

# ASOS: Fast fashion makes a killing in the UK during the pandemic

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Online fashion retailer ASOS has announced it will voluntarily repay the £1.8 million it claimed through the Conservative government's Coronavirus Job Retention Scheme (JRS). The JRS covers 80 percent of furloughed workers' wages.

The company was spurred to act after reporting recent profit hikes. It has made so much money during the COVID-19 crisis that, to save face, it feels it must give back some of the funds it claimed from the public purse.

The JRS was part of unprecedented handouts to big business worth hundreds of billions, introduced by the Chancellor Rishi Sunak in March following the delayed introduction of lockdown measures to combat the spread of the pandemic. Despite many workers being neglected by such schemes, the wage furlough prevented immediate mass redundancies on a scale not seen since the Great Depression of the 1930s.

Another factor in ASOS repaying the money may be the calculation that a public relations exercise is required following media exposures of inadequate health and safety measures risking the lives of its workforce.

Financial analyst William Ryderat, of Hargreaves Landsdown, commented, "ASOS intends to return the taxpayer's cash it received under the furlough scheme as trading has been stronger than anticipated, which shows confidence."

Sales jumped 10 percent between March and June—at the height of the pandemic in Britain—due to a rapid rise in overseas sales. Domestic sales only fell slightly. The international market was boosted by the early lifting of restrictions in many European countries.

ASOS engaged in profiteering during the public health emergency, continuing its operations in defiance of lockdown restrictions that only "essential"

workplaces should remain open. It quickly moved to increase its warehouse operational capacity following the government's recent easing of lockdown restrictions.

ASOS CEO, Nick Beighton, stated, "While we remain cautious about the consumer impact of Covid-19 looking forward, we are on track to deliver strong year-on-year profit growth and to return to positive free cash flow for the full-year."

The company operated its warehouses and online store throughout the lockdown. It furloughed 1,000 of its 3,500 workforce in April but steadily increased production since then at its Barnsley distribution centre, denying the option to furlough to many, who were forced to either work or subsist on Statutory Sick Pay at just £95 a week.

Commenting on the refund in a staggering display of hypocrisy, CEO Beighton told the *Evening Standard*, "It's important given the fact that as an organisation we were allowed to continue to operate. Sometimes you have to do the right thing for society."

A company press release accompanying its latest financial result brazenly claimed: "Our main priority through the period was protecting the health and wellbeing of our people and our customers through the global pandemic and this was reflected in the strict social distancing protocols implemented and adhered to across our business."

This flatly contradicts the real conditions exposed by journalists and workers that provoked a mass walk-out in March following fears of a COVID-19 breakout at their Barnsley warehouse. The company refused to perform a deep-clean of the facility following a breakout in May.

One anonymous ASOS warehouse worker told the *World Socialist Web Site*, "they took advantage and

risked workers' safety" and that "every day is a huge risk." Regarding the reopening of the economy he insisted, "they need to make sure it's safe for employees that do these day-to-day jobs and stop putting profits before health."

The firm's main priority is their business strategy to utilise the conditions created by the pandemic to dominate the British and international fashion markets by out-performing competitors more closely tied to closed high-street shops. "It's clear that the online retailer is a pandemic winner," noted industry analyst Julie Palmer, from the Begbies Traynor consultancy.

While warehouse operatives risk their lives to keep production running, the super-rich beneficiaries of their exploitation enrich themselves and keep safe from the pandemic.

The company's biggest shareholder is Anders Povlsen, who inherited large slices of major clothing companies in several countries. In addition to being the richest man in Denmark, he placed first in the Scottish "Rich List" as a new entry this year with his £4.7 billion in declared wealth. He is Scotland's biggest private landowner, owning a castle on the banks of Loch Ness and several other estates.

The retail industry has long been notorious for dangerous factories and warehouses where exploitation is rampant. While the bourgeoisie line their pockets, recent revelations of sweatshop conditions in Leicester's textiles industry—affecting the supply chains of ASOS' competitors Boohoo and Quiz—have further exposed the real class relations of capitalist society. ASOS no longer produces in Leicester, after withdrawing citing human rights concerns. However it has now been forced to withdraw its line of products made by Boohoo, which operates from Leicester and is mired in scandal. Investigators have exposed unsanitary, overcrowded working conditions and wages as low as £3.50 per hour, far below the minimum wage.

Many confirmed COVID-19 cases have occurred in the fashion and retail industries caused by the unsafe working conditions. Last week, it was revealed that at least 28 workers were affected at a distribution centre for online fashion store Pretty Little Thing in Sheffield, Yorkshire. The company is part of the Boohoo Group.

Retail Week opined that ASOS's unexpectedly high profits are a "sparkling exception" to a generally "dismal" market situation. The British Fashion Council

warned last week that 27 percent of jobs in the industry (about 240,000) are likely to be destroyed over the next 18 months. Businesses have wound up almost 650,000 jobs during the crisis as the UK economy tanks and entire industries are restructured to protect profits. The mythical "V-shaped" recession some had predicted, characterised by a sharp economic collapse at the onset of lockdown followed by a predicted rapid recovery, is a chimera.

Every aspect of the official response to the coronavirus pandemic has been determined by the class interests of the corporate and financial aristocracy that runs society. The working class are the only social force that can advance a progressive response to the crisis, fighting for its independent class interests by means of rank-and-file committees to demand safe working conditions and decent wages and benefits in opposition to big business and the capitalist state.



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