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Retailing in the age of coronavirus

By Staci Jennifer Riordan and David Kaufman

Retailers have faced some unique challenges in the last few years as shopping habits have shifted, and traditional retail models have been usurped by omnichannel operators. The outbreak of coronavirus (COVID-19) has created additional stresses for retailers. Nixon Peabody's Retail Team is hearing from our retail clients about a few main areas of concern.

Sick leave

Many global organizations, especially large technology companies, have urged or required their employees to work remotely. For brick-and-mortar store employees, this is not a possibility. Therefore, employers are struggling with the challenge of workers coming in sick in order to avoid losing work or sacrificing their jobs. In addition, employees who are required to be quarantined as a result of possible exposure face extreme economic challenges, as most are hourly and will need to take that time off on an unpaid basis. While there is a discussion around federal, state, and even local government relief for these workers, some retailers are proactively providing a form of leave and/or sick pay (mostly for actual coronavirus victims) for employees.

Forced closure

In some geographies, retailers are being forced to close, or the traffic to their stores is extremely limited, as a result of government decree. In others, such measures are being considered. These forced closures create financial, employment, and other regulatory challenges.

Web challenges

Retailers with only, or primarily, a web presence may be able to utilize a telework solution for many of their employees. However, for companies that handle their own distribution, they suffer the same issues as listed above as they need a team to package and ship products. On the one hand, many e-retailers may see a spike in demand in America, the UK, and Europe as home-bound consumers spend more time online. That was the experience in China where folks spent 7.3 hours a day online in the week after Chinese New Year. On the other hand, retailers worry about being able to meet the increase in customer demand—be it from a lack of resources or the sudden unavailability of a distribution network that has never been stress-tested by a pandemic.

Supply chain

All retailers are concerned about supply-chain disruptions that may result from the coronavirus shock. As the virus spreads around the world, factories that produce the goods that they sell are often closed or working at reduced capacity. In addition, shortages of components and even raw materials have created further disruptions. These disruptions can create contract and other types of disputes, as well as customer service concerns.

More to come

The above are just some of the issues facing retail clients as a result of the coronavirus (COVID-19) outbreak. Our Nixon Peabody team will continue to provide updates on other issues facing global retailers and solutions to assist them navigate through these turbulent times.

For more information on the content of this alert, please contact our [Coronavirus Response team](#), your Nixon Peabody attorney, or:

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