserves and liquidity

Businesses should take a hard look at their current cash positions and develop scenarios to test their financial stability and capability to withstand the downturn for a prolonged period. Given retail businesses' high dependence on cash, it is increasingly important to assess the current and expected liquidity profile and potential changes in working capital dynamics. This may lead to discussions with banks and lenders for refinancing or amendments to financial covenants that could be impacted.



Workforce management

Retailers must have a plan that ensures the health and safety of their employees, while managing their business. This goes beyond creation of a crisis communications plan. Retail businesses will need to think about managing their workforce under evolving scenarios, particularly for the spike in demand for grocery retailers as well as delivery services. MAF Retail, for instance, has reskilled its cinema staff, who have been affected by the closure of entertainment destinations in the UAE, to help manage the demand for online delivery. Furthermore, the government is undertaking initiatives to facilitate realignment of the workforce on an exceptional basis.⁶



Medium term supply-chain challenges

Additionally, retailers should now be thinking ahead and preparing their supply chain operations for any form of economic recovery in the coming months. We could see “compensatory” growth in demand, when things eventually return to normality. While it would be difficult to predict recovery, businesses are relatively more upbeat about the last quarter of the year.



Digitalisation

The crisis has certainly accelerated the shift towards technology and online channels for the consumers. Many of those who preferred brick-and-mortar shopping have been forced to adapt to online buying. Retailers that have been slow to digitalise and adopt the latest technology will now need to mirror this shift, swiftly developing an omni-channel strategy. This is the need of the hour and those retailers who choose to ignore this risk losing business and, more importantly, customers.



Crisis management

Lastly, in the long term, retail companies should consider establishing risk-prevention mechanisms. Organizations need to collaborate with the government, communities, financiers and other stakeholders to establish an emergency mechanism that can help protect businesses, as well as people’s livelihoods, and reduce the inventory backlog caused by such an outbreak.

The long-term social, economic and health impacts of the Covid-19 virus are still unknown and new details and views are emerging every hour. Our hope is that current efforts to contain the virus and its impact are successful. This outbreak has created significant disruption for many businesses. Those that are agile and already thinking of various future scenarios are best positioned to survive and potentially thrive.