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**From Decline of the High Street
to a Phoenix from the Flames:**

How Retailers can
Survive the Changing
Retail Landscape

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01 INTERSOFT

Contents

Introduction

The retail landscape is undergoing a seismic shift. Even before COVID-19 came into play and completely disrupted retail life as we knew it, the face of the British High Street was already changing. Shopper behaviour and expectations, the economy, not to mention the advent of eCommerce were all having a significant impact on what retail looks like.

Retailers that have acknowledged these challenges and reworked the traditional retail model to survive are better placed to rise above the hurdles currently being faced and become stronger in the market.

In this report we look at the challenges faced by the High Street – both before and during the COVID-19 pandemic – trends that have fuelled the growth of eCommerce, and address how retailers are successfully using omnichannel to succeed both online and on the High Street. Or, as we're currently seeing, in place of the High Street.

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Barriers to High Street success

High Street store closures are all too familiar, with BRC and Springboard analysis highlighting that High Street footfall is down 10% since 2012. Many large and, up until now, successful retailers have been unable to avoid store closures and, in some cases, closure of the business altogether. Even retail giants, such as the John Lewis Partnership, have not escaped it.

Why? Well the reasons are varied.

High Street stores are under increasing cost pressures, with many arguing the current Business Rates System is unrealistic and irrelevant at a time when retailers face stiff competition from online. A channel that incurs very little in the way of overheads, in comparison to physical shop fronts. While there are business rate breaks for smaller retailers, this isn't enough to help sustain larger stores. Minimum wage rises, while positive for employees, are also increasing the cost-to-serve for physical stores.

These cost increases are then exacerbated by increasing competition from the online marketplace, forcing retailers to drive down prices to ensure sales.

In a world where mobile commerce is rapidly growing, shoppers have instant access to a greater variety of products at more competitive prices. According to Think With Google, 82%[1] of consumers consult their phones while they're in a store deciding what product to buy. And if they're buying from an online competitor, they usually benefit from the convenience of having it delivered to their door too.

Physical stores are often only as successful as the High Street they're located on. Good parking facilities, passing trade from other retailers, eateries and nearby attractions all contribute to success. But when the neighbouring shops begin to close, parking becomes more limited and expensive, and the passing trade begins to decline, it's not easy for physical stores to up sticks and relocate. As a result, it can become a vicious download spiral for the High Street.

In the current climate, with all 'non-essential' High Street stores forced to cease trading, there are real concerns over how many will be able to reopen once lockdown is lifted. For many the only outlet available is now via the digital world.

The rise of eCommerce

Online retail has seen a phenomenal rise in recent times, currently accounting for 19.2%[2] of total retail sales and expecting to increase to 53%[3] by 2028. It provides the consumer with more choice, more transparent pricing and, increasingly, more convenient delivery options.

Developments in technology have had a huge role to play in this. The widespread growth and speed of broadband has meant that in 2019 93%[4] of UK homes had access to the internet, opening the world of online retail to billions. This success is fuelled further by the growth of mobile commerce. With 79%[5] of adults now own a smartphone, leading to predictions that mobile commerce will account for 59% of eCommerce sales in the next year. This is largely enabled by increased access to WiFi and 4G networks, not to mention the advent of 5G technology.

The growing success of eCommerce has been enabled by improvements in online payment systems and more convenient delivery options. The likes of PayPal, Apple Pay and Klarna, all help to make the online checkout process frictionless for the consumer, securely storing payment details for fast and convenient checkout. While the UK's growing delivery network and services are ensuring customers receive their goods where and when they want. Gone are the days of first- or second-class post. Now shoppers expect to be able to choose the delivery day, final delivery destination and to track progress of their item.

And it's thanks to eCommerce that, to some extent, 'normal' life has been able to continue during the coronavirus crises, giving consumers the ability to search and shop for goods from the confines of their homes. While some sectors, such as luxury and fashion have seen a slump in sales, DIY, home improvements, grocery and sports equipment and clothing, have all shown an upsurge in online purchases.

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Start-ups feel the benefit of online

While eCommerce has at times been criticised for the High Street's fall from grace, it's also provided ease of entry to the market for start-ups. With no physical storefront required, eCommerce has low barriers to trade and SMEs instantly benefit from global reach. What's more, relatively little investment is required, with technologies enabling automation of the purchase process, invoicing, delivery and returns. This all helps to reduce the need for employees to manage the process, allowing businesses to start in just about any location with very little investment.

The benefits of eCommerce to smaller etailers have been highlighted during the COVID-19 pandemic, which has forced many shoppers online and opened them up to a wider market. Smaller, more niche brands have seen a huge increase in demand for their goods. Who Gives A Crap, an online retailer of recycled toilet paper, reports demand for its toilet paper is 20 times higher than normal and has needed to implement a waiting list for its goods.

In some cases, online retailers are so successful that this has overspilled onto the High Street. Home furnishings brand Made, online giant Amazon and clothes brand Misguided, are all prime examples of brands that have started with a purely online presence and gone on to establish a physical storefront. More and more online retailers are branching out onto the High Street with pop-up stores and showroom-style offerings.

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The growing importance of Clicks and Mortar

More and more retailers are attempting to bridge the gap between the High Street and online by opting for an omnichannel approach. This is a step in the right direction, providing shoppers with the benefits of both on and offline.
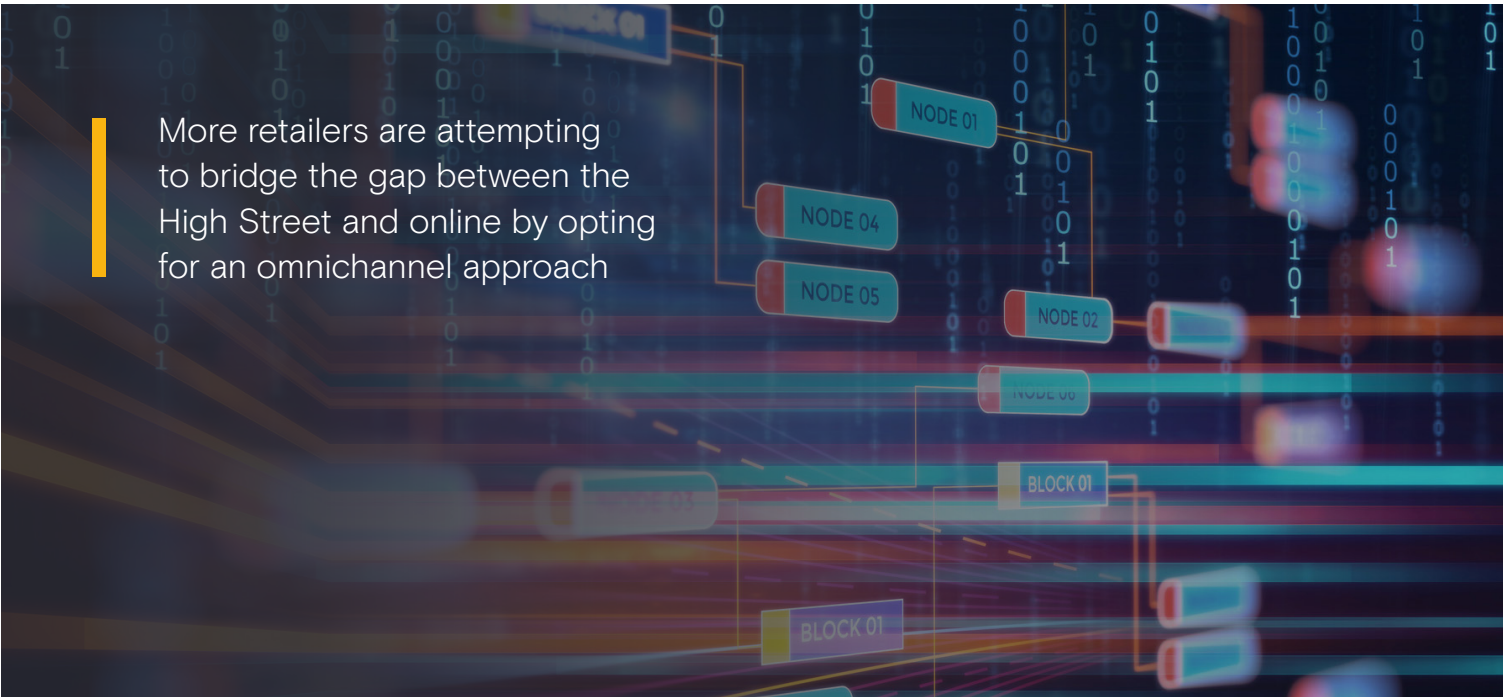
While online delivers convenience, it doesn't always provide the same shopping experience that customers desire. Omnichannel provides the best of both worlds, combining instant gratification with ease of shopping.

Retailers have successfully adopted different approaches to omnichannel. Many retailers give customers the convenience of shopping online when it suits them, but then a choice of home delivery or Click and Collect.

By contrast others have adopted a showroom-style shop front. Apple Stores are a prime example of this, giving shoppers the ability to browse the products and access to an instore expert, but with products delivered to their home once a sale has been made.

Amazon, one of the early drivers of eCommerce, has also made the move into the offline retail space with its Amazon Go stores. These provide the physical shopping experience, but the convenience of online payment, removing the necessity to queue and pay for goods at a traditional checkout.

It would be reasonable to think the government enforced store closures brought about by COVID-19, would no longer make the omnichannel approach feasible. Well, not for some retailers. They've sensibly been able to convert their physical stores to an extension of their distribution centres. While the doors may be shut to shoppers, they have been able to sustain growing online demand by spreading the workforce over more sites. This firstly helps protect staff from the risk of contamination, and secondly enables them to provide online customers with a greater range of stock and the ability to maintain multiple locations during this challenging time.

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How retailers can thrive in a changing landscape

For retailers to remain successful in the shifting retail landscape, careful consideration needs to be given to how they rethink the traditional retail model. Convenience is important to today's shoppers, but so is the experience, with many predicting it will overtake price and product as a brand differentiator in 2020. This could become of even greater importance, as we ride the wave of COVID-19, where the world of online and home delivery are a necessity, and shaping shopping behaviours that could be sustained once the crises is over.

Whatever the remainder of 2020 brings, here's what retailers can be doing to give themselves the best chance of success and to futureproof the business in challenging retail times.

Many predict experience will overtake price and product as a brand differentiator in 2020

1. Embrace technology

78%[7] of UK adults are likely to switch to another brand following a poor ordering or delivery experience, technology is key to successful eCommerce and omnichannel trade. Investment in a solution that provides ease of checkout, varied and convenient delivery options, as well as great customer communication throughout the buying journey is vital to ensuring brand loyalty. A surprising number of retailers still rely on manual processes to fulfil orders, such as handwriting or typing of shipping labels. Technology that automates this process will make the journey frictionless for the shopper and mitigate the risk of delivery errors.

2. Forge good partnerships

No one carrier or partner can provide retailers with the width and breadth of delivery options that today's consumer's demand. Working with multiple carriers will ensure brands are able to provide the last mile delivery experience shoppers expect, with convenient delivery time slots and locations. It's also important to look to partners that are staying one-step ahead of the market and can scale with a business. Shoppers may be content with next-day delivery now, but with Amazon spearheading same-day delivery, consumers will soon be expecting other retailers to follow suit.

In times of unprecedented delivery demand, partnering with multiple carriers has many benefits. During the COVID-19 outbreak, many carriers have faced staffing issues and delays in shipping goods, so having another carrier to fall back on can help ensure continued trading.

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3. Understand and embrace your customer

Figures in the "Shoppers Demand Superior eCommerce Experiences: Consumer Expectations in 2019" report show 78%[8] of online shoppers are more likely to buy from a retailer that provides a personalised retail experience. Understanding what customers want from their retail experience, and delivering on it, is vital in remaining competitive. Personalised communications, as well as future product recommendations, are key to repeat business.

4. Make the change now

Don't hold-off on investing in technologies and partners that will allow you to meet your delivery promise and customer expectations. Organisations that delay implementing these changes often won't be able to implement IT solutions in the timescales needed, leaving them at a disadvantage against the competition. COVID-19 has exposed many learnings, with many retailers only now reassessing their processes and looking to make investment in technologies that will enable the delivery experience required by shoppers.

5. Consider the brand extension

With online and omnichannel retail, the brand experience no longer ends when the shopper leaves your store. It continues throughout the delivery journey and beyond should they wish to make a return. Every place you engage with the customer needs to express your values and deliver your promise. This makes consideration of your delivery partners and how you communicate with customers along the way even more important.

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6. Don't fail the last mile

Last mile delivery is a hot topic in the world of eCommerce, and retailers that get it right will significantly help to strengthen their brand. But, fuelled by Amazon's next-day and even same-day delivery offering, shopper expectations are high. When it comes to that last mile, delivery management solutions can help. They simplify the delivery journey for retailers, providing access to preferred carriers and integrating with retail partners and IT providers, making it quick and easy to provide your delivery promise to the customer. What's more, they enable the personalised notifications, updates and tracking information that are expected by the consumer.

Prior to March 2020, the industry had been working hard to improve the front-door delivery experience for the shopper and banish the reputation of delivery drivers abandoning parcels on doorsteps. But now, in the 'new normal', carriers are understandably being asked to drop deliveries near doorways and leave to minimise contact. How this will affect final mile delivery standards going forward and in the aftermath of COVID-19 no one yet knows, but one thing is sure, clear communication with the customer is vital.

7. Remember returns

Research from Invespcro shows 67%[9] of shoppers check the returns page before making a purchase, with 58% wanting a hassle-free returns policy and 47% an easy-to-print returns label. What these figures show is that the Returns Journey has become just as important to consumers as the delivery experience itself, with many steering away from brands with a complicated or costly returns process. Retailers can no longer think of the delivery journey ending at the customer's door but need to consider the full delivery cycle.

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Executive summary

We had originally scripted this article prior to the COVID-19 outbreak, and the lasting effects of this are yet to be fully understood. While on the surface it may seem all doom and gloom for the High Street more than ever before, eCommerce does not necessarily spell out the demise of bricks and mortar. In fact, it may be able to help support traditional store fronts in these challenging times. The two are not mutually exclusive. In this ever-changing retail landscape, online can provide the opportunity for brands to grow and branch out into physical stores, reigniting High Streets, while delivery technologies and partnerships allow physical stores to offer customers the same convenience as online through an omnichannel approach.

Ultimately, in a market where prices are transparent and shoppers have a choice of products at their fingertips, differentiation of service and the customer experience will be the key to success. Retailers that can successfully provide the experience shoppers desire, will have the opportunity to rise like a Phoenix from the flames rather than adding more fuel to the death of the High Street.

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Intersoft has led the market in providing quality delivery management software since 1993 with smart and simple multicarrier solutions that exceed customer demands. Our success lies in cutting-edge technology, a talented team and the ability to stay one-step-ahead of the delivery process. Our ever-evolving technology and experienced individuals make us a trusted partner, managing our clients' delivery management and label production logistics.