

Could Local Shops be the Saviours of the High Street After the Coronavirus Pandemic is Over?

Submitted by: KIS Finance

Friday, 22 May 2020

The ONS announcement today that retail sales declined by an dramatic 18.1% in April is a worrying further blow to the already struggling high street.

As the coronavirus continues to hit, KIS Finance (<https://www.kisbridgingloans.co.uk/>) has teamed up with retail expert, James Child to look at how some local businesses are cleverly adapting to the changing retail environment.

With many small businesses now becoming central to their local communities, offering personal service and support during these challenging times, this report looks at whether the future of the highstreet may lay in their hands.

It's no secret that UK high streets have been in trouble over the past few years. A shift in consumer spending has challenged high street shops, as people opt for online retailers which offer them convenience, choice, and cheaper prices.

While essential businesses such as supermarkets, pharmacies and banks have been able to remain open during the UK lockdown, non-essential retailers have been forced to close. This has unfortunately seen a number of retailers fall into trouble. Since February this year, when the coronavirus first hit the UK, a number of stores have gone into administration, including:

Oddbins – wine and drinks off-license business (February 2020)

Brighthouse – rent-to-own retailer (March 2020)

Laura Ashley – fashion retailer (March 2020)

Oasis and Warehouse – fashion retailers (April 2020)

Cath Kidston – vintage inspired fashion and accessories (April 2020)

Other retailers are having to consider drastic measures to survive. The Arcadia Group, which owns fashion brands like Topshop, Miss Selfridge and Dorothy Perkins have served notice to landlords that they will be walking away from over 100 stores by the end of the summer.

It's almost certain that many other retailers are now having to review their store portfolios and we may not see some of the big names reopen when the pandemic is over.

Online spending, however, has been increasing rapidly since the start of the lockdown as it offers zero contact shopping and delivery. According to ONS data, 22.3% of all retail sales were done online throughout the month of March 2020. That's a 12.5% growth since the same time last year.

But, it's not all doom and gloom...

It's very sad to hear that an already struggling high street may have to wave goodbye to some of its biggest names, along with many hard hit smaller retailers, as a result of the pandemic. However, this could be a chance for some local, small and independent businesses to take their spots, if they are able to cleverly adapt to the new retail environment.

In a small silver lining of the pandemic, we have seen many local businesses and retailers step up and start to offer services to customers that they didn't have before.

KIS Finance (<https://www.kisbridgingloans.co.uk/>) have spoken to James Child, Head of Research at Estates Gazette (<https://www.egi.co.uk/>), on what the high street will look like after the pandemic and how consumer shopping habits have shifted.

Is this a chance for local businesses to grow?

While a lot of small independent businesses have been forced to close during the pandemic, and unfortunately some may not reopen, others have been able to adapt and expand their services in order to keep going.

With most retailers being shut and supermarkets struggling to keep up with the demand for home deliveries, customers have been turning to local shops and suppliers instead. Some of these local businesses have set up delivery services for the first time and gained customers who didn't use them or even know they existed before.

Many have turned to social media as an excellent way to reach out to their local market to promote their products and advertise their services. Local community pages on Facebook have seen their membership grow, as people promote and talk about local businesses that are serving their community.

James says: "There has been a swell of goodwill for both retailers and community groups that have come together during these difficult times.

Consumers will be more aware of the potential of local shopping than they perhaps may have been previously."

While e-commerce stores have been taking over from the high street in recent years, this enforced change to our shopping habits may well be a chance for small independent retailers to make a comeback. Customers will have had the opportunity to try new products and services from local businesses that they may not have known existed before or wouldn't have thought of using when more convenient or familiar options were open to them.

How can local retailers continue to flourish after the pandemic?

What the pandemic has taught us is just how important we all are to each other. Local businesses have tapped into the sense of community that we're all craving amid the anxiety and concern that the pandemic has created.

This needs to carry on when 'normal life' resumes if we want our local retailers to survive.

Small shops and businesses can maximise their chances of maintaining their new customer base by focusing on what large retailers can't offer; a personal, human touch. Large companies' data bases may remember your birthday or recommend products you may be interested in based on your last order, but this is impersonal and automated. Only small, local businesses can connect with their customers in a real way and build up genuine and beneficial relationships.

When the pandemic ends, small businesses need to look at how they can continue to offer more to meet the needs of their customers.

People like a personal service, but when life gets busy, convenience often overtakes these needs. Post lockdown, these businesses need to keep offering delivery services to those who need this convenience if they want to hold onto those customers.

James says: "The relationship between local businesses and their customers is as important as it has always been. Development of those relationships at a human level can work to secure increased footfall and spend.

Customers are loyal to businesses and stores as they are to brands. Tapping into this has always been paramount to success, the current conditions have allowed these retailers to showcase their offer.

In order to maximize this during this relative window of opportunity, these retailers shouldn't always need to replicate what larger retailers do, as it's their differences that often set them apart.

Increasingly people are willing to pay a little more to support local stores. I believe this trend will continue in a post-COVID19 UK, especially for those with disposable income."

Will people feel safer in small shops, even after social distancing measures are relaxed?

While it's true that many of us will be eager for things to return to normal, we're also likely to continue to feel a little nervous about gathering in large numbers again for some time. With the Government's chief medical officer stating that the requirement for social distancing is expected to last until at least the end of the year, we're all likely to find our concerns for our health and safety mean that we may prefer to avoid large stores and retail parks.

"Safety is important to people and it's likely that whilst we can expect a spike in shopping trips post-lockdown, those social distancing measures we have become accustomed to will remain for some time."

Consumers may feel safer visiting small shops where it could be easier to control numbers and maintain distance between customers in a way that large stores may struggle to do. For example, the one-way

systems that many supermarkets have adopted would be difficult to replicate in a department store.

“Whilst it is true that consumers will be ready to spend, it is worth remembering the psychological impact that months of lockdown will have had on shopping and leisure habits. People may be more sceptical about spending time in busy enclosed spaces like shopping centres, but local high streets may be a more attractive proposition.”

Of course, in time people are likely to return to larger stores but by then using small local shops for many of their purchases may have become a habit that they choose to sustain.

Are people likely to adopt more sustainable shopping habits as a result of the pandemic?

With the government guidelines only allowing us to shop for essentials, and as infrequently as possible, this is seeing a reduction in consumers' carbon footprints as a lot of people will be shopping far less regularly than they were previously and planning their purchases more carefully.

“Shopping less is more sustainable. By minimising the number of trips consumers take to the shops as well as shopping locally, they will be minimizing vehicle emissions and therefore reducing their carbon footprint.”

Shopping more infrequently also means that people will be having to buy more in bulk, and more products in the dried, tinned and frozen sections where they aren't able to pop to the shops every other day to get fresh ingredients.

“Shoppers are now heading to supermarkets less and buying more in bulk, a call back to the habits of a decade or more ago when the weekly shop was still the traditional model of food retail consumption in the UK.

What the crisis may have taught many is to think differently about waste and over consumption. In simpler terms, most people could probably live out of their cupboards for longer periods than they suspected.”

The pandemic may have opened many people's eyes to their previous level of unnecessary spending and the amount of waste that this has led to. It will be interesting to see if these reduced levels of consumption remain once restrictions are lifted.

If people can continue to shop in this way, going to the supermarket less regularly and shopping locally rather than opting for large out-of-town retail outlets, the positive environmental impact could also be lasting.

Will the pandemic have reshaped the future of the high street?

Our survey of UK consumers before the coronavirus outbreak found that 61% of people believed the high

street as we know it would disappear within the next 10 years, largely due to the competition of online retailers.

However, has our experience during the pandemic changed this prediction and how people feel about using the high street?

Large online retailers, like Amazon, still remain the biggest threat to the high street with convenience and price being the key factors of their success. But many local retailers have shown UK consumers just how important personal service and community really is.

“Often time and money are cited as a reason for shopping online, but we may see the goalposts move if there are wider societal ramifications from the effects of COVID-19.”

Local businesses have been there for us when we needed them, we need to be there for them when they need us if they're going to continue to survive and flourish after the coronavirus has gone.

If you would like any more information on this topic, or for us to provide comment from an article, then don't hesitate to get in touch.

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