Impact from a Financial Perspective on Retailing, Luxury, and Technological Companies that COVID-19 Caused and How It Continues

Yuntong Yan[1,a,*]

[1]*University of Toronto Scarborough, Toronto, CA, Canada, M1C 5J9*
a. yuntong.yan@mail.utoronto.ca
**corresponding author*

Abstract: In 2020, the whole society was hit by an unexpected virus -- COVID-19. The virus expanded fast and influenced all around the world. It changed the routine lives of people, and it affected the economy in some ways. The consumption habits of consumers were also affected. This paper will discuss three main industries --Retailing, Luxury, and Technology, and evaluate how COVID-19 impacted them, by choosing six companies from these three industries and importing Income Statements, Balance Sheets, and Cash flows from 2019, which before COVID-19, to 2022. In order to digging and support the effects, this paper chooses to use some financial metrics to evaluate different aspects. The metrics that I choose are Profitability Metrics, including Earnings Per share, and Sales Growth, Liquidity Metrics, which reflect the company's ability to pay back its short-term liabilities. This article finds out that although COVID-19 influenced these industries from 2020 to 2021, they all demonstrated flexibility in facing the global crisis and led to growth after the pandemic.

Keywords: Financial Performance, Retail Industry, COVID-19, Luxury Sector, Technology Companies

1. Introduction

The epidemic of COVID-19 disease in early 2020 released exceptional challenges throughout international industries, considerably affecting businesses' economic implementation. Among the areas that have changed the most are retail, luxury, and technology, each encounters reduction from changes in buyer conduct, supply chain disturbances, and economic fears. This research aims to study how these areas and detailed companies within them have steered the financial suggestions of the plague [1]. Through a complete analysis of monetary data, including value metrics, trade growth, functioning margin, fluidness, and recognized metrics, this study presents an understanding of the pliability and adaptableness of companies on the side of disaster [2]. By inspecting the financial presentation of six protuberant companies straddling these areas as Costco and Walmart in retail, Apple and Alphabet in technology, and LVMH and Hermès in luxury, this paper aims to categorize trends, outlines, and approaches that have arisen in reply to the epidemic. This study's outcomes are probable to contribute to a clear understanding of the deadly disease's influence on different businesses and companies, similarly, presenting valuable awareness for businesses, politicians, and researchers.

2. Metrics Introduction

Profitability Metrics: 1)EPS: Basic Earning per share. EPS is the most common measure of firm profitability, which reflects profitability at the shareholder level. EPS=Net income/weighted Average Shares. 2) Sales Growth. Sales Growth Provides a snapshot of the change in revenue from one year to the next. It tells Observer several things: Relative growth from one year to the next (i.e. whether sales growth is increasing or decreasing); What type of company is being analyzed. (e.g. is this a young, high growth company); Whether the company is stable or volatile. Sales Growth=((current year revenue/Prior year revenue)-1)*100. Liquidity Metrics: Current Ratio reflects company's ability to pay back its short-term liabilities. Current Ratio= Current Assets/ Current Liability

3. Industries Analysis

3.1. Retail Industry

The COVID-19 disease caused substantial disturbances in the retail industry, indicating exceptional global challenges for corporations. Retail firms faced various barriers with general lockdowns, social isolation procedures, and alterations in customer behavior [3]. The epidemic rushed the adoption of e-trade and making digital while also giving importance to the rank of forceful supply chain organization and adaptableness [4].

3.1.1. Costco

During the epidemic, Costco, a managing wholesale superstore chain, showed extraordinary strength. Financial descriptions uncover an expansion in Costco's present ratio, ascribed to sensible monetary management and modifications in customer spending plans [5]. By continuing to intensify cash supplies and adjusting its business policies, Costco was directed to successfully route the challenges caused by the epidemic. This flexibility underlines Costco's capability to adjust market-changing aspects and guarantee the stability of its processes during uncertain times.

Table 1: Consolidated Statements of Income (amount in millions) [6]

Years	2019	2020	2021	2022	2023
Total Revenue	152,703	166,761	195,929	226,954	242,290
Net Income Per Common share Attribute to Costco Basic	8.32	9.05	11.30	13.17	14.18

Table 2: Balance Sheet (amount in millions)[6]

Years	2019	2020	2021	2022	2023
Total Current Asset	23,485	28,120	29,505	32,696	35,879
Total Current Liabilities	23,237	24,844	29,441	31,998	33,583

According to the Income Statement and Balance sheet above (see Tables 1 and 2), Earnings per share from 2019 to 2023 are 8.32, 9.05, 11.3, 13.17, and 14.18. Sales Growth from 2020 to 2023 are 9.21%,17.49%,15.83%,6.76%. The current ratios from 2019 to 2023 are 1.01,1.13,1.00,1.02,1.07.

According to Earnings Per Share, Costco was continuously increasing its earnings. Also, sales growth, when COVID-19 expanded seriously, was extremely high. Costco mainly uses a membership strategy that contributes to its revenue. Costco survived the epidemic by being loyal to who it is. Costco catered to the fact that many customers were willing to shop in a dangerous setting by organizing fewer, larger shopping excursions. More importantly, Costco kept its current ratio above

1, which means that Costco had the ability to pay back its short-term liabilities. In 2020, the current ratio of Costco was noticeable, which was contributed by increased cash and cash equivalent, since during COVID-19 people were more willing to keep cash for meeting short-term cash commitments rather than investment.

3.1.2. Walmart

Walmart, a global retail establishment, realized strategic actions to address the encounters brought about by the disease. Variations in Walmart's income per share (EPS) showed the company's positive efforts to change to progressing market environments [5]. By leveraging its strong supply chain organization and participating in digital skills, Walmart pursued to link the altering needs and favorites of shoppers during the virus. Through deliberate initiatives and responsive decision-making, Walmart was directed to mitigate the effect of the catastrophe and position itself for long-term realization in the retail scene modeled by the epidemic.

Table 3: Consolidated Statements of Income (amount in millions) [7]

Years	**2019**	**2020**	**2021**	**2022**	**2023**
Basic Net Income per common share attribute to Walmart	2.28	5.22	4.77	4.90	4.29
Total Revenue	514,405	523,964	559,151	572,754	611,289

Table 4: Balance Sheet (amount in millions) [7]

Years	2019	2020	2021	2022	2023
Total Current Assets	61,897	61,806	90,067	81,070	75,655
Total Current Liabilities	77,477	77,790	92,645	87,379	92,198

According to the Income Statement and Balance Sheet above (see Tables 3 and 4), Earnings per share from 2019 to 2023 are 2.28,5.22,4.77,4.90,4.29. Sales Growth from 2020 to 2023 are 1.86%,6.72%,2.43%,6.73%. The current ratio from 2019 to 2023 are 0.80,0.79,0.97,0.93,0.82.

According to Earnings per share, in 2020, EPS was rising rapidly from compared to 2019, as well as the growth rate. During COVID-19, Walmart's E-commerce sales grew 74%, propelled by consumer demand for grocery pickup and delivery and spurring the hiring of more than 235,000 store associates [8]. However, according to the current ratio, Walmart's current assets were less than current liabilities, which means it had low financial risks to pay back its liabilities. The reason for this might be that trade receivables are few, but the amount of trade payables is substantial.

3.2. Luxury Sector

The COVID-19 disease conveyed substantial shifts in the luxury area, stimulating usual sales feeds and buyer activity patterns. With lockdowns and vacation industry restraints, luxury brands challenged exceptional encounters in maintaining deals and participating with their wealthy clients [9]. Regardless of these obstacles, businesses within the luxury area determined resilience and flexibility in steering the unstable market circumstances.

3.2.1. LVMH

As an outstanding player in the luxury industry, LVMH faced challenges throughout the disease. However, the French cosmopolitan luxury empire showcased flexibility in its financial accomplishments. Financial descriptions uncovered variations in LVMH's income per share (EPS) over the ages, indicating the dynamic nature of the luxury marketplace and LVMH's considered replies to market tendencies [10]. Through pioneering tactics and an emphasis on buyer arrangement, LVMH was directed to weather the encounters posed by the disease and assert its position as an advanced luxury brand corporation.

Table 5: Consolidated Income Statement (EUR in millions)[11-12]

Years	2019	2020	2021	2022
Basic group share of net earnings per share	14.25	9.33	23.90	28.05
Revenue	53,670	44,651	64,215	79,184

Table 6: Balance Sheet (EUR in millions) [11-12]

Years	2019	2020	2021	2022
Current Assets	26,510	39,973	34,301	39,740
Current Liabilities	22,623	25,318	27,989	31,543

According to the Income statement and Balance Sheet above (see Tables 5 and 6), Earnings per share from 2019 to 2022 are 14.25,9.33,23.90,28.05. Sales growth from 2020 to 2022 are -16.80%, 43.82%, 23.31%. The current ratio from 2019 to 2022 are 1.17, 1.58, 1.23, 1.26.

According to EPS and Sales growth in 2020, LVMH experienced a big blow brought by COVID-19. In 2020, the EPS dropped from 14.25 to 9.33 and the growth rate from 2019 to 2020 is negative. During 2020, lots of cities were locked down, and all stores were closed to prevent the epidemic from spreading. Also, during the pandemic, people were more willing to spend money on necessities like grocery shopping, and there were fewer people paying for luxury goods. Besides, according to the current ratio, LVMH always shows the ability to pay back its short-term liabilities. After COVID-19, LVMH's revenue increased dramatically. The price of luxury goods increases several-quarterly, but the consumers are still willing to pay for the brands' royalty.

3.2.2. Hermès

Recognized for its pretty luxury goods, Hermès faced variations in financial performance amid the disease. Financial data showed changes in Hermès' existing ratio, revealing the company's positive response to the changing market dynamic range [10]. Despite the tasks, Hermès persisted and committed to presenting supreme craftsmanship and luxury encounters to its understanding clients. Through tactical alterations and assurance to marker values, Hermès pursued to route the vagueness of the epidemic while systematically maintaining its character as a symbol of comfort and style.

Table 7: Consolidated Income Statement (EUR in millions) [13-14]

Years	2019	2020	2021	2022
Basic Earnings per share	14.66	13.27	23.37	32.20
Revenue	6,883.4	6,389.4	8,982	11,602

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Table 8: Balance Sheet (EUR in millions) [13-14]

Years	2019	2020	2021	2022
Current Assets	6,090.5	6,649.7	8,845	11,828
Current Liabilities	2,023.6	1,838.6	2,575	3,004

According to the Income statement and Balance sheet above (see Tables 7 and 8), Earnings per share from 2019 form 2022 are 14.66,13.27,23.37,32.20. Sales growth from 2020 to 2022 are -7.18%, 40.58%, 29.17%. The current ratio from 2019 to 2022 are 3.00, 3.62, 3.43, 3.94.

According to EPS, although Hermes kept high Earnings per share compared to LVMH, in 2020, it was still impacted by COVID-19. The sales growth from 2019 to 2020 is negative, which reflects a strong negative impact on Hermes. Besides, Hermes' EPS and sales growth show that after 2020 Hermes' performance skyrocketed and even greatly exceeded its pre-epidemic numbers. Hermes is famous for the deal of purchasing bags like Birkin, Constance, Kelly, or bags with rare materials, and customers need to buy enough amount of accessories, in order to be qualified to buy bags. So that Hermes's products always have customers to pay for. In this case, Hermes shows a strong ability to pay back its short-term liabilities.

3.3. Technology Companies

The COVID-19 virus exhibited both arguments and prospects for the technology area, with digital machinery playing a fundamental role in pushing growth for positive corporations [15]. As concerns and characters progressively relied on digital resolutions for inaccessible work, learning, and communication, technology corporations were tasked with knowing the increasing demand while steering the suspicions of the global catastrophe.

3.3.1. Apple

As a supervisor in the expertise industry, Apple encountered the epidemic by employing strategic modifications. Changeability in Apple's earnings per share (EPS) over the years exhibited the company's positive response to changing market aspects, indicating its strength amidst the disaster [5]. Through novel product assistance and an emphasis on customer demands, Apple targeted to maintain its perception as a leading benefactor of customer electronics and digital assistance.

Table 9: Consolidated Statement of Operations (in millions) [16-17]

Years	2019	2020	2021	2022	2023
Earnings per Share (Basic)	2.99	3.31	5.67	6.15	6.16
Total Net Sales	260,174	274,515	365,817	394,328	383,285

Table 10: Consolidated Balance Sheets (in millions)[16-17]

Years	2019	2020	2021	2022	2023
Current Assets	162,819	143,713	134,836	135,405	143,566
Current Liabilities	105,718	105,392	125,481	153,982	145,308

According to the Income Statement and Balance Sheet above (see Tables 9 and 10), Earnings per share from 2019 to 2023 are 2.99, 3.31, 5.67, 6.15, and 6.16. Sales growth from 2020 to 2023 are 5.51%, 33.26%, 7.79%, -2.8%. The current ratio from 2019 to 2023 are 1.54, 1.36, 1.07, 0.88, 0.99.

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Most people know that limitations and lockdowns negatively impact the economy. Travel, dining out, and leisure took the worst hit, though. In fact, it helped tech behemoths like Apple. Limitations and shutdowns reduced outside distractions from "real life," enabling users to concentrate on Apple goods, Services include Cloud services, Apple Music, advertising, video, payments, and insurance are more widely used. Based on EPS and sales growth from 2020 to 2021, Apple's revenue increased dramatically, since during the pandemic, more and more people studied and worked from home, and many of Apple's products saw an uptick in sales. Besides, Apple shows an ability to pay back its short-term liabilities, but from 2022 to 2023, current ratios decreased below 1.

3.3.2. Alphabet

Alphabet, Google's parent company, showcased strength during the epidemic. Financial data uncovered variations in Alphabet's earnings per share (EPS) over the ages, revealing the firm's capability to adjust to varying market conditions and exploit evolving chances [5]. By leveraging its varied cases of digital inventions and expertise, Alphabet sought to steer the encounters of the epidemic while systematically driving invention and increasing the expertise division.

Table 11: Consolidated Statements of Income (in millions)[18-20]

Years	2019	2020	2021	2022
Dilluted Net Income per share	2.46	2.93	5.61	4.56
Revenues	161,857	182,527	257,637	282,836

Table 12: Balance Sheet (in millions)[18-20]

Years	2019	2020	2021	2022
Current Assets	152,578	174,296	188,143	164,795
Current Liabilities	45,221	56,834	64,254	69,300

According to the Income Statement and Balance Sheet above (see Tables 11 and 12), diluted Earnings per share from 2019 to 2022 are 2.46, 2.93, 5.61, and 4.56. Sales growth from 2020 to 2022 are 12.77%, 41.15%, 9.78%. The current ratio from 2019 to 2022 are 3.37, 3.07, 2.93, 2.38.

Based on diluted EPS and sales growth in 2021, Alphabet's revenue soared. As one of the most valuable companies in the world, its current ratio shows a strong ability to pay back its short-term liabilities. Alphabet's business revolves around Google, which is primarily a search engine. Its core business goal is to provide accurate and helpful information, and in order to help combat COVID-19, it has modified its search functionality: created a COVID-19 SOS Alert page with up-to-date connections to COVID-19 information and pages and websites of national and local public health organizations. The World Health Organization's "Do the Five" campaign, which outlines steps people may take to both prevent COVID-19 infection and stop its spread, has a permalink integrated into Google Homepage. An updated list of airlines with flexible cancellation policies can be found on Google Flights. Google My Business, Google Maps, and Google Search all allow companies and educational institutions to show their updated hours [21].

4. Conclusion

This paper mainly talks about the Retailing, Luxury, and technology industries that were affected by COVID-19, and how they were impacted, by analyzing the data from financial statements. COVID-19 has had an extreme effect on countless industries, including retail, luxury, and technology. These divisions' corporations have demonstrated resiliency and flexibility in the face of extraordinary obstacles, taking thoughtful action to allay fears about the global crisis. When businesses recover from the epidemic, these businesses will continue to undertake change, with firms prepared to profit from occurring chances and lead growth in the pre-pandemic period. The lessons acquired from this disaster will shape these industries' impending path, highlighting the prominence of invention, awareness, and strength in a swiftly evolving world.

This paper only picks two companies from each industry, they are the popular companies among these industries, but they could not represent the whole industry since the quantity of the companies chosen is not huge enough to do the industry analysis. Also, this article only picks two metrics, and three calculative indicators to reflect companies' performances, and these can only provide a general performance analysis. In the future, research on COVID-19 can also expand to other industries, like the Financial and Banking Industries, the Automobile Industry, and the Delivery Industry. These industries are also important in supporting society's development. Additionally, the financial metrics chosen could be more diverse, like Credit Metrics, which is to reflect the company's ability to pay back liability in the long term, and Operating Margin, Asset Turnover, and Return on equity. Future research on COVID-19 impacts on industries could be deeper and broader.

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