

Retail shift to deepen after virus

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The impact of COVID-19 on the retail industry is resulting in a "fundamental structural shift" in consumer sentiment, according to leading retail experts.

Managing director at consulting firm Metier, Darryll Ashworth, said there would be a deepening of the two-speed retail economy as a result of the pandemic altering spending habits.

"For those who are not part of the supermarket giants, for example, they're going to have to work incredibly harder to get themselves traction," he said.

"Also retailers who have gone through an incredibly stressful time in hibernation are going to need a lot of working capital once this is over."

Mr Ashworth, who was once in charge of Westfield in WA, said COVID-19 had accelerated what was going to happen in the next 10 years into a five-month duration.

"The pandemic has basically given the big guys (the supermarkets) a turbo boost," he said.

"It's changed people's shopping habits so that they're shopping at the grocery giants far more than what they've done previously.

"To unwind that mentality moving forward will not be straightforward."

Arnold Bloch Leibler partner **Jeremy Leibler** agreed that the pandemic had accelerated what was inevitable in terms of a two-speed retail sector.

"Retailers like Kogan.com with high quality management will ensure that the systemic shift to online shopping that we're seeing during COVID-19 isn't temporary, and isn't going to revert back to bricks and mortar when this is over, because consumer sentiment is structurally changing," he said.

"Post-Covid there will be a lot of consolidation."

Owner of Hillzeez Surf Shop, Glenn Callegari, said a two-speed retail sector had existed before COVID-19, with consumer spending in discretionary sectors having been in trouble the past two years.

"In my game, there's too many brands competing for a share of wallet spend and it has got to a point where you ask how long can it go for? And that was before COVID hit," he said.

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