



ICG Newsletter September 2020

Global news during this past month for the retail, textile, apparel, footwear and agriculture sectors continues to be dour as the Covid-19 spreads afar to cause severe illness and death, close or severely curtail businesses and confound health professionals and politicians trying to find a way back to "normal".

AMERICAS

Retail Ecommerce Ventures (REV) Buys Modell's Intellectual Property

Modell's filed for bankruptcy in March 2020 and began liquidating inventory and close its 134 stores which were primarily in the New York. REV purchased Modell's trademark, domain names, customer database, and more for \$3.6million. REV also purchased Dressbarn and Pier 1 out of bankruptcy last year.

Source: https://www.retaildive.com/news/modells-brand-sold-to-owner-of-dressbarn-pier-1-ip/583876/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-08-20%20Retail%20Dive%20Newsletter%20%5Bissue:29207%5D&utm_term=Retail%20Dive

Stein Mart Files Bankruptcy Closing Most Stores

The discount clothing store started in 1908 has filed for Chapter 11 bankruptcy saying it will close most, if not all, of its stores and is moving toward liquidation. It is seeking buyers for its intellectual property and website. The CEO, Hunt Hawkins, said the company does not have enough cash to continue its operations.

Source: <https://www.cnn.com/2020/08/12/business/stein-mart-bankruptcy/index.html>



Sur La Table to Close Half of Its Stores, Files Bankruptcy

The 50-year old upscale kitchenware company filed for bankruptcy saying it will close half of its 120 US stores. The company said it will exit bankruptcy in a stronger financial position as it seeks a buyer while renegotiating store leases for the stores which will remain open.

Source: <https://www.cnn.com/2020/07/09/business/sur-la-table-bankruptcy/index.html>

Central America Feeling Effects of Covid-19

Data from the Office of Textiles and Apparel, of the U.S. International Trade Administration, say that between the first half of 2019 and the same period in 2020, Central American textile exports to the U.S. decreased by 34%, from \$17,593 million to \$ 11,553 million.

Source:

[https://www.centralamericadata.com/en/article/main/Textile_Industry_with_Subistence_Income?utm_source=newsletter&utm_campaign=daily_2020_08_14&u=d1aa0be7e8e447b366306ad886608952&s=n&e=3&mid=\[MESSAGEID\]&utm_medium=Textile_Industry_with_Subistence_Income](https://www.centralamericadata.com/en/article/main/Textile_Industry_with_Subistence_Income?utm_source=newsletter&utm_campaign=daily_2020_08_14&u=d1aa0be7e8e447b366306ad886608952&s=n&e=3&mid=[MESSAGEID]&utm_medium=Textile_Industry_with_Subistence_Income)

SPARC Group Buys Lucky Brand out of Bankruptcy

The Simon Property Group and Authentic Brands Group have formed a 50-50 partnership to purchase distressed retail firms. It recently purchased Lucky Brand for \$141 million in cash and other components. Sparc has also purchased Brooks Brothers for \$325 million.

Source: https://www.retaildive.com/news/simon-authentic-brands-venture-snaps-up-lucky-brand/583454/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-08-13%20Retail%20Dive%20Newsletter%20%5Bissue:29074%5D&utm_term=Retail%20Dive



Stage Stores/Gordmans to Liquidate Business – No Buyer Found

After months of seeking additional financing or a buyer for their retail assets, Stage Stores announced it will close all Gordmans locations and liquidate the business of all assets.

Source: https://www.retaildive.com/news/without-a-deal-stage-stores-heads-for-liquidation/583627/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-08-17%20Retail%20Dive%20Newsletter%20%5Bissue:29127%5D&utm_term=Retail%20Dive

Buyers Slowly Returning to US Malls and Stores

Since May 2020, foot traffic to US malls and stores has slowly been increasing but is still below 2019 levels. Non-apparel stores traffic is up but still 25% below 2019 and apparel store traffic is also up but down 30% compared to last year. In early August, when local and state governments required stores, shops, bars, and other merchants to close again due to the rising number of Covid-19 cases, shoppers demand making supply chain decisions even more difficult than normal. At this point, there is no certainty of what the US Government may do to provided additional economic stimulus.

Source: https://www.retaildive.com/news/sp-foot-traffic-to-shopping-centers-reaching-pre-pandemic-levels/583955/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-08-21%20Retail%20Dive%20Newsletter%20%5Bissue:29243%5D&utm_term=Retail%20Dive

Lord & Taylor Closing All Stores

Lord & Taylor was the first department store built in the US almost 200 years ago. On August 27, it announced that all stores will close and the business will be liquidated as no buyer or additional financing has been found. All the inventory will be discounted and sold including all store fixtures, furniture, and equipment.

Source: <https://www.cnn.com/2020/08/27/business/lord-and-taylor-store-closures-bankruptcy/index.html>



GAP to Close 225 Stores in 2020 with More Planned for 2021

The pandemic has driven down sales for GAP, Banana Republic, Old Navy and Athleta brands were down over 18% year-on-year with GAP down 28% and Banana Republic down 52%. Overall, the company lost \$62 million compared to a net income of \$168 in the same period of last year. The pandemic, closed stores, and reduced foot traffic when stores started to open drove the dismal results.

Source: https://www.retaildive.com/news/gap-inc-will-close-225-stores-this-year-more-in-2021/584334/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-08-28%20Retail%20Dive%20Newsletter%20%5Bissue:29381%5D&utm_term=Retail%20Dive

Bed, Bath and Beyond to Lay Off 2800 Employees

The company announced a "major realignment of its organizational structure" as part of its previous announcement of laying off 2,800 employees, about 5% of its workforce and closing 200 stores. The company hopes the reorganization will yield \$250 - \$350 million over the next three years.

Source: <https://www.retaildive.com/news/bed-bath-beyond-lays-off-2800/584169/>

J Crew Hoping to Exit Bankruptcy Soon

J Crew was one of the first US retailers to file for bankruptcy due to the pandemic-driven store closings of its 500 stores. The company is converting \$1.6 billion in debt into equity and reorganized the company.

<https://www.retaildive.com/news/j-crew-looks-to-exit-bankruptcy-in-coming-weeks/584159/>



Asia

Philippines Garment Exporters Forced to Furlough 30% of Their Workers

The Covid-19 pandemic has hit garment makers and exporters in the Philippines particularly hard with sales down 40%. The garment factories will have to put 20-30% of their workers on furlough through the end of the year according to Maritess Agoncillo, Executive Director of the Confederation of Wearable Exporters of the Philippines. Most factories are operating at 40-50 percent capacity even after converting to sewing personal protective equipment. At the moment, there is an excess of inventory of PPE worldwide. The investment in PPE did bring \$35 million in revenue and helped save 7,450 jobs.

Source: <https://www.fibre2fashion.com/news/apparel-news/philippine-garment-exporters-to-furlough-30-workers-269339-newsdetails.htm>

Over 90% of China Apparel Exports to the US Will Be Hit with New Tariffs

Effective September 1, over 50% of all apparel, footwear and home textiles made in China and destined for the US will see an additional 15% tariff imposed by the US Government according to the American Apparel & Footwear Association. Numerous brands such as Best Buy, Macy's and Home Depot have announced they are moving production out of China in search of new manufacturing locations.

Source: <https://www.cnbc.com/2019/08/30/92percent-of-apparel-from-china-will-be-hit-with-tariffs-sundayhow-retailers-are-coping.html>

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CONTACT US: US +1-619-990-0101

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