



RETAIL REPORT: AN INSIDE LOOK
AT THE COVID-19 CRISIS RESPONSE

DATA TO HELP NAVIGATE THE CRISIS

N = 2,136 RETAILERS

RESPONDENTS CAN SKIP QUESTIONS

IN FIELD: MARCH 19 TO MARCH 23, 2020

WE SURVEYED THOUSANDS OF RETAILERS on the business impacts of the current health crisis.

As the conduit between a very large number of brands & retailers (processing over \$1B+ of orders monthly), we felt it was our responsibility to gather vital information and share a compiled industry report.

We know retailers are used to navigating change but these events are unprecedented. The data in this report is disquieting and will have many downstream impacts (brands, factories, suppliers, etc).

We believe that by informing the industry, companies can attempt to pivot as quickly as possible and modify supply and business operations.

HEATH WELLS & OLIVIA SKUZA

CO-FOUNDERS, NuORDER

KEY TAKEAWAYS

Our goal with this data is to **help the industry more proactively act** during a time when not all the answers are known. Below are some of the top-line insights you will find reflected in the full report:

50% Is the predicted **revenue impact** of annual sales if things persist for 6 months

25-50% Is the reported **overall reduction** to future buys for next season

63% Of retailers are reporting to **cancel on-order** (yet-to-arrive) products

RESPONDENT DEMOGRAPHICS

Retailers Surveyed

2136



83%

Physical Stores

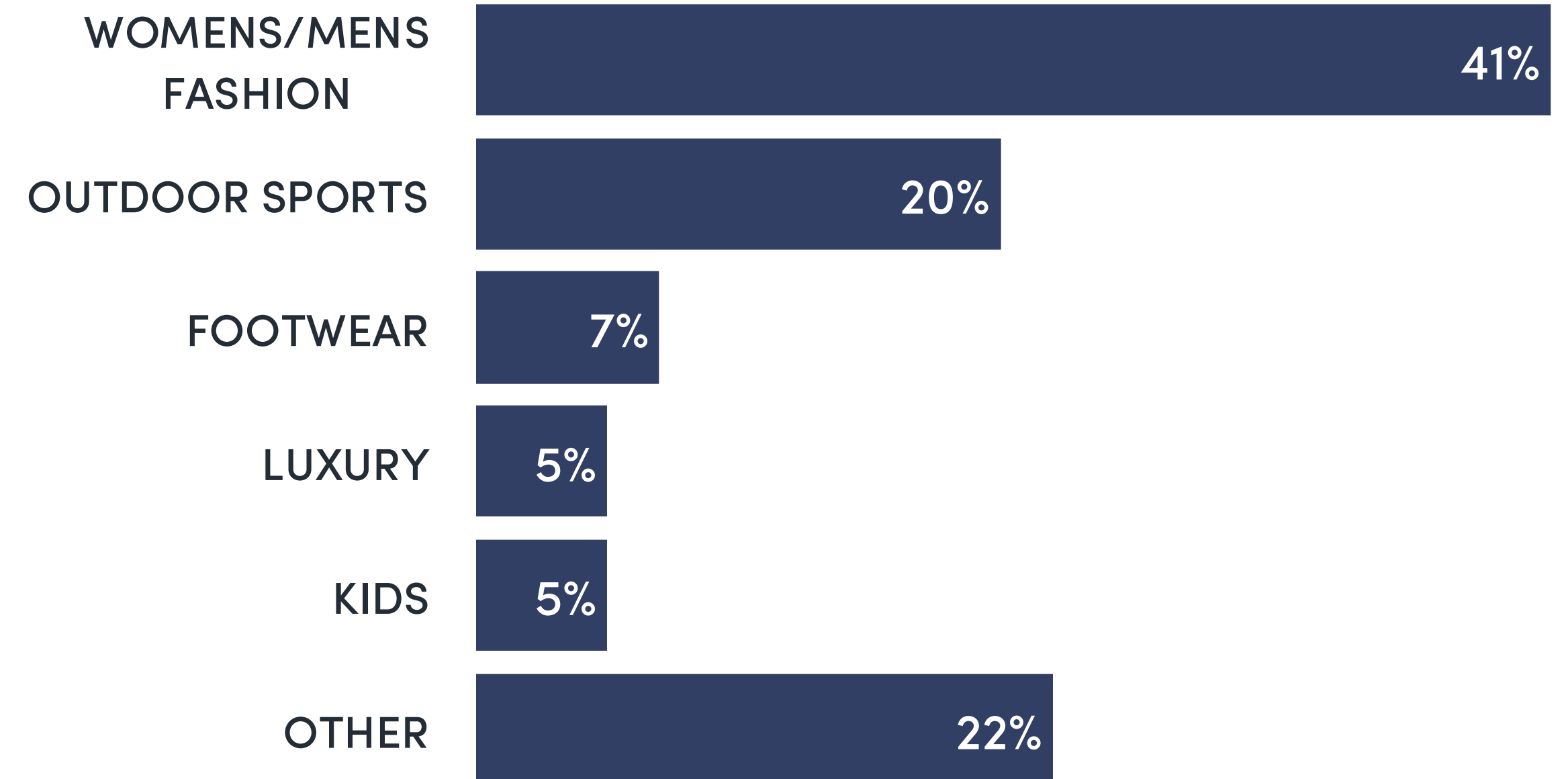
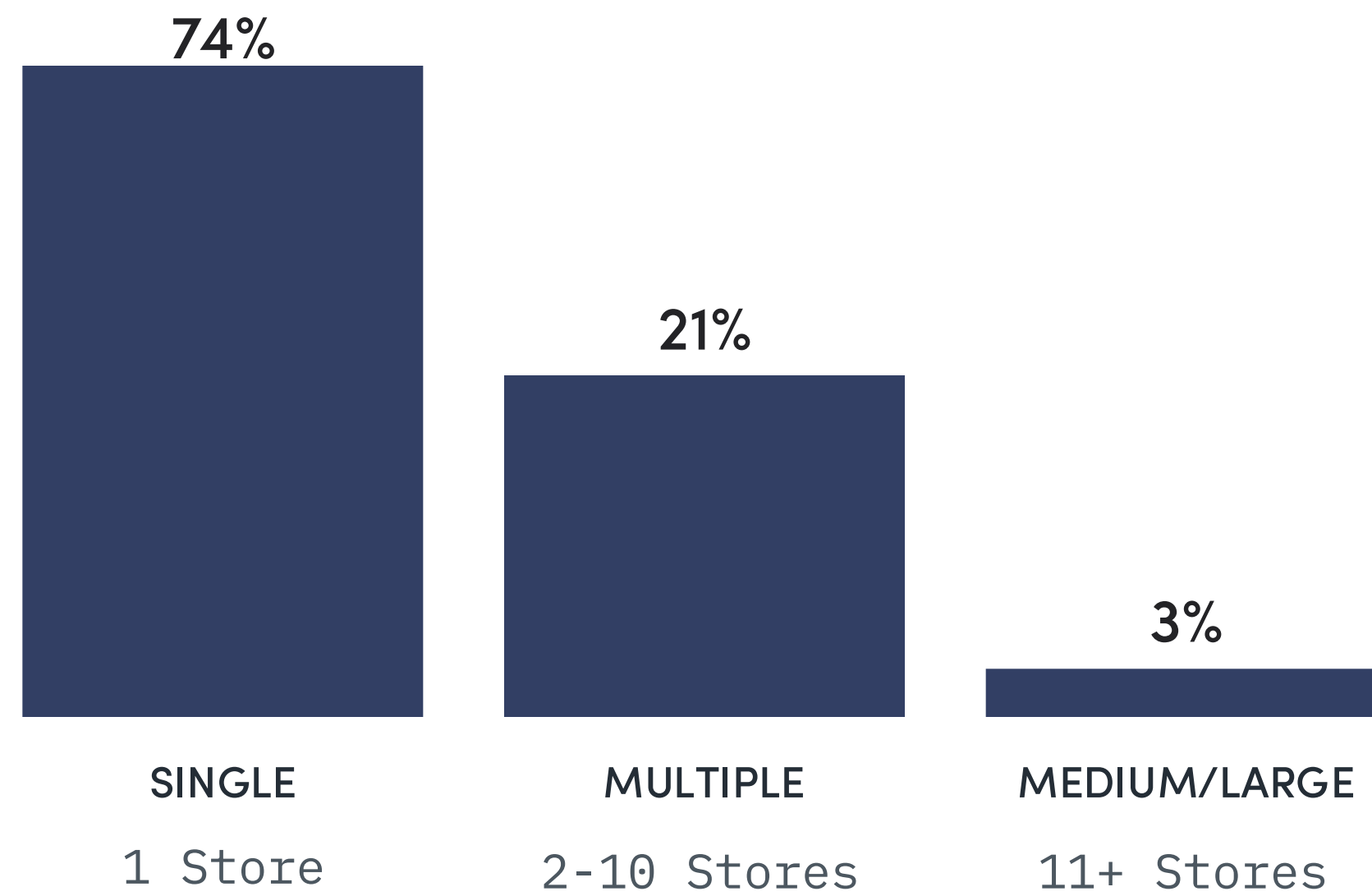
42%

Online

2%

Subscription

NOTE: Store Channel not mutually exclusive.
For example, retailer can have a physical store and online.



Q: HAVE YOU OR ARE YOU
PLANNING TO CLOSE
YOUR STORES?

(1868 BUYERS)

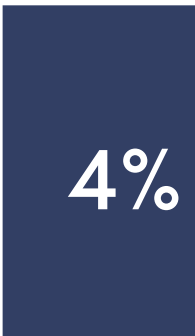
43% OF STORES ARE CLOSED

OR IN THE PROCESS OF CLOSING ALL LOCATIONS

ALL LOCATIONS CLOSED
or are in the process of closing



SOME LOCATIONS
CLOSED
or are in the process of closing



WE ARE STILL OPEN
but with reduced staff



NO CURRENT CHANGE
to store operations



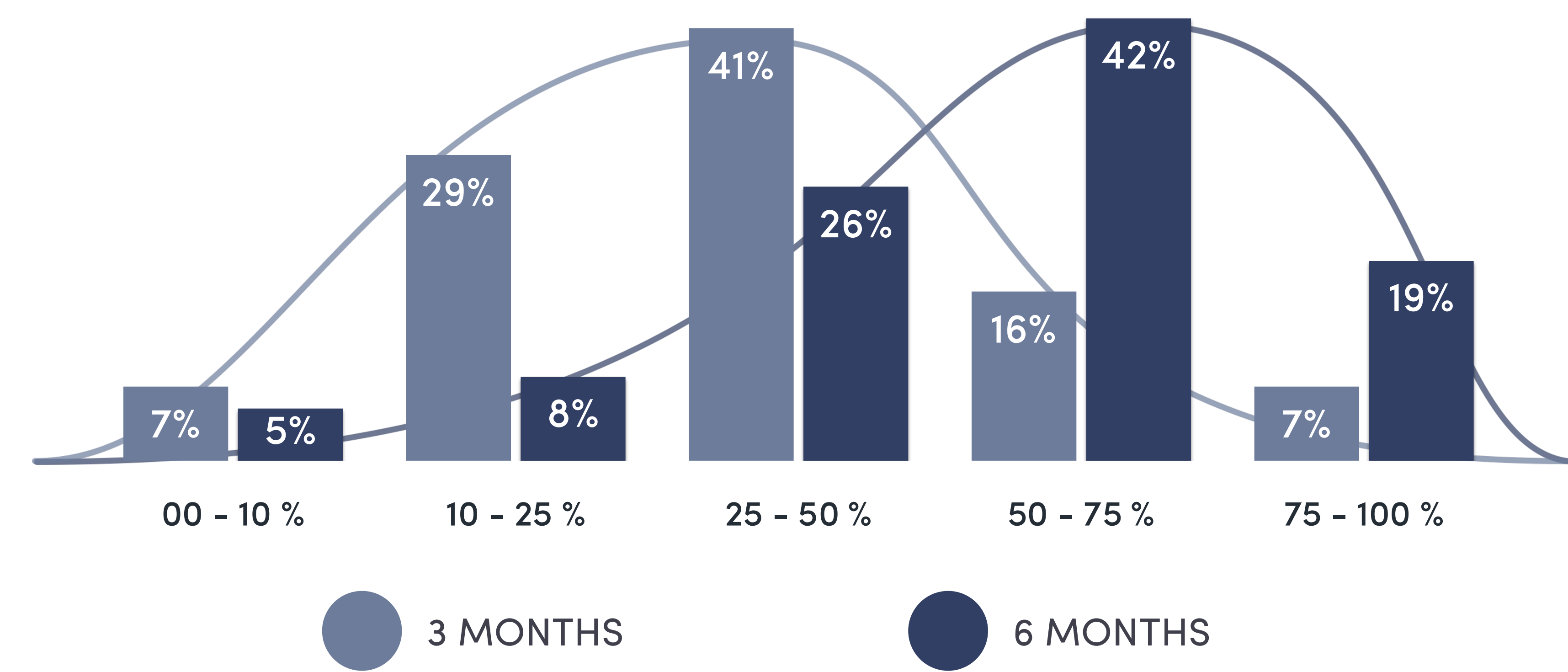
Retailer Quote -

“

We laid off all our staff and [I'm] covering [shifts] hoping not to close. **We're going to need flexibility to pay open invoices, and need to cancel some orders this season.** And we're going to need much more...customers that can shop, and an economy that supports buying the brands and price points we sell. I believe we are living with two pandemics right now.

STORES PROJECT ~25% DECREASE IN ANNUAL SALES IN 3 MONTHS

AND ~50% DECREASE IN ANNUAL SALES FOR 6 MONTHS



Q: WHAT IS THE PROJECTED BUSINESS IMPACT ON ANNUAL SALES IF THINGS CONTINUE FOR THE NEXT 3 TO 6 MONTHS?

(1711 BUYERS FOR 3 MONTHS)
(1704 BUYERS FOR 6 MONTHS)

RETAILERS RUN ON THIN MARGINS. THE DECLINES ILLUSTRATED WILL BE HARD FOR SMALL RETAILERS TO OVERCOME.

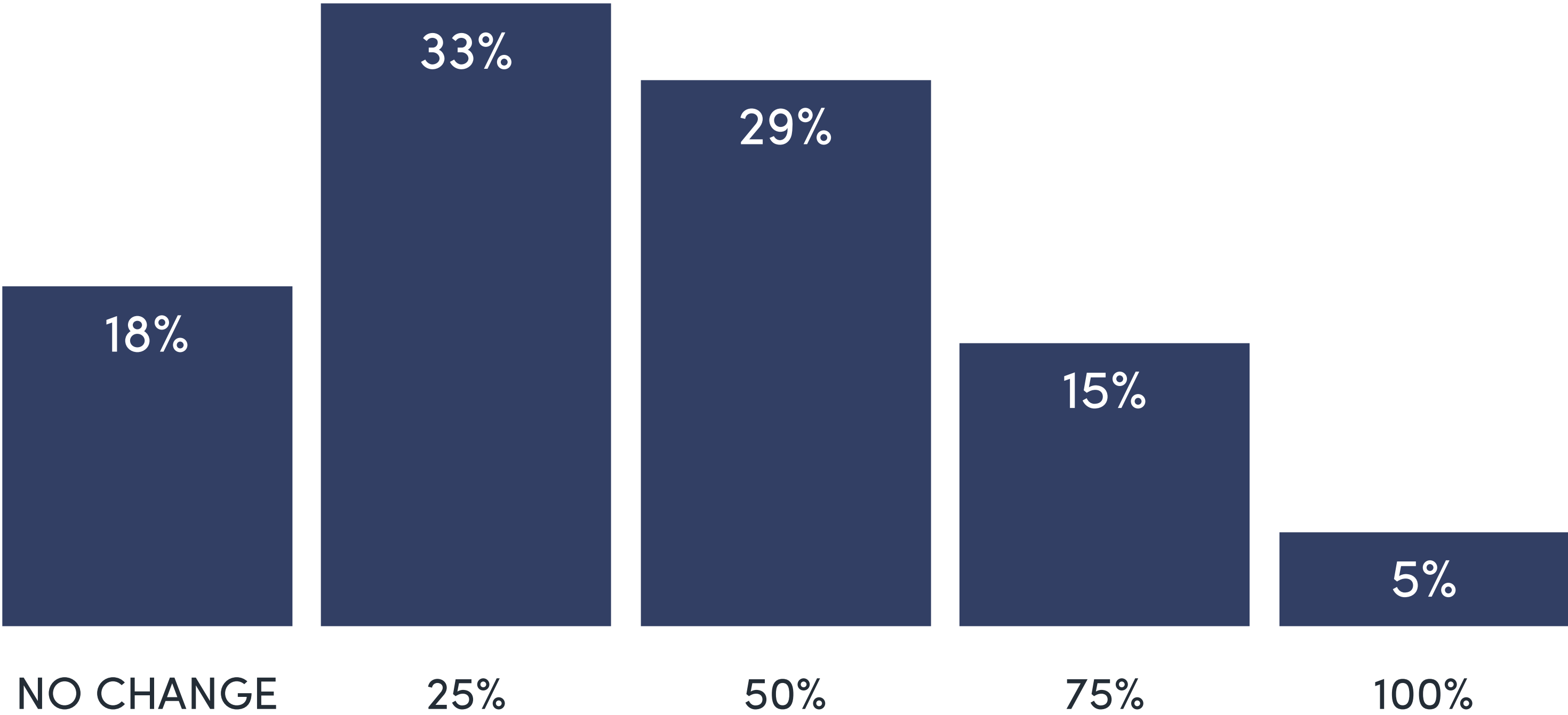
Q: HOW MUCH ARE YOU EXPECTING TO REDUCE THE BUY FOR NEXT SEASON?

(1667 BUYERS)

RETAILERS BUY FROM BRANDS WHICH IN TURN PLACE ORDERS WITH FACTORIES. THESE MASSIVE REDUCTIONS IN FUTURE ORDERS WILL HAVE MANY KNOCKS ON DOWNSTREAM EFFECTS.

25-50% REDUCTION IN BUYS IS EXPECTED FOR NEXT SEASON

A MAJORITY EXPECT TO REDUCE THEIR BUYS BY 25-50% FOR NEXT SEASON



Retailer Quote -

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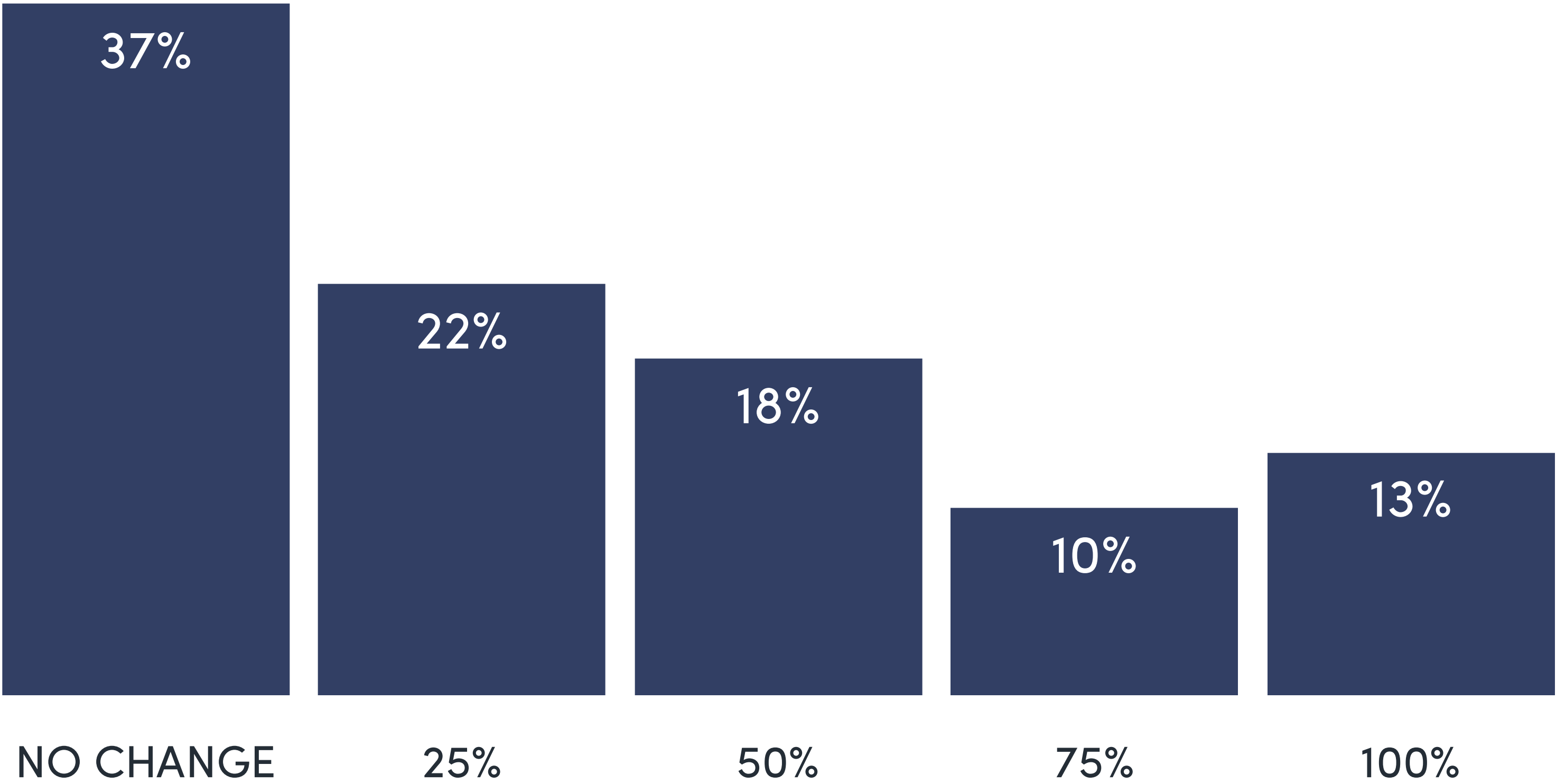
Buy as needed instead of stocking up
for the season as we traditionally have

Q: WHAT PERCENTAGE OF “ON ORDER” (YET TO ARRIVE IN-STORE) PRODUCTS ARE YOU HOPING TO CANCEL?

(1734 BUYERS)

IF YOU ARE A BRAND AND HAVE THE MEANS TO CANCEL OR HALT PRODUCTION THIS IS THE SIGNAL TO DO SO IMMEDIATELY.

63% OF RETAILERS HOPE TO CANCEL ON-ORDER PRODUCT



Retailer Quote -

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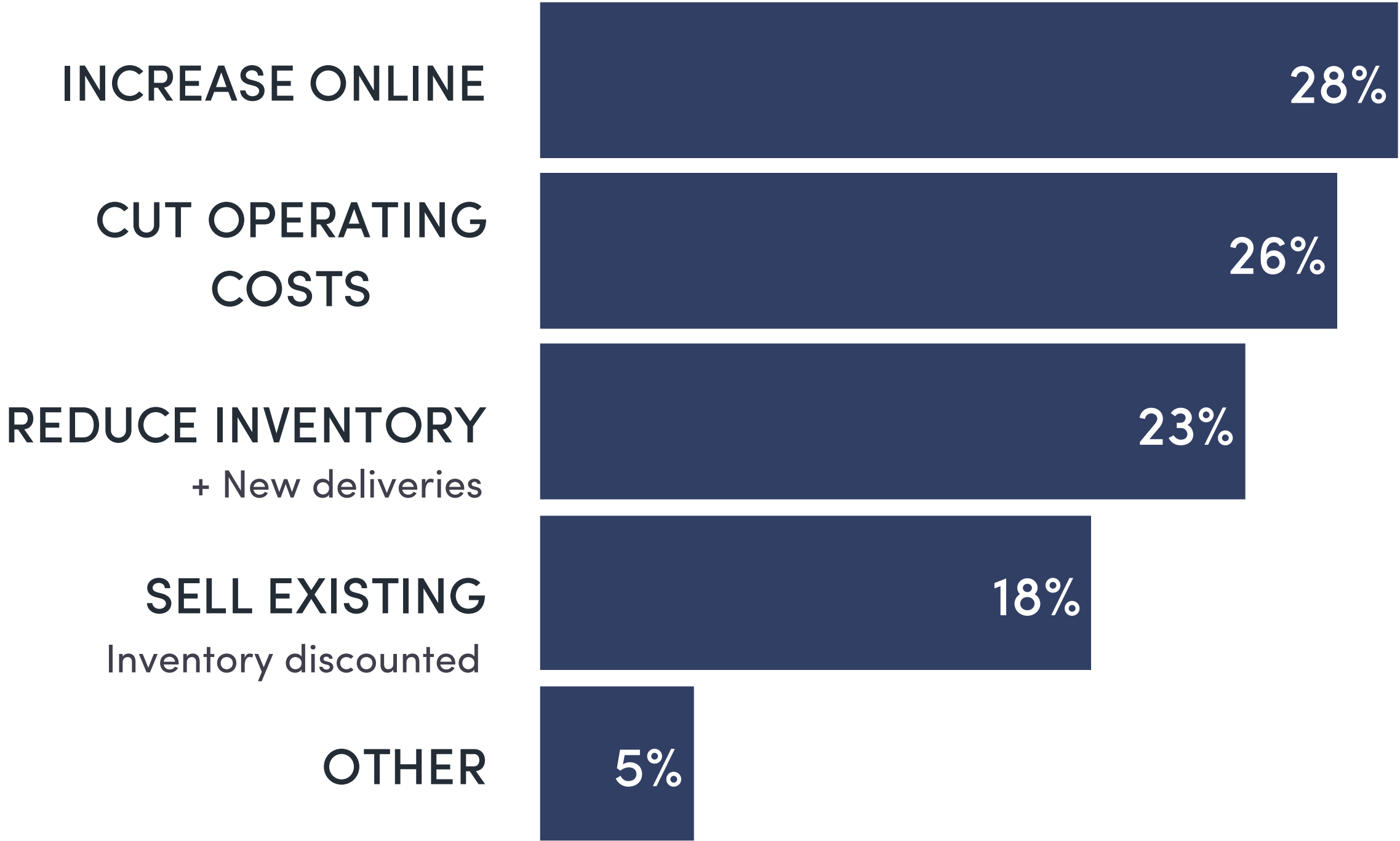
Focus on dealers (retailers) that are in distress & **work with them on terms**, & product return to vendors. I worry that vendors will be over supplied because of order cancellations and selling product at a discount to retailers and thus devaluing our on hand inventory.

Q: WHAT IS YOUR ORGANIZATION'S CURRENT TOP PRIORITY TO MITIGATE LOSSES DURING THIS TIME?

(1649 BUYERS)

RETAILERS ARE EVENLY SPLIT ON TOP PRIORITIES...

INCREASING ONLINE EFFORTS, CUTTING OPERATING COSTS AND WORKING WITH VENDORS TO REDUCE INVENTORY/NEW DELIVERIES.



Retailer Quote -

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**We don't have any other options -
we're a single brick & mortar and we
will see if people come back later.**

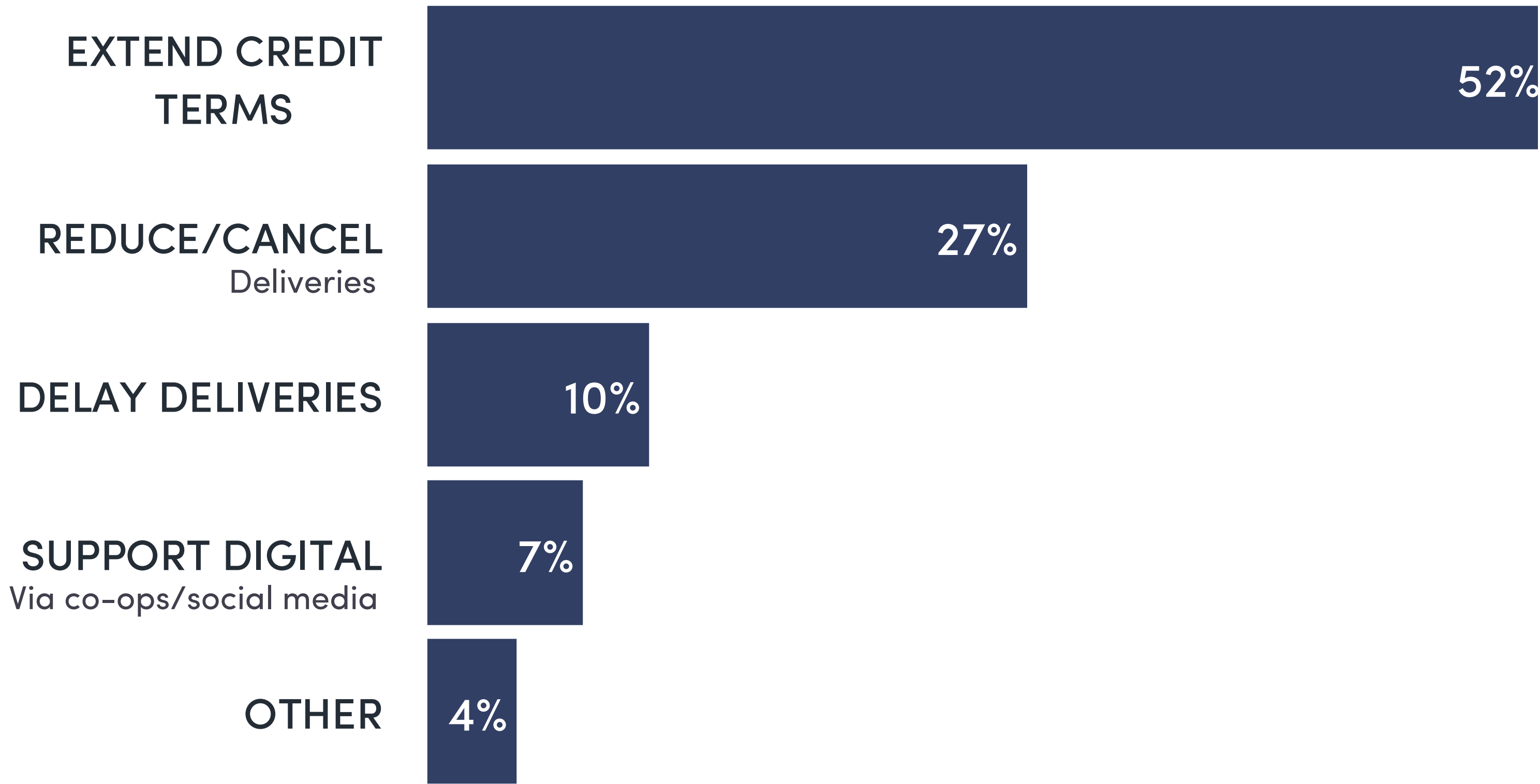
Q: WHAT IS THE BEST WAY THAT VENDORS CAN SUPPORT YOU AND YOUR BUSINESS DURING THIS TIME?

(1653 BUYERS)

UNDERSTANDABLY RETAILERS NEED MORE TIME TO PAY INVOICES AND WILL NEED FLEXIBILITY FROM SUPPLIERS. THE CHALLENGE IS GOING TO BE WHETHER THE SUPPLIER CAN AFFORD SUCH TERMS.

VENDORS SHOULD OFFER EXTENDED CREDIT TERMS TO SUPPORT RETAILERS

THE [FINANCIAL] RELATIONSHIP BETWEEN RETAILERS AND VENDORS IS MORE IMPORTANT THAN EVER.



Retailer Quote -

“

Discount due invoices and extend terms. We need more time to sell the products we have received. We both (vendors & retailers) will have to **reduce our margins on current inventory to survive...** We must share in the added expense upfront or many stores won't survive.

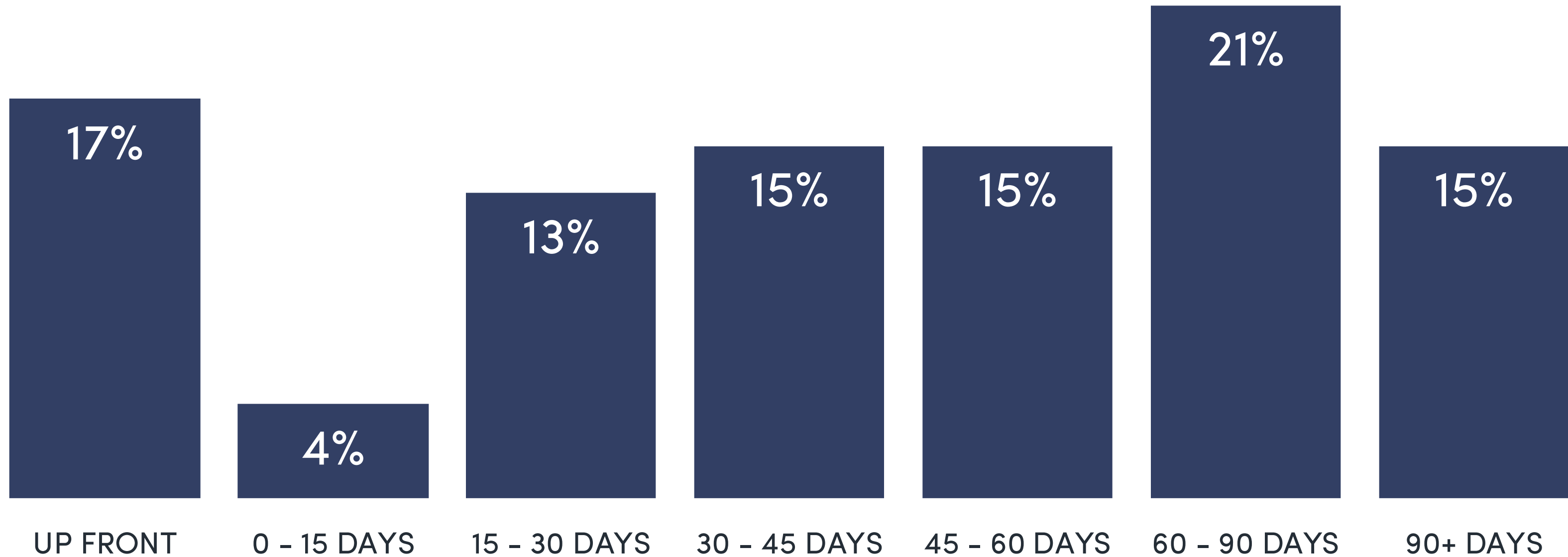
Q: WHAT TIMEFRAME DO YOU EXPECT TO PAY CURRENT AND SHORT-TERM SUPPLIER INVOICES?

(1620 BUYERS)

THE TIME BETWEEN A PREBOOK ORDER AND PRODUCT DELIVERY IS IN THE NEIGHBORHOOD OF 5-6 MONTHS (SOMETIMES MORE). AS SUCH BRANDS RELY ON TIMELY PAYMENT FROM RETAILERS SO THEY CAN PAY PRODUCTION COSTS. DELAYS IN PAYMENT FROM RETAILERS WILL MEAN BRANDS CANNOT PAY OFF LIABILITIES AND WILL BE IN A CASH CRUNCH.

EXPECTED PAYMENT TIMEFRAMES

WITH 17% EXPECTING TO PAY VENDORS UPFRONT AND 36% EXPECTING TO PAY IN 60+ DAYS



Trusted by over 2,000 brands and 500,000 retailers, **NuORDER** is an online wholesale platform transacting \$35B in order volume.

Brands can upload digital catalogs and line sheets to NuORDER to collaborate & transact with buyers anywhere 24/7/365.

With an increasing number of companies working remotely due to COVID-19, tech platforms are essential in keeping business running smoothly. In our latest [blog](#), explore how implementing a digital wholesale solution can aid in production forecasting optimizing your business operation.

