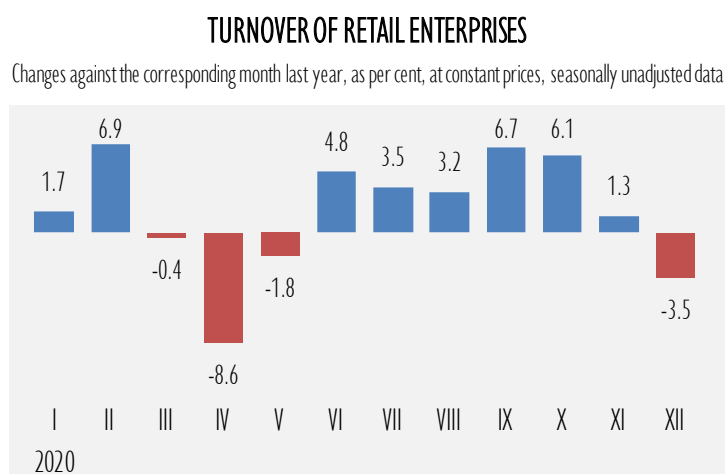


On Retail Trade Turnover in December 2020

In December 2020, retail trade turnover fell due to decline in non-food trade

Although the retail sector performed better than many other sectors during the first wave of the Covid-19 pandemic, the situation deteriorated at the end of the year. It was largely influenced by the state of emergency declared in the country, which has been in force since November 9, 2020. As the situation did not improve, additional restrictions were imposed on December 21, 2020. Formerly the bans on trade in non-food products applied only to holidays and public holidays; however, according to the new regulations, until 7 February 2020 the bans have been applied irrespective of the day of the week. In December 2020, the total retail trade turnover was by 3.5% lower (unadjusted data at constant prices), compared to the corresponding month last year.



In December 2020, the retail trade turnover of **non-food products** declined by 11.7%. The trade turnover of almost all non-food products decreased. The sharpest decline was observed in retail sale of clothing, footwear, and leather goods (by 43%). Also, retail trade of books, newspapers, stationery, audio and video recordings (by 27%) and retail sale of watches and jewellery (by 23%) decreased. With the abolition and prohibition of all public events and the cessation of cultural and exhibition activities, the decline continued in the category of cultural goods and leisure goods (by 23%). Similarly, trade in sports goods and games declined. In December 2020, retail trade turnover increased only in household electrical appliances. Residents more often visited pharmacies and purchased medicines.

By point of sale, the decline in retail trade turnover was observed in almost all categories, of which retail sales in second-hand goods stores decreased by almost half. Although sales in online stores are not prohibited, the habits of the population to shop online are changing only gradually; in December 2020, retail sales in mail order or online stores decreased slightly, compared to December 2019.

In December 2020, retail trade in **food products** increased by 3.2%, compared to December 2019.

The growth of retail **fuel** turnover remains positive; in December 2020, the turnover was 8.2% higher than a year ago. This can be partly attributed to the restrictions imposed on travel abroad. Consequently, the majority of the population spent their holidays in Latvia.

Despite the impact of the pandemic, in 2020, retail trade turnover was 1.5% higher than a year ago. Also, retail trade of food and retail trade of fuel was 3.6% and 6.5% higher, compared to 2019, respectively. However, a slight decrease (by 1.8%) was observed in the category of non-food trade.

The future situation in the sector will be affected by the progress made to control the spread of the Covid-19 virus – in particular, by the duration of trade restrictions imposed, which are particularly severe for non-food trade. The restrictions affect both the shopping trends of the population and the operation of retail stores. For entrepreneurs, the support provided by the state and their own ability to adapt to new and changing conditions is crucial. It is vital to introduce various new forms of trade, ensure faster delivery of goods, review existing marketing channels, and create new e-commerce platforms.