

Banks to give coronavirus relief, Hugo Boss the influencer and reforms to business rates

Maddyness provides you with a quick digest of three news items to keep you up to date with the startup scene, emerging trends and other noteworthy stories. Here's what's been happening in the news this week.

Temps de lecture : minute

13 March 2020

Banks to support UK customers and firms in coronavirus meltdown

As coronavirus spreads throughout the UK, lenders are proposing repayment options to help the most affected. Some of the UK's biggest banks are taking measures to help customers and businesses to cope with the economic catastrophe caused by the outbreak.

Lloyds will offer £2B of loans without fees to small firms hit by the virus, and payment breaks to the worst-affected companies. Barclays told business customers hit by the virus that they can have a 12-month repayment holiday (when their loan repayments can be waived) on existing loans over £25,000.

Backed by the government, RBS will offer their coronavirus-contaminated borrowers the possibility to defer mortgage and loan repayments by up to three months.

|

"We will look to understand each customer's situation on a case-by-case basis and offer a number of options to help them manage their finances." - RBS

Hugo Boss and the impact of social media on the fashion brand reputation

Earlier this month, comedian Joe Lycett legally changed his name to Hugo Boss which had some consequences on Hugo Boss luxury fashion brand. This change came after a small independent brewery contacted his consumer rights show Got Your Back.

The brewery complained they'd been forced to spend thousands in legal fees and rebranding from Boss Brewery when the fashion brand sent a cease-and-desist letter regarding the use of the name Boss.

After Joe Lycett announced his name change on Twitter on March 1st, YouGov Brand Index data showed that Hugo Boss *buzz score* (a net measure of whether consumers have heard anything positive or negative about the brand in the last two weeks) dropped 16 points from 0.8 to minus 16.8. This plunge demonstrates the impact social media can have on a brand.

According to recent YouGov data, a quarter of Brits believe that social media can influence big companies to do the right thing for customers, employees and society. Additionally, the Hugo Boss *impression score* dropped 14.4 points and their *reputation score* (whether someone is proud or embarrassed to work for a brand) dropped 10.5 points.

Generally, 8 out of 10 Brits feel bad for small businesses being driven out

by online companies and this is even the case for consumers who buy from Hugo Boss (84%). This is supported by Hugo Boss *consideration score* (whether someone would consider purchasing from the brand in future) which has since increased 2.1 points.

While this could potentially deter customers from buying Hugo Boss in the short term, the luxury brand is unlikely to suffer any long damage caused by 'Hugo Boss' the comedian.

UK high-streets seeking urgent support

The Government's previous budget had a very negative effect on the UK's high streets with 180,000 jobs lost, many store closures and wide-spread financial crisis. Today the need to reform business rates (aiming to raise more than £8B from retailers in the next 12 months) is imperative. Recently, more than 50 retail industry brands, including the CEOs of M&S, Boots and Debenhams, wrote to the now former Chancellor of the Exchequer Sajid Javid calling for action on business rates.

“Business rates are having a catastrophic effect on the high street,” said Brown, who explains that in some cases the rates bill for a Beales store was 10 times as much as the rent, with councils unwilling to grant any concession. The system we have got at the moment is absolute lunacy.” - Tony Brown, Former CEO at Beales

What are business rates? Basically, business rates are the commercial equivalent of council tax. They are calculated by multiplying a property's rental value by the multiplier (the number of pence-per-pound of rateable

value you need to pay in tax). Falling into this, bills have risen in recent years partly because the 2015 revaluation of property values was delayed until 2017. The multiplier has also risen from 34.8p in the pound back in 1990 to 51.2p this year for stores paying more than £51,000 in rent.

After 2017's revaluation, retailers with high business rates rose especially in London where rents keep on increasing. Businesses can apply for upwards transitional relief, which caps large annual bill increases after a revaluation by slowing rates rises. However, this system isn't fair as it keeps rate bills in poorest parts of the country extremely high which is something retailers can't afford.

"Abolishing these restrictions would put fairness back into the heart of the system. It is imperative, however, to continue to cap large increases as they acted as an important shock absorber." - Robert Hayton, Head of UK business rates at Altus Group