



MEDIA RELEASE  
4 June 2020

## **SURVIVAL OF MANY RETAILERS AT RISK**

Retailers are continuing to face severe pressures as a result of the COVID-19 crisis, and there are real questions about the long-term survival of many retail businesses, according to the latest Retail NZ Retail Radar report.

“The outlook for the sector is grim, and in the absence of additional Government support, Retail NZ estimates that up to 6,700 retail businesses are at serious risk of closure,” Greg Harford, Retail NZ’s Chief Executive said today. “The latest Retail NZ Sales Index reports that spending in May overall was down by 12.7 percent compared to last year. At the same time, a survey of Retail NZ members shows that across the sector, 24 percent of businesses either expect to cease trading or are not confident they can continue, and a further 37 percent think that their survival hangs in the balance. The worst-case is that 17,100 businesses could cease trading. There has always been a proportion of retail businesses that fail each year, but the current risks are far greater than anything we have ever seen before.

“While most retail stores are now open, and customers are shopping again, margins are so tight across the sector that many retail businesses will be unable to recover from the lockdown. During Level 4 and Level 3, retailers continued to incur substantial fixed costs, but had almost no revenue coming in. While the Government has announced an extension to the Wage Subsidy, the eligibility criteria have been set so tightly as to exclude almost all retailers from the mix.

“The threat to the viability of so many retail businesses is of real concern for communities around the country,” Mr Harford said. Retail and hospitality outlets sit at the heart of communities, keeping people employed, and creating vibrancy for town centres and opportunities for social interaction. Thriving retail helps prevent the emergence of “zombie towns”, devoid of opportunity.

“Customers are keen to support local stores and shop at local New Zealand-based websites, but further Government action is required to help support retail businesses. Retail NZ is continuing to call for a meaningful extension to the Wages Subsidy that supports retailers unable to recover quickly from the lockdown; and meaningful action for commercial tenancies to provide proportionate rent relief where satisfactory negotiations have not been concluded between parties.”

[See here](#) for the latest Retail Radar.

**For further information, please contact:**

Greg Harford  
Chief Executive | Retail NZ  
[greg.harford@retail.kiwi](mailto:greg.harford@retail.kiwi)  
027 243 2842