COVID-19 and the immediate and longer-term impacts on the retail and hospitality industries

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Chapter 18

COVID-19 and the Immediate and Longer-term Impacts on the Retail and Hospitality Industries: Dark Stores and Turnover-based Rental Models

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Retail has been experiencing a long-term period of restructuring linked to the emergence of e-commerce that can be traced back to the 1990s (Bryson *et al*., 2020b). This has continued to transform high streets with established companies closing as they were unable to compete with the lower cost-base of e-commerce retailers. The future of the high street, and of shopping malls, was to be based around a shift towards the consumption of experiences and around the leisure and hospitality industries (Lebiednik, 2019). COVID-19 has challenged this assumption. This challenge implies that this chapter needs to explore the impacts of COVID-19 on the retail and hospitality industries. The hospitality industry contains four segments: food and beverages, travel, and tourism, lodging and recreation. The chapter focuses on retail and food and beverages. According to the ILO "the hardest hit [businesses during the COVID-19 pandemic] will be small and medium-sized food retail businesses, which have no alternative mechanisms of delivery and sale, such as e-commerce" (ILO, 2020: 2). This needs to be placed in context. In India, for example, the hardest hit retailers were larger companies as small local retailers were suppliers of essential goods including food (Rajalakshmi *et al*., 2020).

COVID-19 has altered the ways in which we work, learn, shop, travel, socialize, date and worship (Bryson et al., 2020a and b; Dannenberg et al., 2020). The introduction of COVID-19 national lockdowns was associated with the closure of all shops selling non-essential goods and services. The definition of non-essential goods and services varied by country (Dentons, 2020). This altered spending patterns. In Ireland, during November 2020, a period when non-essential retail stores were closed, online spending doubled compared to November 2019. There was also a shift in consumption towards Irish-based online websites. In November 2019, 27% of consumer expenditure had been online in Ireland, but this had risen to 54% in November 2020 (Paul, 2020).

For the UK, the first lockdown was announced on 23 March 2020 and came into force on 26 March and restrictions began to be lifted on May 10. The second lockdown commenced on 5 November 2020 and concluded on December 3 and the third lockdown commenced on 5 January 2021. These temporary lockdowns closed libraries, playgrounds, hair and beauty salons, gyms, and non-essential retail. During these lockdowns, food retailers and pharmacies remained open, but consumers were advised to limit shopping trips and, where possible, use delivery services. In the UK, high street retailers including John Lewis, Debenhams, H&M, Arcadia, Inditex, Ted Baker, Primark, New Look, Waterstones, Clarks, Reiss, River Island, Ikea and TK Maxx had already announced that they were temporarily closing before the imposition of the first lockdown. Lockdowns varied by country, region and even city. In December 2020, southern California introduced a stay-at-home order that would be in place for at least three weeks and would cover the Christmas holiday. All retail stores were permitted to stay open, but at 20% capacity and bars, hair salons and indoor restaurants were closed.

With COVID-19, countries across the world introduced tiers or levels that were applied locally, regionally, or nationally to prevent virus transmission. Ireland developed a 5 level system. Bars, cafes, and restaurants could remain open under Level 1, but with protective measures in place. Under Level 5 they could only provide take away or delivery services. The UK introduced a three-tier system. Under Tier 3, hospitality services could only provide take away or delivery services and shops could reopen if they were COVID-secure. A new form of 'temporary place-based regulation' was applied in which cities and regions shifted between tiers depending on the total number of COVID cases in an area and the rate at which cases were rising or falling. Liveability and livelihoods were subjected to COVID-19 place-based regulations and these regulations were also applied differently to economic sectors.

The impact of the pandemic on the retail and hospitality industries takes two forms. On the one hand, providers of essential services experienced an increase in their cost base given the necessity of introducing COVID-19 prevention routines, but turnover and profitability increased. The supermarkets expanded by recruiting more staff including expanding their home delivery infrastructure (Dannenberg *et al*., 2020; Li *et al*., 2020; Cummins *et al*., 2020). Between March 2020 and January 2021, in the UK Tesco and Sainsbury's had doubled the number of home delivery slots. By January 2021, Tesco has 1.5 million home delivery slots available per week and Sainsbury's 800,000. On the other hand, non-essential retailers, including cafes, restaurants, bars, and hotels had to close for extended periods. During the lockdowns, some hotels remained open providing accommodation for keyworkers. One of the primary impacts of COVID-19 on these non-essential services comes from the accumulated impacts on their revenues resulting in major cashflow problems combined with accumulated debt. In some cases, this resulted in the liquidation or sale of a business that is directly related to COVID-19. In other cases, COVID-19 acted as a tipping point for businesses that were already experiencing financial difficulties.

The duration of a crisis is an important factor in determining impacts. A crisis event with a short duration results in temporary alterations to everyday routines. The longer-term duration of COVID-19 will have long-lasting impacts on consumer and business behaviour. For some consumers there will be a permanent shift towards homeworking which will alter the geography of consumption. This is combined with an escalation in the shift towards digital retail. Homeworking and e-commerce have been on-going trends, but COVID-19 has had two important impacts. On the one hand, it forced employers to apply homeworking to the delivery of tasks and demonstrated that for some firms that homeworking was a viable alterative to office-based employment. On the other hand, it forced consumers and retailers who were reluctant users of e-commerce to embrace this retail channel. This led to a step-change in the adoption of online retailing and it is estimated that this will result in permanent change as "many apprehensive internet shoppers may emerge as full 'online converts'" (Alvarez and Marsal, 2020b: 11). These two impacts will alter the geography of work and consumption. Reduced commuting costs will benefit those able to shift to homeworking whilst the geography of retailing will shift to represent a new balance between e-commerce and physical stores. The shift towards homeworking will alter the geography of demand away from the city centre to convenience stores located within residential districts (Nathan & Overman, 2020). For retail workers, COVID-19 has accelerated the shift to digital retail resulting in a shift of retail employment from central locations to more peripheral locations that are located close to the motorway network. Nevertheless, for retailing context matters. In countries like India, small local providers of groceries will continue to play an important role whilst in other countries the shift towards ecommerce will intensify.

This chapter provides an overview of the impacts of COVID-19 on the retailing and hospitality industries. The intent is to identify patterns and processes that impacted across countries focusing on impacts and adaptation strategies. This chapter is structured into three sections. The first section explores some of the drivers of change being experienced by the retail and hospitality industries before COVID-19. In the second section, the focus is on understanding the impacts COVID-19 has had on these industries during 2020 and the final section reflects on these changes.

Pre-COVID-19, Retailing and the Shift toward E-commerce

This century is associated with the on-going shift towards e-commerce or digital retail (OECD, 2019). The origins of this shift can be traced back to the mid-1990s and this includes the establishment of Amazon-com by Jeff Bezos in 1994. There are two elements to this shift: the emergence of new on-line retailers combined with the introduction by established retailers of on-line stores. What has been occurring is a shift in the balance towards e-commerce-oriented retail channels and away from traditional commerce or consumption based on face-to-face encounters located in physical stores. E-commerce has transformed the time and space of retailing. On the one hand, goods and services can be ordered at any time and consumption is no longer limited to a store's working hours. On the other hand, the geography of the on-line store is related to logistics rather than consumer accessibility. Expensive retail buildings located in high footfall locations are replaced by warehouses located on the edge of cities or on the motorway network. The shift towards digital retail is associated with new skills and the need to recruit technically qualified employees who can design the consumer interface that shifts from face-to-face to 'screen-to-face' (Bryson *et al.*, 2020b).

The impacts of COVID-19 on the retailing and hospitality industries must be distinguished from on-going changes occurring in retailing linked to developments in the application and adoption of e-commerce. A central pillar of all research is identifying and understanding causality, or causation. In other words, cause, and effect. There are different types of causality. Linear causality occurs when it is possible to identify a clear relationship between an increase in some activity and a change in some other activity. Non-linear causality occurs when the effects of some change varies by alterations in the extent of the cause. Unidirectional causality describes some effect due to a cause, but with no feedback loops. In contrast, reciprocal causation includes feedback loops; "a" impacts on "b" and "b" then impacts on "a".

For the retailing and hospitality industries on-going restructuring represents linear causality in which the emergence of e-commerce directly impacts on existing approaches to providing retail services. Linked to this is a shift towards the consumption of experiences. Thus, a visit to a shopping centre may involve comparing goods and then ordering them on-line, but the visit involves consumption related to consuming food and beverages and entertainment. The challenge is in separating the impacts of COVID-19 on retailing from the longer-term drivers of change that have been transforming consumer behaviour.

The last century was associated with the rise of supermarkets and shopping centres. This transformed retail geography towards large sites that are accessed by cars and distributed across urban areas. The central business district became the location for shops providing goods and services to support office workers and specialist goods that are purchased infrequently. The rise of the supermarkets challenged other retail store formats as a weekly supermarket shop could include everything from clothing to toys. The first two decades of this century are associated with the closure of retail chains and with dramatic growth in discount retailers, for example Aldi and Lidl. In 2008, Woolworth's was the first major retail chain to collapse in the UK resulting in the closure of 807 stores and 27,000 redundancies. This was the first time in the UK in which the closure of a retailer was experienced across smaller towns and larger cities (Morrison, 2015). In April 2016, British Home Stores (BHS) went into liquation with the closure of all stores.

This century is associated with the application of digital innovations to retail and the emergence of e-commerce. The key issue here is that e-commerce comes with a very different cost structure to the provision of store-based retailing. E-commerce requires reduced staffing combined with low-cost warehouses. In the UK, lower property values are linked to reduced busines rates as business rates are set in relation to rents applicable for each building. Stores located in high footfall locations come with higher rental levels and related business rates compared to e-commerce warehouses. One consequence is that the UK will eventually have to alter the ways in which business rates are calculated and applied to physical stores.

The cost base of store-based retailing has continued to erode the profit margins of high street retailers. In August 2019, Ann Summers, the lingerie, and sex toys retailer, was involved in discussions with landlords to try to renegotiate new terms for their chain of 100 stores across the UK. The company had managed to agree new terms for all but five of these stores. The company's chief executive noted that there had been a "fundamental shift in retail property", but some landlords "bury their heads in the sand and pretend historic rental levels are sustainable in the future" (Wood, 2019). Part of this company's problem was related to the emergence of online only rivals that have grown rapidly. COVID-19 added additional pressures on retailers as they responded to lockdown and the transition towards a socially distanced economy.

The approach applied by government to property and sales taxes varies by country. In many respects, sales taxes are more effective than property taxes as they apply to sales rather than profits and are not linked to property values. In June 2018, a radical change occurred when South Dakota took three online retailers (Wayfair, Overstock and Newegg) to the U.S. Supreme Court and won (Maniace, 2018). The Wayfair decision overturned a precedent set by the Supreme Court in 1992 (Quill Corp v. North Dakota) that established that retailers were not required to collect sales taxes unless they were physically present in a state. The Wayfair ruling meant that retailers, without a physical presence in a state, were now required to collect sales taxes. The Wayfair decision was arguably the most important change in the history of American retail taxation. In response to this decision, South Dakota introduced thresholds that excluded small sellers without a physical presence in the state with sales of less than $100,000 in the prior or current year or less than 200 transactions from collecting sales taxes. Eighteen months after the Wayfair ruling all but two states had revised their sales tax rules. The Wayfair decision applied to U.S. and foreign retailers.

COVID-19 and the impacts on retailing and hospitality

The temporary closure of non-essential retailers as one response to limiting opportunities for the transmission of COVID-19 disrupted people's lives, businesses, and jobs. This led to the emergence of COVID hairstyles and an escalation in demand for home hairdressing kits. Lockdown, and its gradual relaxation, impacted on different retail and hospitality sectors in different ways. For food retailers and pharmacies there were supply chain problems and difficulties in coping with the additional demand for home delivery (Vanchan et al., 2018; Bryson and Vanchan, 2020). Initially, supermarket shelves were stripped of essential products including bread and toilet paper. Retailers forced to close had to manage cashflow by furloughing employees and renegotiating with suppliers. Those involved in the provision of close contact services, including hairdressers, barbers, beauticians, tattooists, sports and massage therapists, dress fitters, tailors and fashion designers were especially impacted. Closure was longer and reopening required major adaptations to working practices. Film shoots for magazines and online retailers were impacted with models styling, set designing, and photographing their own shoots during lockdown. PrettyLittleThing, the online fast fashion retailer, shot its summer 2020 fashion campaign in New South Wales as the country had managed to flatten the COVID-19 pandemic curve. This campaign included a limited crew and was photographed entirely using drones.

The immediate impact of COVID-19 on the retail and hospitality industry resulted in the mandated store closure of 70% of non-food retailing in the UK for an initial period of three weeks from 23 March 2020 and this was then extended until 15 June. Retailers permitted to remain open had to limit the number of shoppers in their stores at any one time, provide staff with Personal Protection Equipment (PPE) and enforce social distancing. Clear protective screens were installed at checkouts. A further challenge concerned supply chain difficulties and in trying to manage consumer demand.

With COVID-19, McDonald's the fast-food chain accelerated the development and introduction of the company's new digital engagement strategy. This included a digital voice-assistant taking orders rather than employees. In September 2019, McDonald's acquired Apprente, a start-up company focusing on the development of conversational agents that can automatically take orders in multiple languages. McDonald's digital strategy includes acquiring technology companies to enhance and reinvent the fast-food experience. This is a three-tiered growth strategy based on maximising the company's marketing, committing to the core and to focus on the 3D's (digital, delivery and drive-through ordering). COVID-19 accelerated these changes as McDonald's had to adapt to social distancing and lockdown regulations. This focus on digital and drive-through infrastructure has been adopted by other fast-food providers. Thus, Restaurants Brands International, which operates Burger King, Tim Horton's and Popeye's, has increased the focus on drive-through combined with contactless ordering and predictive selling.

Small retail businesses were especially impacted during COVID-19 lockdowns. In France, only 32% of small retailers, those with one of two employees, had a web presence and only 9% were able to sell goods online. These companies had to adapt rapidly, and these adaptations will have a permanent impact on the behaviour of these companies. On the one hand, companies developed an online presence. Google France entered a partnership with the

French Federation of Merchants Associations (FRAC) and launched "My Online Shopfront' (El-Faizy, 2020). This initiative was targeted at small and medium-sized enterprises (SMEs) and provided personal coaching via telephone or videoconference on the transition towards online retailing. Retailers rapidly introduced home delivery services. On the other hand, companies developed approaches to translating in-store experiences to homes. This included interacting with consumers in their homes via videoconferencing. Fitness, ballet, and yoga classes went online during lockdowns and in the UK a virtual pub quiz attracted over 300,000 participants. These adaptations also included, opticians and hairdressers visiting customers in their homes. In the UK, it also led to the introduction of "virtual nannies" or childminders looking after children via Zoom whilst their parents worked from home. This was part of the Zoomification process that was driven by COVID-19. It included postnatal expects, including lactation specialists, maternity nurses, and sleep trainers, providing virtual advice to new parents.

In emerging economies, the structure of the retail sector is very different to that of developed market economies. For example, in India 'unorganised' retail, or street stands and small family-owned stores, account for 92% of the sector by value. Organized retail is growing at a faster rate than unorganised. Nevertheless, the Indian government wants to prevent the unorganised sector from experiencing competition from price-driven online retailers. These regulations include restrictions on Foreign Direct Investment (FDI) in e-commerce sites. Supermarkets have not displaced the importance of local grocery retailers. In India, unorganised retailers were least affected by COVID-19 as they provide essential goods and adapted to COVID-19 by introducing home delivery and by engaging with customers through their smartphones including platforms like Whatsapp and Messenger (Rajalakshmi *et al*., 2020).

COVID-19 disrupted the retail sector, but the impacts differed between online versus bricks-and mortar retailers, essential versus non-essential stores and small versus larger retailers (OECD, 2020). In the U.S., year-on-year clothing retail sales dropped by 89.3% in April 2020, but grocery store sales increased by 13.2% (OECD, 2020: 2). Lockdown and social distancing affected "retailers with physical stores more than online retailers and may ultimately accelerate the ongoing shift from bricks-and mortar to online retailing" (OECD, 2020: 3). In the UK, the proportion spent online soared to the highest on record in April 2020 reaching 30.7% compared to 19.1% in April 2019 (ONS, 2020b).

The UK government's response was intended to alleviate the pressures on cash flow and these measures included:

- Suspension of business rates for 12 months.
- A job retention scheme in which the Government would pay 80% (up to £2,500 per month) of furloughed workers' monthly salaries.
- Deferral of VAT payments due between 20 March-30 June 2020.

In the UK, over the months May, June, and July 2020 2.5m employees working in accommodation and food services activities were placed on furlough and 4.9m employees working in the wholesale and retail trade (ONS, 2020a). These were short-term interventions, but longer-term adaptations will be required in response to adjustments to consumer behaviour. The impacts of COVID-19 on the retailing and hospitality sectors intensified existing on-going restructuring pressures and processes, but also added additional pressures.

Lockdown forced companies to adopt homeworking based on the application of videoconferencing and cloud-based computing. There are many aspects of homeworking to consider. On the one hand, for many keyworkers, homeworking was impossible. Thus, a new division of labour emerged with lockdown between those tasks that could be undertaken by homeworking and those which still required travel to a place of work or service delivery. On the other hand, those that could homework were able to balance time spent working with other commitments. For some this led to an increase in productivity with enforced homeworking providing “a ‘proof of concept’, highlighting that regular remote working is not only possible, but can work well and offer opportunities to save money in the long-term- for example by renting less office space” (Corfe, 2020: 2). Homeworking impacted on consumer behaviour as commuting costs were removed combined with everyday expenditure linked to working away from home.

Homeworking has undermined the retail and hospitality-side of city centre economies. This has resulted in significant reductions in the sale of food and beverages. One response was the introduction by Pret a Manger, the sandwich shop chain, of a £20 monthly subscription service. This provided customers with up to five coffees a day, but each drink must be collected 30 minutes apart to prevent subscribers supplying drinks to their friends. This is one part of Pret’s adaptation strategy to COVID-19 that also included closing 30 outlets and laying off a third of its staff. Other companies have altered their geography. CAFE$_2$U is a UK based mobile coffee business and coffee van franchise provider. This firm’s vans provide coffee in non-traditional locations including office parks, industrial estates and at sporting events. With COVID-19, the company began sending coffee vans to residential streets as clients had requested service and this attracted other homeworkers who wanted a coffee break whilst working from home.

Some retailers temporarily converted their high street shops to dark stores. A dark store is a retail distribution centre or outlet that only serves online customers. In April 2020, Whole Foods, converted some of its grocery stores in Los Angeles and New York to dark stores. American retailers, for example, Bed Bath & Beyond and the jewellery company Kendra Scott, converted some of their stores into online local or regional fulfilment centres to enhance delivery speeds and to reduce the capacity problems being experienced by their main fulfilment centres. Some of these stores might become permanent dark stores. In the UK, with the first lockdown, the manager of Lush’s flagship Oxford Street store wondered what would happen to the stores three floors of cosmetics. With lockdown, the company’s online site was saturated with orders and had to be temporarily taken offline. The Oxford Street store manager decided to temporarily adopt a dark store model based on a bike and on-foot delivery model which they labelled Lush Local. Existing customers were targeted using social media. Lush rolled out this approach to all 45 stores across the UK during lockdown. Nevertheless, with the relaxation of lockdown Lush decided to develop a new blended approach with the 45 stores selling cosmetics directly to customers, but also operating as dark stores.

If homeworking continues as a significant trend post-COVID, then city centre-based consumption supported by office workers will experience reductions in footfall and this will force firms to close or to scale back their activities. It would appear likely that one of the longer-term impacts of COVID-19 will be a reduction in commuting and an alteration to the everyday rhythms of towns and cities. In August 2020, Capita, a UK based business process outsourcing company with 45,000 employees based in offices across towns and cities in the UK, announced that it was going to close a third of its UK offices and embrace more flexible working including homeworking. Enforced homeworking has made employers begin to measure work-based performance in terms of output rather than by the number of hours spent in the workplace. This type of shift alters consumption patterns and behaviours.

In September 2020, Ann Summers returned to the issue of negotiations with landlords over rental levels. The company's chief executive, Jacqueline Gold, noted that "no retailer can afford to run stores unprofitably . . . we want to work in partnership with our landlords and our interests should be aligned. That's why we, like many retailers, think that turnover-based rents are the best way forward" (Gold, 2020). During lockdown, the company had benefited from significant growth in online sales, but the company assumed that store sales would recover slowly given significant reductions in footfall combined with the shift towards online consumption. Negotiations with landlords were ongoing and, if unsuccessful, then Ann Summers would consider restructuring its rent costs via a company voluntary arrangement (CVA). A CVA enables a struggling retailer to restructure its estate by closing underperforming stores, negotiate rent reductions with landlords, restructure debts and alter the management team whilst continuing to trade. A CVA is an insolvency process which provides a retailer in trouble with the opportunity to reconsider its strategy and make operational alterations. Additional capital or debt would be required to fund operational changes.

In August 2020, New Look, the fashion retailer, announced a proposed CVA that entails switching more than 400 of its UK stores to a turnover-based rent model set at a turnover percentage of up to 12%. This CVA did not involve at this stage store closures or job cuts. The majority of New Look stores reopened in Mid-June 2020, but with a 38% drop in like-for-like sales due to the ongoing impacts of COVID-19 on footfall (Jahshan, 2020). Turnover-based rents in the retail and hospitality sectors are not new, but they have become central to the debate over the future of retail in the post-COVID-19 world (Shepherd, 2020). The conventional approach to property rents in the retail and hospitality sectors has been based on quarterly rental payments and upward-only rent reviews. The capital value of a commercial building is directly linked to rental levels with the rent set based on the yield expected by the property investor (Bryson, 1990, 1997). The widescale adoption of turnover based rents would be transformational as this would create a "symbiotic relationship between landlord and tenant" (Shepherd, 2020). The turnover-based model has in-build resilience for retailers during periods of poor trading conditions. For the property investor turnover-based rents requires a focus on an appropriate tenant mix to increase footfall based on enhancing consumer experiences.

Competition between online only and store-based retailing has led to both the retrenchment of store-based retail chains and their collapse. This is an on-going process but cashflow problems related to COVID-19 lockdown has escalated the closure of both individual shops and chains (Alvarez & Marsal, 2020a). Debenhams, the UK department store chain entered administration in April 2020, but in November 2020 it was announced that the chain was going to close with the loss of 12,000 jobs and the closure of 124 stores. Debenhams problems can be traced back over two decades with successive restructurings failing to create a sustainable business model. The tipping point came with the failure of another retail chain. Arcadia, the owner of the retail brands of Topshop, Burtons and Dorothy Perkins. Arcadia was the largest single concession in Debenham stores. The collapse of the Arcadia Group undermined discussions regarding the sale of Debenhams to JD Sport. Debenhams went into liquidation on 1 December 2020. On 25 January 2021, Boohoo, the online fast fashion retailer, acquired the Debenhams brand and website for £55m but did not acquire the remaining 118 stores.

The Arcadia group collapsed into administration on 30 November 2020 placing13,000 jobs at risk across 444 stores in the UK and 22 overseas. When it failed the stores were closed with lockdown and 9,294 employees had been furloughed. Arcadia had been in financial difficulty for some time as it had failed to compete against the emergence of online fashion retailers including Boohoo, Very and ASOS. It also had a pension fund deficit. In June 2019, Arcadia had agreed a rescue plan as part of a CVA that included the closure of 23 stores and rent reductions across 194 of Arcadia's 566 stores. In February 2021, Asos, the online fashion and cosmetic retailer, acquired the Topshop, Topman, Miss Selfridge and HIIT brands for £295m. Asos paid £265m for the brands and £30m for the stock, but did not acquire the stores. About 300 employees involved in design, buying and retail partnerships were transferred to Asos. The conversion of Debenhams and much of the Arcadia group to online only retail will transform high streets and shopping malls. It is worth noting that COVID-19 accelerated retail restructuring and the decline of store-based retailing with the key drivers linked to alterations in consumer behaviour and tensions between the cost structure of store-based retailing companied to online.

Alterations in consumer behaviour have also impacted on some of this country's most respected retailers. In August 2020, John Lewis confirmed that eight stores would permanently close including two full-sized department stores (Birmingham and Watford). This was part of a business strategic review that commenced prior to COVID-19 and included providing more services. In September 2019, the John Lewis Partnership announced its first-ever half-year loss with a pre-tax loss of £25.9m over the six months to 27 July 2019. By September 2020, COVID-19 had impacted on this company's performance and for the half-year ending July 25, the Partnership, made a pre-tax loss of £635 million.

Conclusions

Over the last two decades, retailers have been coping with major disruptions related to ecommerce and alterations in consumer behaviour. There is one important difference related to COVID-19 and this is the pace of change in consumer behaviour and preferences. Lockdown forced consumers to explore online consumption and this will have resulted in permanent change. It forced companies to adopt homeworking and for most firms' homeworking will become part of their everyday employment practices. These changes have altered the geography of consumption. There are three important consequences.

First, for retailing context is extremely important. Thus, the experience of UK retailers is partly related to busines rates or property taxation and this has distorted retailing as bricks and mortar retailers have a much higher tax bill compared to online retailers. For some countries, local retailers still play an important role in providing groceries and with COVID-19 these businesses have continued to engage with their customers including providing home delivery services. The shift towards online has been one feature of COVID. This includes the Zoomification of retail services focussed on providing experiences. COVID-19 has highlighted the important role that retail plays in everyday living. Some retail workers are keyworkers and any disruption to their work ripples across a society. This includes disruptions in logistics.

Second, there will be a reduction in retail expenditure in city centres and high streets related directly to an increase in homeworking. This will require an increase in productivity by shops targeting consumption related to office-based working to cope with a reduction in demand and alterations in rental structures and business rates. It should mean the adoption of turn-over based rental agreements. There will be a requirement to repurpose city centre and high street buildings including their conversion into housing (Corfe, 2020). One estimate is that "there is around 20% overcapacity of retail space that businesses cannot commercially justify" in the UK and that this figure will be higher in the post COVID-19 world (Alvarez & Marsal, 2020b: 27). One account of the post-COVID world has argued that "we need to think of property as a platform to enable meaningful work, local trade, wellbeing, belonging and so on" and that community trusts and local authorities should ensure that unused properties "are used for local benefit, rather than for purely revenue-generating purposes" (Grimsey, 2020: 29).

Third, apart from strategies to cope with social distancing the primary impact that COVID-19 has had on retailing has been to increase the pace of adoption of online demand and supply. This will reduce employment in physical stores and increase employment opportunities in both retailers that provide essential goods – supermarkets – and online retailers. In September 2020, Amazon announced that it was going to recruit an additional 7,000 permanent employees in the UK including positions in its corporate offices and fulfilment centres. In March 2020, Amazon planned to recruit 100,000 extra workers in the U.S. to cope with the COVID-19 related surge in online shopping. In August 2020, Tesco, the supermarket chain, announced that it was going to hire an additional 16,000 permanent employees in the UK.

For the retail and hospitality industries the COVID-19 pandemic has accelerated ongoing restructuring. Companies are on a journey involving three stages – survival during the crisis, consolidation including restructuring, and innovation. Those companies that succeed will have responded to the rapid and unexpected emergence of a new retail paradigm with a new geography of both demand and supply. Success will include identifying new customers and opportunities for the development of new consumer experiences including approaches to delivery. It will include redesigning and repurposing physical stores and enhancing the resilience of supply chains (Bryson, & Vanchan, 2020).

COVID-19 also led the formation of new retail businesses. Two processes are at work. On the one hand, entrepreneurs have identified opportunities to provide new homebased services and retail business models. On the other hand, some people who were made redundant, or placed on furlough, have innovated, and established their own companies. All this highlights that the impact of COVID-19 on the retail and hospitality sectors involves people, employment, place, property, homeworking, commuting and the emergence of new operational processes, business models and retail geographies.

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