



# BUSINESS IMPACT OF THE CORONAVIRUS



# Speakers



Jarno Syrjälä  
Ambassador  
Embassy of Finland



Xiaofeng Liang  
Senior Vice President  
Metso



Juha Tuominen  
Chairman of the Board  
Finnish Business Council  
Beijing



Grace Wang  
Trade Commissioner  
East Asia  
Business Finland



Caroline Xue  
Managing Director  
Marja Kurki Fashion



Hannakaisa Andersson  
Second Secretary  
Trade and Economy  
Embassy of Finland



# Agenda



- Overview of the situation
- Coronavirus business survey
- Case Metso
- Case Marja Kurki
- Q&A



# OVERVIEW OF THE SITUATION

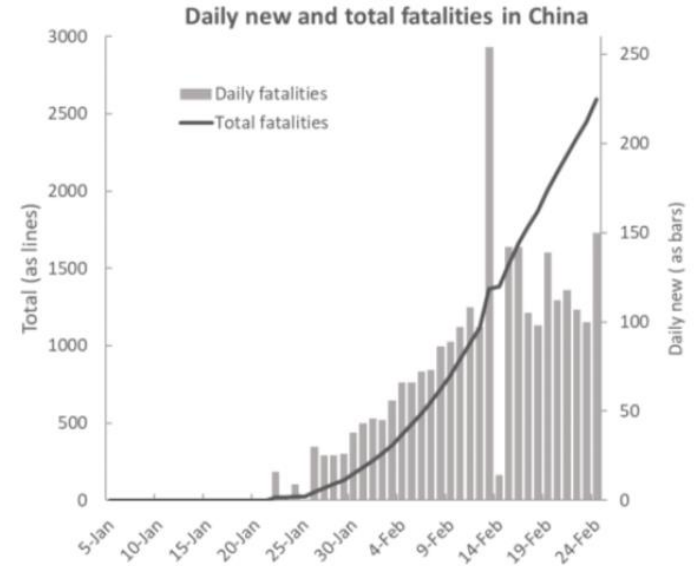
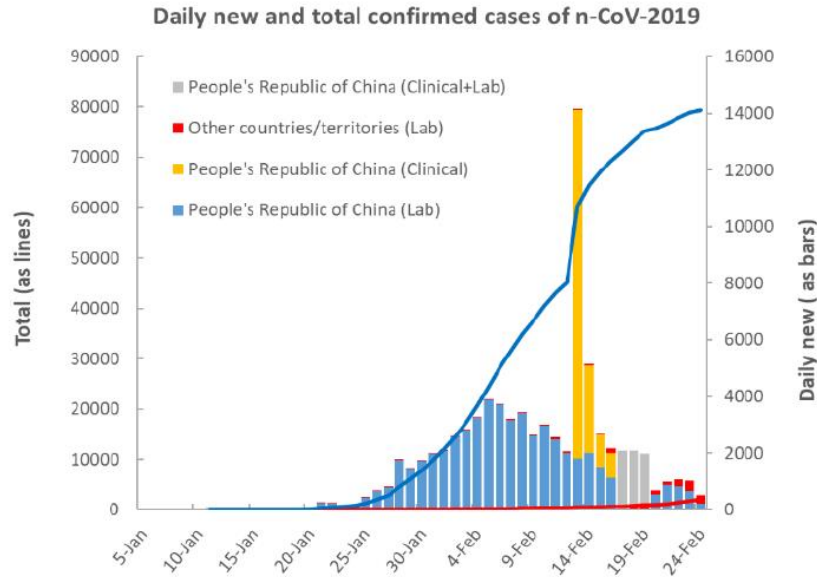
Jarno Syrjälä

Ambassador

Embassy of Finland



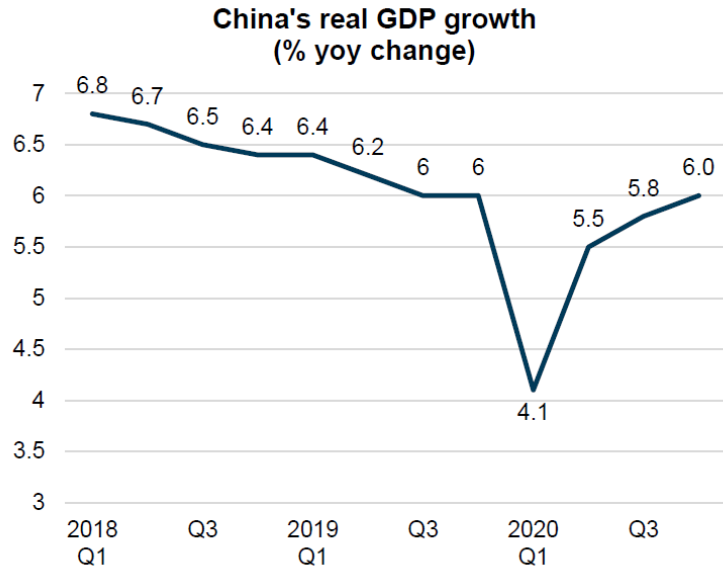
# Current situation



**Figure 1:** Charts of new and total confirmed cases globally (left panel), and new and total fatalities in China (right panel).



# Growth implications



Source: The Economist Intelligence Unit



# Key sectors affected

## LOSERS



## WINNERS









## Team Finland supporting Finnish companies



- Finland actively follows the situation in China, cooperates with Nordic countries and EU Member States as well as keeps contact with Chinese authorities
- Updated travel advice notice: Avoid unnecessary travel to China and all travel to Hubei
- BF business survey results and MFA situation updates at <https://www.businessfinland.fi/suomalaisille-asiakkaille/koronavirus/>
- Finns, make a travel notice at: <https://matkustusilmoitus.fi/>



# CORONAVIRUS BUSINESS SURVEY

Grace Wang

Trade Commissioner East Asia

Business Finland

BUSINESS  
FINLAND

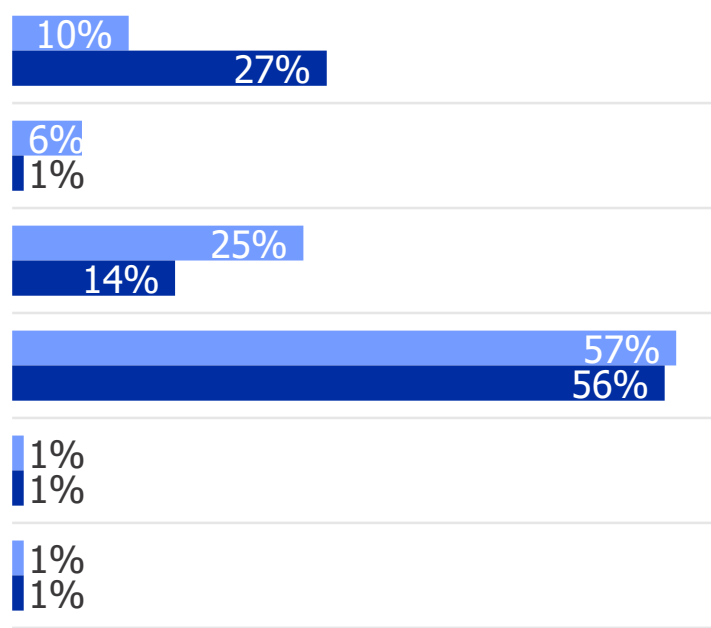
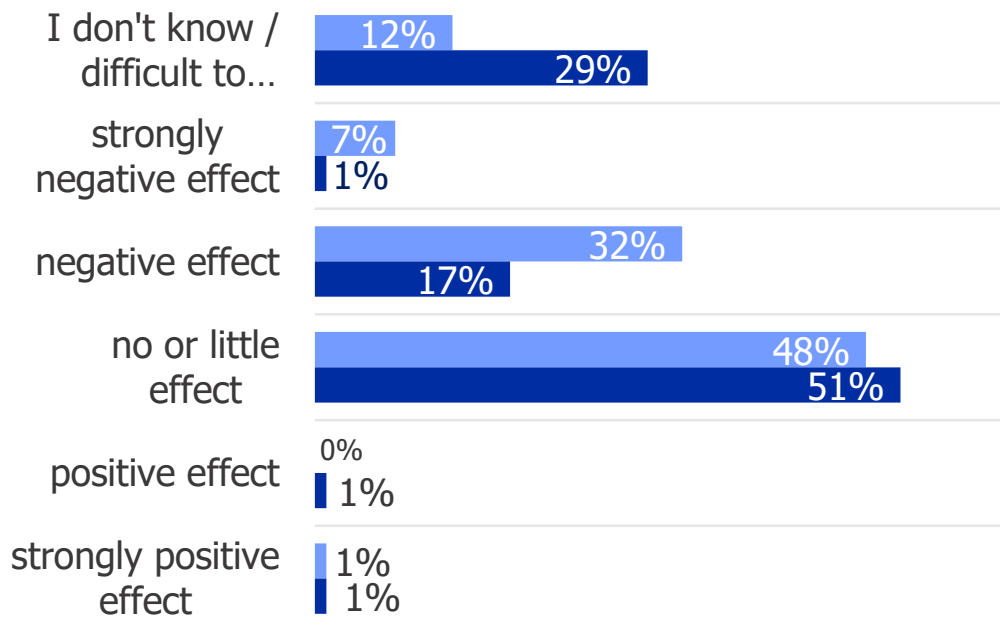
# IMPACTS OF CORONAVIRUS ON OUR CUSTOMERS

Business Finland Survey  
07-14.02.2020



# IMPACT ON TURNOVER

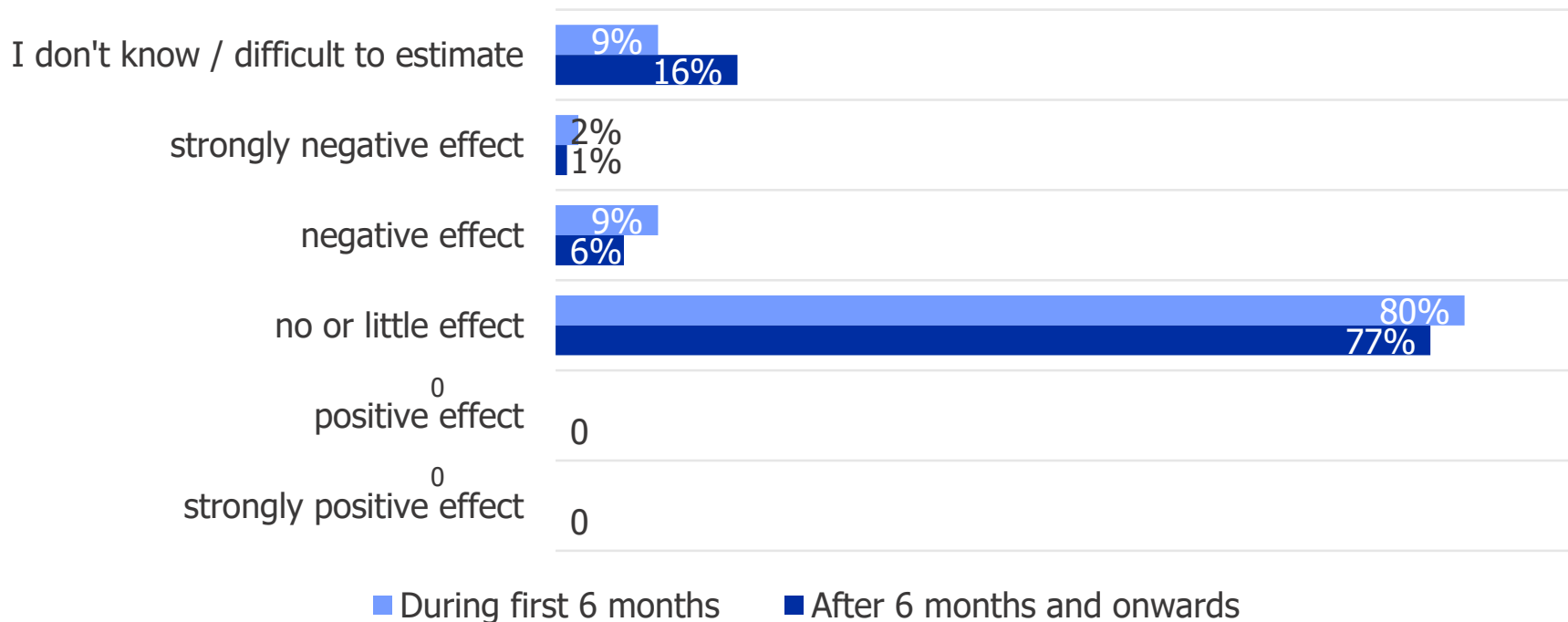
# IMPACT ON EXPORT



■ During first 6 months

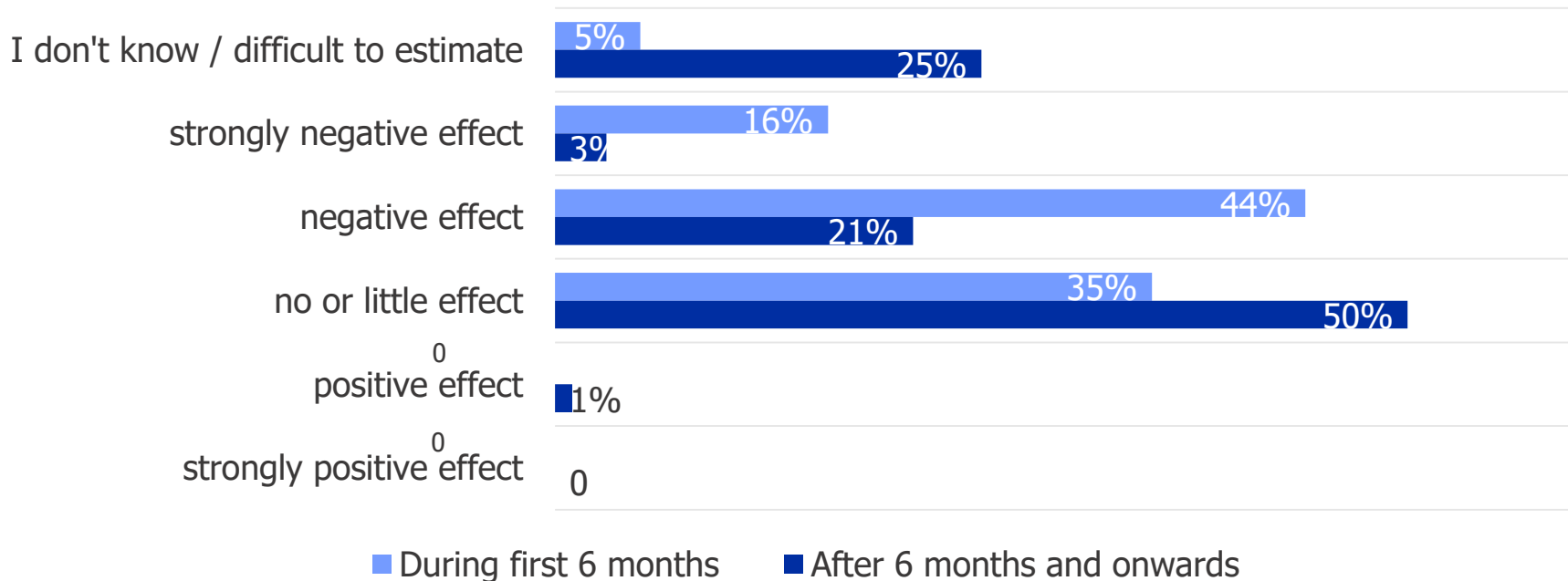
# IMPACT ON NUMBER OF EMPLOYEES

How do you expect the corona virus outbreak to effect your number of employees?



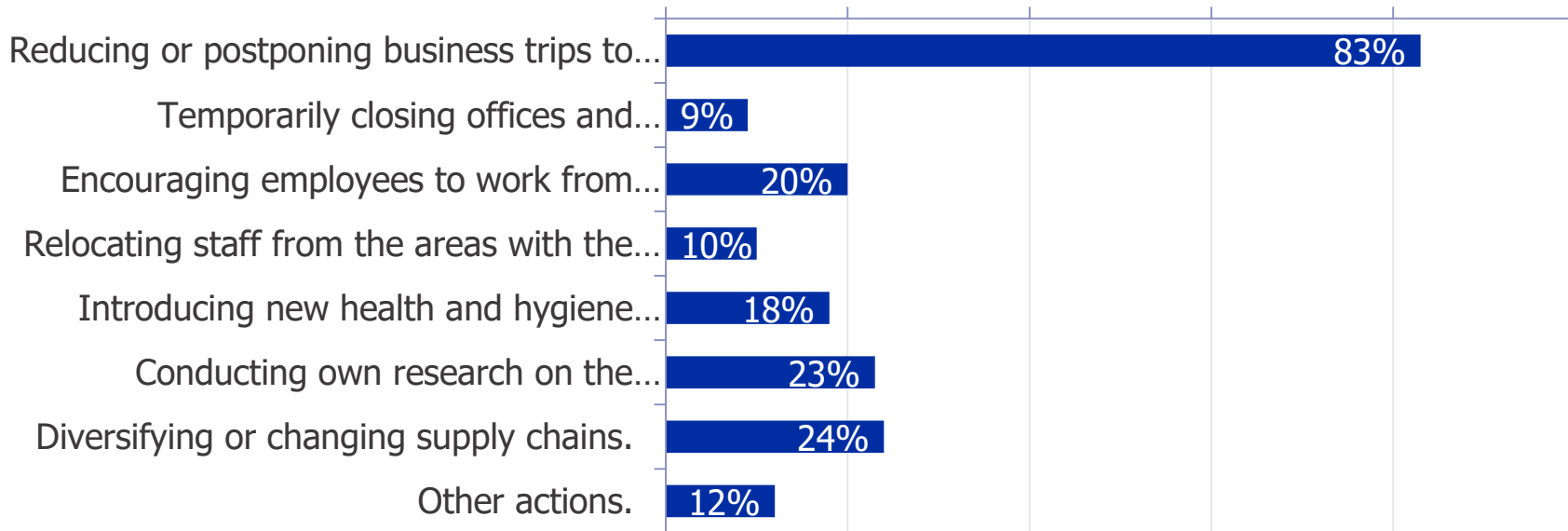
# INTERNATIONAL MOBILITY

How do you expect the corona virus outbreak to affect your international travelling and staff relocations?



# RISK MANAGEMENT

Our company / organization is taking the following measures to mitigate the risks from the corona virus outbreak:



**Thank You!**

## **Business Finland in China**

<https://www.businessfinland.fi/en/locations/asia-india-and-oceania/china/>

<https://www.businessfinland.fi/toimipisteet/aasia/kiina/>





# CASE METSO

Xiaofeng Liang  
Senior Vice President  
Metso

An aerial photograph of a large, star-shaped building under construction. The building has a copper-colored facade and several circular skylights. The surrounding area is a construction site with various structures and equipment. The text "Metso Minerals" is overlaid in orange and "in China" is overlaid in white.

# Metso Minerals

in China

# Metso – a world-leading industrial company

We deliver solutions for



› Mining



› Aggregates



› Process industries



› Recycling



To improve their operational efficiency,  
reduce risks and increase profitability






 **13,000**  
employees worldwide

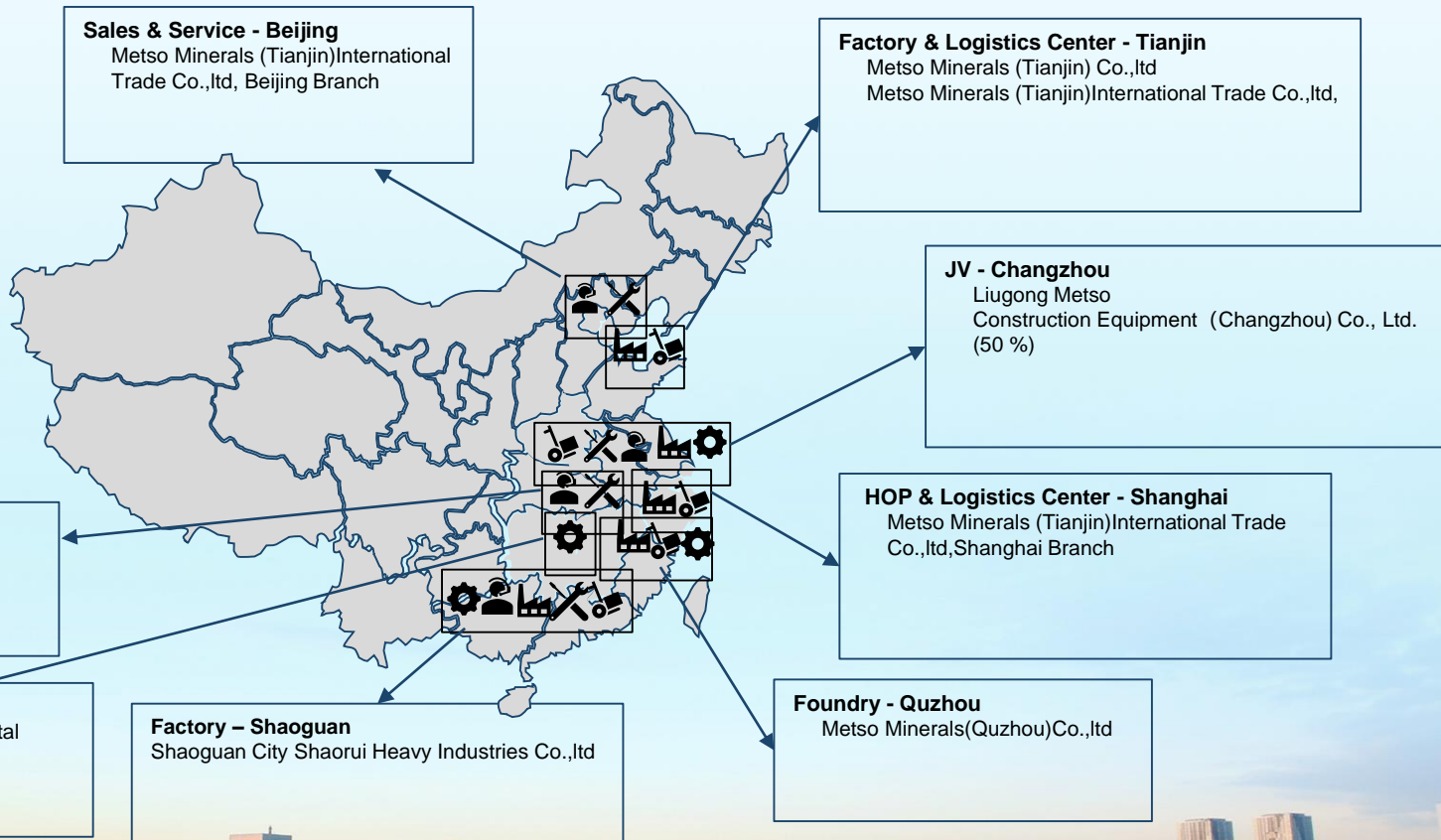
**€ 3.2 bn**  
sales in 2017

**56%**  
of revenue from  
service business

# Footprint

## Metso China

-  Factory
-  Engineering
-  Sales
-  Service
-  Logistics center



# Coronavirus impact



- Customers
- Supply Chains
- Factories
- Offices



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# CASE MARJA KURKI

Caroline Xue

Managing Director

Marja Kurki Fashion

MARJA  KURKI



# Coronavirus Impact on MK Business in China



# SHORT TERM IMPACT

1. CHALLENGING CASHFLOW
2. THE STUCKED WORKFORCE
3. THE SLOW TRANSPORTATION

# CHALLENGING CASH FLOW

- Hardly any business from real shops since end of Jan. Department stores agreed to reduce or waive the Feb. rental.
- Online malls dropped 45% in Feb.
- Feb. b2b is affected by the not yet resumed production.
- However, the monthly payroll can't be stopped. For our business, major expenses are labor cost. The cash flow will be the major challenge for our business in the next 6 months.
- Government action towards SME's including reduction of enterprise payment in pension, unemployment and work insurance have no execution details yet. It helps but it is a very small part of the total social security payment. And the rest of support policies are still policies without concrete plans.

# THE STUCKED WORKFORCE

## And Working from Home Situation

- Our warehouse resumed working since Feb. 3<sup>rd</sup>., to support the online sales.
- Most of the employees had been working from home since Feb.3<sup>rd</sup>. And the Shanghai office didn't start working until the 9<sup>th</sup>. We all come back to work on the 17<sup>th</sup>.
- Up to Friday 21<sup>st</sup> of Feb., some of our employees are still on lockdown in their home. Some are still not admitted by their Beijing landlord to come back to their home in Beijing. Some employees are still under quarantine for 14 days by today.
- Some of our shop assistants have worked through the whole vacation, while half of the department stores were closed with some shortened working hours.
- Same situation applies to our clients. Most of our clients are still working from home.

# THE STUCKED WORKFORCE HOLDS BACK THE RESUMPTION OF OUR SUPPLY CHAIN

- Suppliers need government permission to start production. Not all of them got it yet.
- Workers are still hold by their hometown waiting to be released from lockdown for those serious areas like Hubei or some strictly controlled provinces such as Henan and Hebei. Hopefully this week production could be resumed.
- Some of clients orders have to be postponed until March or even April. We are afraid some of their orders have to be canceled as our supplier can not supply on time.
- Luckily most of our spring-summer 2020 collection is already in the warehouse before the holiday started.

# Transportation

**Transportation** is not fully recovered. UPS, DHL, FEDEX and SHUNFEN are pretty slow. This also slows down our business.

# MID TERM IMPACT

CONSUMER CONFIDENCE

PSYCHOLOGICAL IMPACT

# CONSUMER CONFIDENCE

The consumer **confidence** level is greatly hurt by the epidemic. This is what we are really concerned about. Now people are not interested in buying anything other than masks and disinfectants or groceries. Consumers are not in a mood to consume anything else.

# PSYCHOLOGICALLY NOT READY

- **Psychologically**, people are shocked by what they read and what they heard. It takes a while to recover.
- School won't let the kids back to school probably until May. The workforce could **not 100% committed** to work.



# LONG TERM IMPACT

CONSUMER BEHAVIOR CHANGE

# CONSUMER BEHAVIOR CHANGE

Consumers used to go shopping as a habit. But now people **created a replacement or alternative** for this habit, which is **online grocery shopping**, even for the middle-aged shoppers from online grocery malls like EVERYDAY FRESH每日优鲜, HE MA FRESH盒马生鲜, CHUNBO春播, etc.

People also buy a lot of stuff especially masks and disinfectants from moment of WeChat. I'm afraid this will accelerate the change in shopping habits than ever.

# CONSUMPTION MAY EXPLODE

There might be another probability that the suppressed consumption desire will explode, as people may feel life is too short not to enjoy instead of saving.



# Q&A