

Retail Policy in the Covid Era

- Prashant Kumar - prashantkr30@gmail.com
- Carmen Chan - cchan7@wellesley.edu

Introduction: We noticed a trend in bankruptcies catalyzed by the coronavirus outbreak. We wanted to analyze the stock prices which were most negatively affected by increasing COVID-19 cases. After plotting specific stocks within industries such as food, retail, and technology, our hypotheses were supported because retail stocks were hit the hardest. Food industry and technology industry stocks were not as affected by the coronavirus cases because as the states started opening up and lifting restrictions slowly, people felt more comfortable to purchase takeout food. In regards to technology, there was little affect because removing the ability to be in groups would actually increase the necessity to access technology. In addition to that, most technology industries took advantage of “Work from Home” culture to retain their business and economy intact during these stressful times.

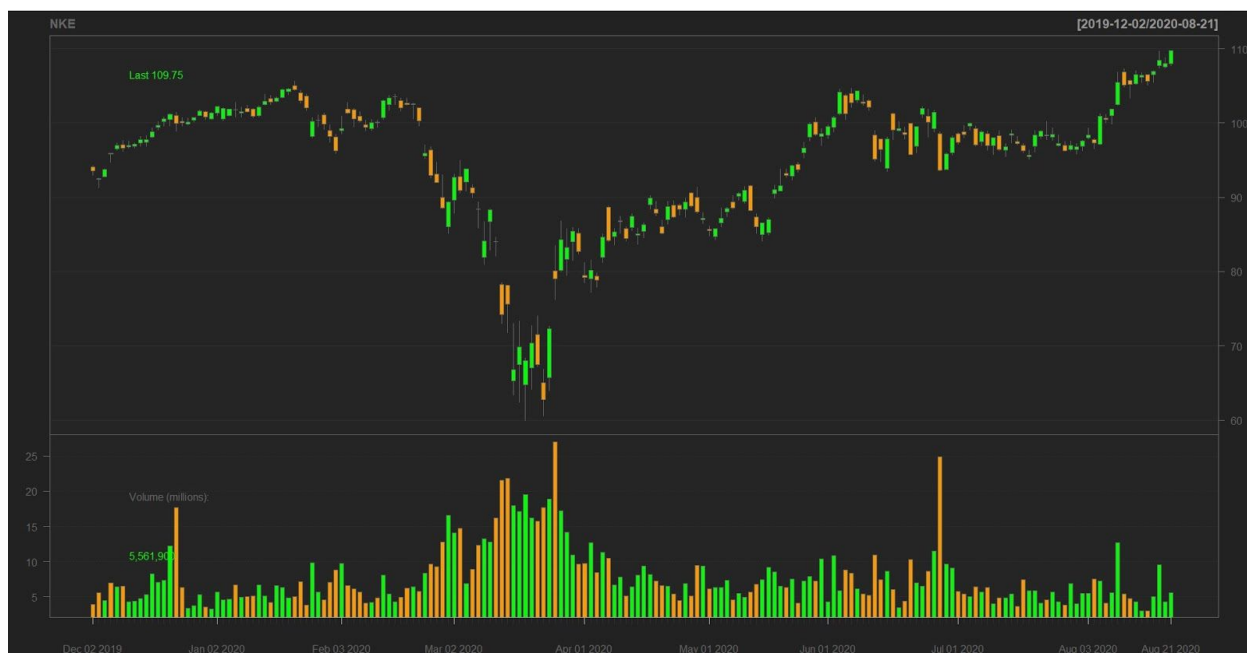
The Covid effect on the retail industry forced salaries for employees to be cut, or altogether furloughed. We have graphed the following stocks (WMT, Nike, TGT, RL, MCS, Levi, JCP, GPS, and Costco) over the period of December 2019 to current in order to compare the effect Covid had on the success of these businesses. Below are the plots for the same:



Walmart



Target



Nike



Ralph Lauren



Marcus Corp



Levi Strauss



JCPenney



GAP



Costco

As shown in these graphs, the dips in the stock prices of the retail stores (JCP - declared bankruptcy on August 2, 2020, Levi, Nike, Ralph Lauren) is much steeper than in Walmart or Target or Costco where food is still sold. Supermarket stores like Walmart, Costco etc got recovered very fast because they sell necessary household items like foods, toiletries and other daily needs. During the lockdown phase also, these supermarkets were open with only constraint in crowd capacity and timings. Due to this, they were able to keep their business open and their stocks were not affected that much.

Furthermore, our graphs demonstrate the negative impacts of Covid hitting the retail stores primarily in the fashion industry harder than stocks of other retail stores or superstores. We noticed that Nike recovered more quickly than other clothing retail stores because they are an athletic brand which indicated consumers can still purchase clothing for at home usage. Additionally, Nike's online store brand has a stronger presence than RL, Levi, and JCP.

Overview of Policy: Looking at the trend of stock prices of different retail stores we can say that the Government should support clothing companies or fashion industries because we can see the plots showing covid cases affecting the clothing industry more negatively. The support the Government has currently shown are policies to keep the public safe, which of course is vital to the progression of the National economy. In terms of saving the retail industry, Government aid in the form of rent grants and wage subsidies are necessary especially for these fashion industries. As businesses are affected, individuals are also affected. If the business is saved, individuals will sustain and work and in return the overall economy of the country will be stronger.