

Big High Street Retailers put the SME suppliers at the heart of their business at risk of collapse

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Small and medium enterprises are fighting for survival after high street retailers cut off cash flow and all future orders

On a day where the Centre for Economics and Business Research has confirmed that the coronavirus lockdown is costing the British economy £2.4 billion a day; have we forgotten the independent businesses who stock our favourite highstreet brands like John Lewis, New Look and Paperchase.

Some of our most-loved retailers are sacrificing their suppliers and leaving them to face the consequences and fight for survival. For SME's who form part of the supply chain delivering goods into the retail sector, they have simply been told that all orders are cancelled and payments are on hold forcing many to the edge of administration.

Ginger Ray (www.gingerray.co.uk), a design-led party supplies manufacturer who produces goods for the likes of New Look, ASOS, Hobbycraft, John Lewis and Urban Outfitters to name just a few, is one such SME starting to feel the effects. Ben Spence, Managing Director, explains "We produce over 6 million units a year for high street retailers and everything we had on order, including bespoke custom lines for some of our customers, has been cancelled. We received a blanket communication from New Look last week saying payments were on hold "indefinitely" but they owe my business over £100,000 and some of the goods they were selling in-store before the lockdown. Taking into account both seasonality and factory lead times many of the goods we have ready to deliver were ordered and committed to up to six months ago and yet now we are experiencing cancellations as late as 24 hours before delivery".

Ben Spence added "I have factories and warehouses full of goods as high street retailers make up over 30% of my order volume. Last week TJX Companies, who we work with in both the UK and USA, cancelled a bespoke order worth hundreds of thousands of dollars and told us they would not be paying. The goods have been designed and produced specifically for them so I have no other route to market for them plus manufacturing and shipping costs to now bear. It is devastating that I am forced into furloughing staff because businesses much bigger than mine have just decided not to pay us".

This treatment of independent businesses is a far cry from the behaviour we would expect of brands that have made up the retail high street for hundreds of years. Whilst retailers are struggling here and now, the impact of the decisions they are making could last for years to come. It is not fair for bigger brands to make the choice on behalf of SME's to bear the brunt of the supply chain and go unpaid for goods that we were all buying before the impact of lockdown. If the retail high street is allowed to act in this way, they may well come out the other side – but both they and their customers will know they have done so by throwing thousands of their suppliers into administration.

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Retail & Fashion ::

Related Keywords:

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