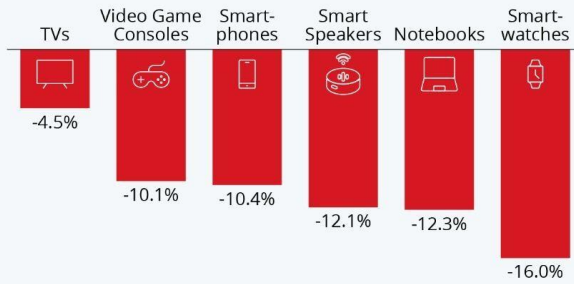


## Coronavirus Expected to Impact Tech Industry Shipments

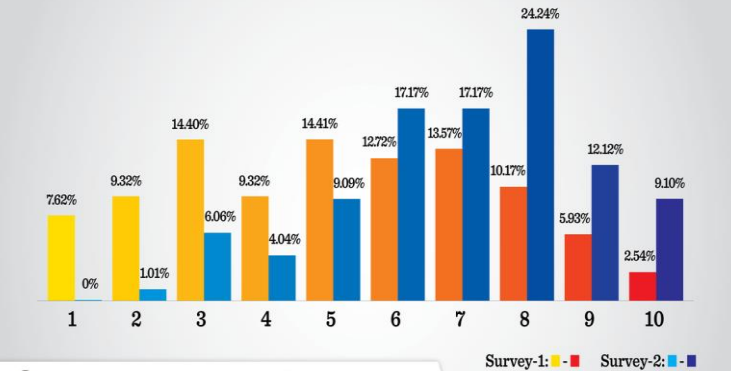
Estimated impact of the COVID-19 outbreak on global tech shipments in Q1 2020\*



\* smartphone forecast refers to production volume instead of shipments  
Source: TrendForce



## COVID-19: Business Impact Assessment



Q In your assessment, what will be the impact of Coronavirus on your business in 2020?  
Scale 0-10 | (no impact) to (disastrous)

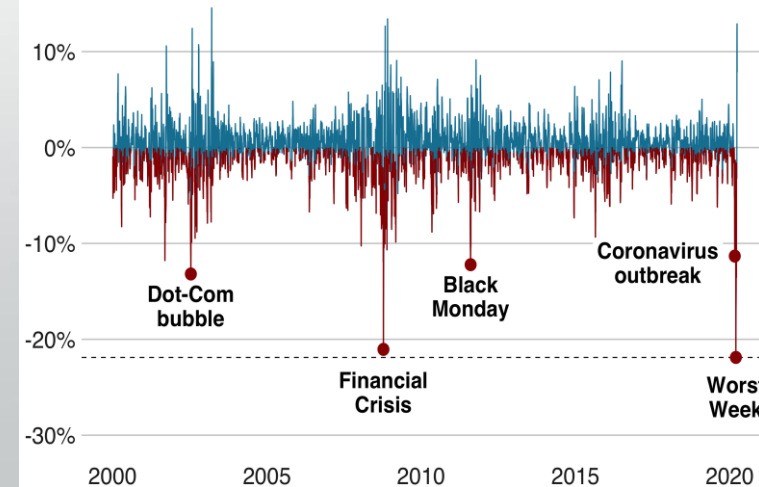
# The Effect of Covid – 19 on Business Decision Making

By Maia Cummings



## FTSE 100 plunges on coronavirus fears

Week-on-week percentage change



Source: Bloomberg, 27 March 2020, 13:00 GMT





***Sainsbury's***

# Effect on promotion and methods of production

From the Sainsbury's website: 21<sup>st</sup> March 2020

## **Sainsbury's introduces separate priority shopping times for the NHS staff and elderly customers**

This week, Sainsbury's supermarkets has reserved half an hour in the morning for NHS, social care workers and the elderly to do their shopping so they are less in danger of catching the coronavirus. This also helps the NHS and the care workers because they would be busy during the day working with people that need special care. "We have listened to feedback and decided to allow NHS and social care workers to shop in our supermarkets before they open" says Mike Coupe who is Sainsbury's CEO. The fact that Sainsbury's has listened to the feedback given by customers gives us the impression that they are always open for adaptation to keep the customers happy which then promotes that they are a good community who are empathetic and caring for those who work hard to keep us safe. This creates a buzz from the people as it puts the shop in a good light and they would be keen to shop there. Furthermore, this method gives people structure for when they shop and allows time for each individual so it is not as cramped when everyone goes in the shop at once. This operation and marketing has helped massively with the way people shop and the set timings allows social distancing to be done safely as well as prioritising those who need essential food.

# **Effects on cash flow**

From the BBC News website: 24<sup>th</sup> April 2020

## **Shoppers swap clothes for alcohol amid record sales drop**

During this pandemic, it has become clear that UK retail sales since the middle of March have fallen by 5.1%. According to the Office of National Statistics, this has been the steepest fall since 1996 (over 20 years ago). Clothes shops have decreased by 34% whilst online shopping for food and alcohol has risen by 22%. The chief Executive of Retail Economics, Richard Lim, said "Retailers are in crisis mode as the impact of Covid - 19 has obliterated sales to new record-lows". This is a big issue for retailers such as Sainsbury's because as people have become more used to online shopping and this may have an impact on people that have jobs within retail sales. If people carry on with online shopping after lockdown, the staff that work in Sainsbury's won't need to be working there as everyone is shopping from home. In addition, people who work in clothes shops are also in danger with their finance situation as the companies are not making money and are unable to pay the people.

# **Effects on Human Resource Management**

From the Sainsbury's website: 30<sup>th</sup> April 2020

## **Update from Sainsbury's on the impact of COVID-19 and Preliminary Results for the 52 weeks to 7 March 2020**

During the coronavirus pandemic, Sainsbury's have said they are very keen to keep their customers and colleagues safe. To counter the threat, they have said they are providing the full basic pay for self isolating colleagues for 14 days as well as paying extremely vulnerable colleagues for 12 weeks who may be shielding. As well as that, they are ensuring strict social distancing measures for stores including safety screens, managing the situation carefully so everyone stays safe. Limiting the amount of customers in the shop is also a good strategy and gives the customers more space and reduces panic about staying 2 metres apart. Sainsbury's are also keeping their stores extremely clean by introducing strict hygiene measures. The management of change has been organized well protecting customers, employees and the most vulnerable.



# *British Airways: reeling from shock greater than 9/11*

From The Times: 4<sup>th</sup> April 2020

# Effect on cash flow and redundancy

12,000 people have been made redundant at British Airways because air traffic has fallen by 90% since the start of the pandemic. As a result of the global pandemic, airplanes are not allowed to fly and therefore airlines are unable to generate revenue and thousands of people are being made redundant. The uncertainty for airlines is worse than other industries because international travel will be the last thing where restrictions are lifted. Whilst Airlines are unable to generate income through ticket sales, they still have fixed costs such as wages and rent that they have to pay out. This is why British Airways are looking to cut those costs by making redundancies. British Airways' Chief Executive, Willie Walsh, has a reputation for being tough on cost cutting and employee relations and thinks his business will benefit from this.

# Effect on marketing

British Airways have experienced a loss of revenue which means they have less money to spend on advertising. In any case, if there are no planes flying there will be no tickets to buy and therefore no point in advertising.

Before Covid-19, the main focus of British Airways marketing would be seat pricing and quality of the brand. Currently, because there's no seats to sell the focus is on how caring the company can be by looking after it's staff, customers and the community.



# Effects on supply chain

As planes are not flying, this has a major effect on other companies who work with British Airways. One of the objectives planes need to fly is oil. Recently the oil prices have decreased by a huge amount as no one is travelling. The people that work with oil companies have had to throw away the wasted substance as it can't stop being produced. Until planes flying with British Airways have returned back to normal, people are losing large proportions of their money as well as the oil which is the main thing that keeps their businesses going.

Boeing, who was the world's leading aircraft manufacturer, has immediately gone bust because his planes are not able to fly. David Calhoun who is the Chief Executive said "The pandemic is also delivering a body blow to our business – affecting airline customer demand, production continuity and supply chain stability." Not only has Boeing had to axe 16,000 jobs but he himself has lost \$628m.



**Annual loss could be next  
for retailer**

From The Times: 24<sup>th</sup> April 2020

# **Effect on finance/cash flow and marketing**

Next Chief Executive, Lord Wolfson, has said the retailer could lose £150 million as they are suffering a 'faster and steeper' collapse in sales during the Covid – 19 pandemic. Unlike other retailers, Next is continuing to pay landlords their rent which is a retailer's major fixed cost even though their revenue has dropped. They have been able to do this by cutting marketing costs and dividends to save £220 million. This is how they are managing their cash flow during the crisis.

Next are not looking to spend their money on marketing and advertising because there would be no point as the shops aren't open. So instead, they are using this money to pay the landlords their rent for the buildings.

# Effect on operations and the supply chain

The people that work to make the clothes in factories for Next have lost their job as they don't have any orders coming through. Next cancelled £290m of orders from suppliers. Shops have been closed so lots of their stock has gone to waste. This means that they would have to concentrate on their online sales. It has been reported that online sales as a proportion of all retail sales reached a record high of 22.3%. At the start of the pandemic, they had to close their online website whilst they worked out how to operate the warehouse safely. They had to make sure the people that worked in the factories were being hygienic and were sanitising so they would not be passing on the virus through the clothes.

# Effects on Human Resource Management

Next have unemployed many of their workers from the shops in order for everyone to stay safe. This results in people losing lots of money and after the pandemic will cause panic for Next to bring back the right people that are able to do the job. However, with many people in desperate need for jobs, it shouldn't be too difficult to find them because people will be in a rush to earn their money. Next have said "We anticipate that it will take some time for customers to return to their normal shopping habits and that sales will be very subdued when trade commences". This implies that when the retailers are open, customers may not go back to normal straight away which may affect the people that work in the shop and there will be less for them to work for which could result in being paid less.