

HARSH REALITY

Not all businesses are equal in their survival effort

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There is a clear divide emerging between the businesses set to thrive amid the impact of the coronavirus and those unlikely to survive.

Nigel Plowman, founding director of WA-based accountants and financial advisers McKinley Plowman, said there were already clear winners.

“Even now and in the longer term, the winners are the likes of the supermarkets, food delivery businesses such as the Menulogs and Uber Eats of the world, agriculture, and cleaners and cleaning products,” Mr Plowman, pictured, said.

“Adaptable manufacturers will be winners, that’s an area that WA has struggled in but there are some pretty clever manufacturers now.”

Mr Plowman said longer term the medicos, particularly GPs, would benefit, as well as physiotherapists and chiropractors.

“Many GPs are taking more phone appointments now and are seeing huge efficiencies in the number of people they can see in that time,” he said.

Pharmacies, IT hardware and software, and financial services and accountants would also thrive, he said. Among the losers, were hospitality, gyms, dentists, lawyers, hotels and importers.

Interim chief executive of the newly formed WA Small Business Council, Robert Mallett, said the businesses which would struggle the most were the ones who were “borderline profitable” before the virus hit.

“We need these hundreds of thousands of small businesses who are borderline, there are just no jobs for them in the bigger workforce and there’s no jobs for the staff that they employ either,” he said.

“I fear they’re the ones who will probably suffer most because they’re just making a quid as

it is. I think some of the smaller fashion businesses might not survive.

“If we come out of this in July or August, that’s when their summer stock is due to arrive and they’ll be stuck with an entire season of winter stuff they need to get rid off and then get people to pay good money and good margins for new summer stuff.”

Australian Retailers Association executive director Russell Zimmerman agreed.

“Retailers that can’t sell online, they’ve got a real problem,” he said. “If you’re working from home do you have the need to go out and buy a new skirt, or new jacket or new pants? So retailers are going to have to discount or do something to entice you to buy, and I don’t know

what that something is.”

Mr Zimmerman said electrical stores such as JB Hi-Fi, Harvey Norman and Betta Electrical might be booming now with people stocking up on freezers and computers, but it may not last. “Have we seen a whole lot of sales brought forward?” he said.

“If we have, then is there a point whereby those retailers will not see that same kind of trade? They might be booming now but they might fall into an absolute screaming heap in a few months time.”

Airlines and travel would not return to normal, Mr Zimmerman said, because people would remain weary of travelling for some time.

Mr Mallett said some smaller businesses would emerge as winners because of the the way some of the government stimulus was structured.

“There are some businesses who at the moment would be quite worried about things but in fact, if they use and manage the stimulus or the business support packages well, then they could be smart, they could well and truly be up there and doing business out the other side of it,” he said.



COVID WINNERS & LOSERS

BUSINESSES SET TO THRIVE:

- Supermarkets
- The menulog and Uber Eats of the world
- Agriculture
- Adaptable manufacturers
- Cleaners and cleaning products
- Medicos (GPs, physios, chiros)
- Pharmacies
- IT (hardware and software)

BUSINESSES WHO WILL STRUGGLE TO SURVIVE:

- Hospitality
- Travel and aviation
- Gyms and fitness centres;
- Elective surgery (short-term)
- Dentists
- Lawyers
- Accommodation
- Importers

JURY IS STILL OUT:

- Child care
- Commercial property

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