



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO
MINISTRY OF TRADE AND INDUSTRY

*SUPERMARKET
ASSOCIATION OF
TRINIDAD AND TOBAGO'S
CONFERENCE*

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ADDRESS

SENATOR THE HONOURABLE PAULA GOPEE SCOON
MINISTER OF TRADE AND INDUSTRY
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13TH JUNE, 2019

Salutations

- Mr. Rajiv Diptee, President, Supermarket Association of Trinidad and Tobago
- Executive Members of the Supermarket Association of Trinidad and Tobago
- Mr. Conrad Enill former Government Minister and Moderator of today's symposium
- Members of the Business Community,
- Distinguished Panel Members
- Members of the Media
- Ladies and Gentlemen,

It gives me great pleasure to be here to deliver the feature address at this timely symposium hosted by the Supermarket Association of Trinidad and Tobago. The theme of today's event 'Survival of the Micro to Medium Enterprises in Today's Retail Sector: Navigating a new norm' is very fitting not just locally but internationally.

Let me put the discussion into context.

Ladies and Gentlemen, the retail industry is of critical importance to the economy of Trinidad and Tobago through the creation of jobs and the generation of revenue to both the government and the individual businesses themselves. The retail sector is also important to the consumer.

Data published by the Central Statistical Office reveal that the Retail sector's contribution to the country's GDP amounted to approximately **TT\$12.2 billion, or approximately 3.7% at the end of 2018**. Moreover, the **supermarkets and grocery sub-sector's contribution** to GDP stood at **TT\$5.7 billion (current prices) at the end of 2018**.

We are now technically out of a recessionary period having now had three consecutive quarters of growth. We will all agree that the last couple of years proved to be a challenging period for Trinidad and Tobago as Government, private sector and citizens grappled with the effects of reduced natural gas and oil production and the sharp, steady decline in energy prices on which our economy long depended.

This difficult period along with, in some instances, the inability to keep up with the times may have you positioned differently from your projections a few years ago. This perhaps could have, and should have been avoided had we all been prepared effectively for the unforeseen.

In the Harvard Business Review May-June 2019 edition, the article "How to survive a recession & thrive afterwards" analyzed over 4,700 public companies during the great recession and fashioned four major pillars which greatly affected a company's success: debt, decision making, workforce management and digital transformation. Permit me to give a synopsis of each.

Debt

“Firms that emerged in better shape from the Great Recession had reduced their leverage more dramatically than less successful ones.”

The more debt you have, the more vulnerable you are during a recession. Deleveraging is therefore a proactive approach that can be taken without automatically reducing essential aspects of operations.

The point is debt must be controlled or you will probably find yourself generating sales which may hardly cover debt and operating expenses.

Decision Making

The performance of a company during and after a recession is heavily dependent not only on the decisions made but by who makes them.

Companies in which low level managers had more discretion in the decision making process performed far better than those with little to no discretion.

It is believed the success of delegating decision making further, down the ladder was a result of the managers’ awareness and ability to effectively adapt to changing conditions.

While this type of delegation may not work for all, the fact is – keep your employees involved in your decision making.

Workforce Management

“Companies that emerged from the crisis in the strongest shape relied less on layoffs to cut costs and leaned more on operational improvements.”

“Layoffs aren’t just harmful to workers; they are costly for companies” as well as they hurt morale and dampen productivity when companies can least afford it.

Those companies sought alternative measures such as performance pay, reduced hours, etc.

Keep your employees for as long as possible – especially your valuable ones, as they will be difficult to replace when good times roll around. You can turn your employees into valuable ones.

Digital Transformation

Researchers observed that the companies in the hardest hit U.S. cities increased their investment in information technology. Unexpected, yes, but it is believed that during an economic downturn the cost of engaging and adopting technology is less.

You better believe, technology makes businesses more transparent, more flexible and more efficient. It also helps executives see and understand the business through analytics which can enable them to better determine gaps and see potential opportunities for improvement. This should always be constant.

Let us understand that the Retail sector today is far different than what it was a decade ago.

Some of the most significant developments include the ubiquitous use of internet shopping, the exponential rise in e-commerce platforms and changes in consumer behavior, all of which have dramatically altered the economic landscape for the Retail sector in Trinidad and Tobago and other countries across the globe.

Indeed it is a new era in retail sales and shopping. While some deem this change catastrophic for traditional brick and mortar, it actually presents a unique opportunity for retailers to expand their businesses.

You must ask yourselves what will keep consumers coming into our stores? The answer is quite simple, experience – the human interaction (exceptional customer service) and the store’s environment (the look and feel of the store, is it welcoming).

For some, going to a store has now become a chore. As such, capitalizing on human connection is key in differentiating a store worth visiting as opposed to a simple point and click of the mouse.

Customer service is an imperative to earning consumer loyalty. To navigate this new norm, you must train and empower your staff to be well-versed in your product and be able to problem solved proactively to ensure customer satisfaction.

Thus, these two elements (human interaction and environment) that govern customer experience must be capitalized on if brick and mortar businesses wish to have continued success.

But, you must still cater to the customers who prefer the convenience of online shopping, it is important to have options that allow online sales with collection at store or delivery.

Let’s take for example the retail experience of Whole Foods.

Whole Foods offers not only groceries, but they have cooking classes, they offer a wine tasting bar, deli, prepared food and in-store massages.

When you walk in its an experience – fresh flowers and herbs for sale at the entrance, chalkboard with a nice message, clean and welcoming environment, items well stocked and orderly, friendly, courteous and knowledgeable staff, décor though minimal very suited to the organic, natural aesthetic which is synonymous with the brand.

Beyond the in-store experience, there is also the option to order groceries online and have them delivered or picked-up, there are options to order meals, entrees or catering for large events as well as the option to purchase gift cards.

The company caters to any consumer regardless of shopping preference and in today's world all retailers must understand the importance of meeting customers' desires.

I am heartened to say that local businesses are beginning to adapt, but not enough.

There are several companies that are offering e-commerce services in our country. One of the first movers was TriniTrolley which functions as a local "Amazon". It is my understanding that TriniTrolley currently facilitates online payments, joint marketing and promotion campaigns.

Other companies providing online solutions for our everyday hectic lifestyle include HubBox which is an online grocery store- where you go online, select your groceries and have them delivered straight to your door.

Chefmade and Slimdown 360 are two other online businesses which provide meal planning and preparation and also deliver straight to your door.

Just yesterday, the Daily Express Newspaper featured a teen entrepreneur at the helm of a new online courier service and an online delivery service.

We must recognize that e-Commerce is the way! The traditional brick and mortar retailers must join the e-commerce revolution.

Excellent Stores, a company in existence even before Trinidad and Tobago gained independence, launched its online store in 2014 and now offers delivery straight to your doorstep in 2-4 business days for your online purchases.

Other brick and mortar examples include Artie's Meats and Bloom Imports, to name a few. There is no doubt that firms such as these are slowly but surely changing the retail landscape in Trinidad and Tobago.

However, many firms are lagging behind in adopting digital technologies mainly due to lack of investment in complementary knowledgebase assets, such as Research & Development, human resources, organizational changes and business process reengineering.

Supermarkets, groceries and retailers must adapt to this new environment if they are to survive. Thus the question remains, how do we navigate the "New Normal"?

The Government has a role to play in helping businesses adapt to the new normal which is the technology driven. The Government of Trinidad and Tobago is acutely aware of the many challenges experienced by the Retail sector, in general, and those of the Micro, Small and Medium Enterprises, in particular. In

keeping with the **National Development Strategy (NDS) 2016-2030 (Vision 2030) Theme IV – Building Globally Competitive Businesses** which states that globally competitive businesses are essential to sustainable economic growth and diversification, the Ministry of Trade and Industry has responsibility for creating an enabling environment for the development and growth of the entrepreneurs (which includes the Retail sector). To this end, a myriad of initiatives have been implemented by the Government to alleviate such issues.

National e-Commerce Strategy

E-commerce is big business and continues to grow at unprecedented rates

It offers benefits to domestic businesses in the form of automated and instantaneous operations, enhanced participation in international value chains, increased market access and reach, improved internal and market efficiency, low barriers to entry and lower transaction costs.

It also offers benefits to consumers in the form of reduced prices due to competition, 24 hour access to a virtual storefront, convenience, a global marketplace and increased choice.

While we understand that it is the role of the private sector to drive the proliferation of e-commerce, it is the role of Government to ensure businesses and consumers have the necessary tools, resources and confidence to derive tangible benefits from e-commerce and the larger digital economy.

The Ministry of Trade and Industry has developed a National e-commerce Strategy which outlines the Government's framework for the development of e-Commerce in Trinidad and Tobago over the next three (3) years. Launched in 2018, the principal objective of this Strategy is to create an enabling environment that facilitates and promotes e-commerce for local businesses to serve domestic and international consumer markets.

In March 2019, the Ministry hosted its first e-Commerce forum entitled “**Empowering Entrepreneurs through e-Commerce and e-Services**”, which featured international speakers offering payments, marketing and logistics solutions.

Together with exporTT, will be hosting a series of training sessions, commencing July 2019, aimed at new and existing MSMEs which will focus on topics as basic as: “**How to go Online**” and “**How to Market your Good/ Service Online**”. These will be done by offering one-on-one training with experts in these areas.

The National e-Commerce Strategy will benefit the Retail sector by providing the necessary training and technical capacity for firms to go online and market their goods and services online.

Secured Transactions and Collateral Registry

This refers to the availability of credit for Micro and Small businesses in particular. In May 2018, Cabinet approved the Policy to Enhance the Secured Transactions Regime in Trinidad and Tobago.

According to the International Financial Corporation of the World Bank Group, the credit gap in Trinidad and Tobago is estimated at US \$3.44 Billion. This credit gap stifles business growth and hampers the potential for economic development.

As such, the aforementioned Policy will promote the use of moveable property as collateral; develop a modern, simplified legal framework governing security interests in moveable property; create clear and comprehensive guidelines for the treatment of quasi-securities and develop a centralized electronic and modern registry system.

I am pleased to report that a specialist attorney has been secured to prepare the necessary legislation.

When complete, this Secured Transactions Regime will allow firms to offer moveable assets as collateral for financing thereby lowering the cost of securing loans.

Conclusion

Technological advancements and the rise of e-commerce have revolutionized the way we do business. These changes are here to stay and will only become more advanced.

The new global digital environment requires us all to be responsive and dynamic in our approach to dealing with the new digital eco-system.

The government is cognizant of these developments and is rolling out plans, policies, programmes and initiatives to deal with such challenges – some of which are already bearing fruit.

Local retailers and other members of the private sector must also do their part and put measures in place to ensure the viability and competitiveness of their businesses, and that our economy is strengthened.

Explore other areas to invest and grow your business. Utilise the incentives provided to manufacturers by the Government

Working together – government and private sector – I am confident that we can tackle these challenges.

Before I go, I must commend your President, Mr. Rajiv Diptee on the visibility of the organization with activity on social media, appearances on different media programmes and the launch of the website (website developed by a young Roytec student as part of his final year project). Visibility is important during these times and I think he is doing an excellent job in revitalizing the presence of SATT.

Also, I must express my deepest gratitude to every one of you for all that you contributed to the flood relief efforts last year – I believe this is my first time addressing you since.

I extend appreciation to the Supermarket Association, UWI and the Arthur Lok Jack Global School of Business for hosting this signal event and I look forward to the meaningful discussion and deliberation that will follow.

I thank you.