

COVID-19's Impact on Worldwide Retail Will Be Worse than the Great Recession

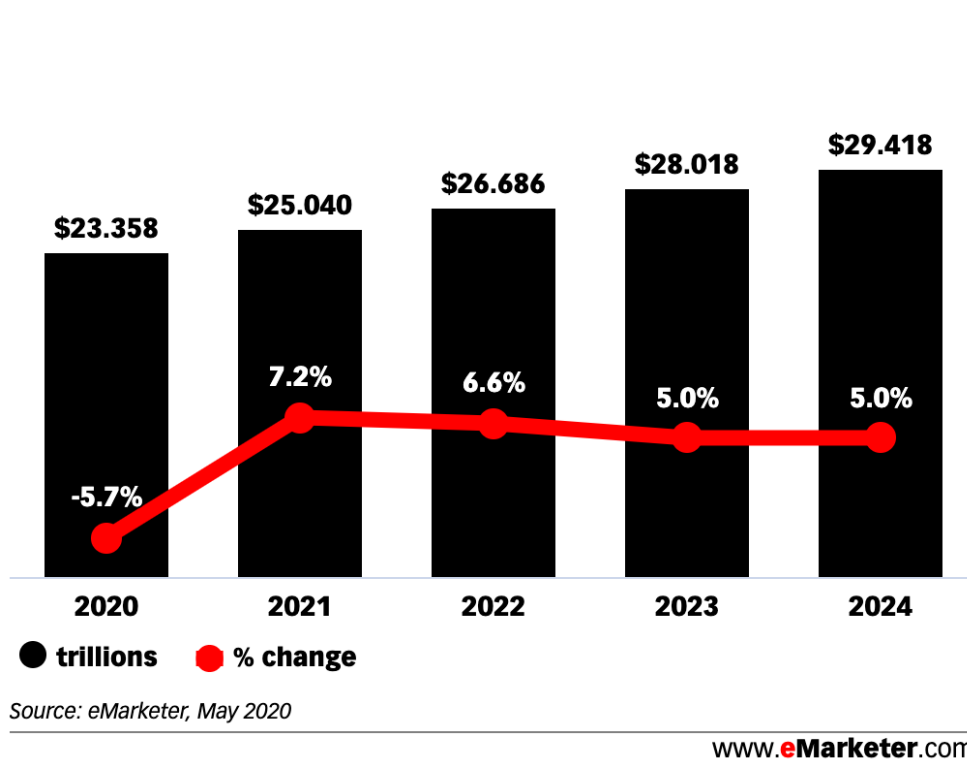
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Total retail sales worldwide are expected to hit \$23.358 trillion in 2020, down 5.7% from 2019—and nearly 12% below our pre-pandemic estimate of \$26.459 trillion.

Retail Sales

Worldwide, 2020-2024



The magnitude of the downturn and pace of recovery will be harder on the retail market than the Great Recession. For context, the International Monetary Fund (IMF) estimates that worldwide GDP growth will contract 3% this year, compared with the 0.1% decline in 2009.

And when recovery does come, we expect it to be slower: After the 2008-2009 financial crisis, it took the majority of affected markets approximately one year for retail sales to return to pre-crisis levels. But for this crisis, we anticipate a longer recovery period of approximately two years. Most countries will return to pre-pandemic growth levels by 2022, though some northern European countries may resume normal growth by late 2021.

Recovery will be slower since direct impacts like store closures and disrupted supply chains will be exacerbated by secondary effects like slow exports and high unemployment. "Extended periods of below-

trend economic activity can lead to knock-on effects, such as a slowdown in exports, leading to lower income, higher unemployment and corporate bankruptcy," said eMarketer forecasting director at Insider Intelligence Shelleen Shum.

This effect is already noticeable in markets that have begun opening up: In China, physical retail locations have reopened, but consumer spending has failed to bounce back. One case study shows that nearly 90% of H&M locations in China were open by mid-March, but sales were still down 79% year over year, [according to](#) Inside Retail Asia. Additionally, the global nature of the pandemic worsens its effect on retail since economic activity is so deeply intertwined.