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# PARLIAMENT STREET

*partnership in policy*

## RETAIL REVOLUTION

PREPARING THE UK HIGH STREET FOR BREXIT





# INTRODUCTION

## An industry in crisis?

The retail industry has faced some severe challenges over the past few years. The change that the industry has gone through has fundamentally affected the industry today. For some time now, the retail industry has faced difficult sales periods, an uncertain future and an unprecedented threat from online sales.

The challenges faced by the retail industry is causing it to change dramatically to stay flexible and relevant. Well-known stores on the once-loved high street are collapsing under immense pressure to keep sales up whilst forecasts are remaining low. Recently, we have seen Homebase go through a difficult period with plans to close 60 stores, despite being bought by Wesfarm in 201

One of the most prominent cases for the issues with the high street has to be Poundworld. In June, the retailer announced the closure of 250 stores however the Irish founder the Henderson family have now agreed to buy the chain back after selling in 2007.

Another prominent case focusing on the issues is the announcement that House of Fraser went into administration and was then quickly bought-out by retail giant Sports Direct.

The digital industry is certainly causing a huge disruption in the way retailers interact with their customers. Digital-savvy retailers are adapting the customer experience to personalise their communications to the individual and so expectations are rising.

As well as the digital element, we are seeing change on the ground with the model of long leases shift with the rise of pop-up spaces for those retailers wanting less commitment. Those retailers that simply do not keep up will be left behind.

The uncertain times for the retail industry are set to continue with an unpredictable economic forecast. With Brexit looming on the horizon, there is a clear concern about what the future holds for all industries, least of all the retail.

This report is designed to investigate into the impact that Brexit is set to have on the retail industry from a consumer perspective. It will also look into the future of the high street and what this means for the price of products and store closures.



# METHODOLOGY

An overview of our research approach

Parliament Street commissioned the independent polling company Censuswide to survey 1,000 UK consumers about their attitudes towards the future of retail and the impact that Brexit may have on the industry.

The survey was commissioned between 6th – 8th of August and the questions included topics such as what impact consumers think Brexit will have on price rises, store closures and the impact that technology has on brand loyalty.





# DIGITAL CHANGE

The retail industry is changing rapidly. With the issues that the industry has had over the past few years, being flexible is vital for keeping the industry alive. One way the industry is remaining flexible is how it continually reinvents itself.

Many issues are facing retailers but the simple cost of having retail stores on the high street is one of the main problems. Long-term leases are costly and preventing stores from downsizing or moving to cheaper rental properties. One of the newer aspects we are seeing is that retail centres and high streets are investing in pop-up spaces to try out new areas to drive profits.

As well as high street retailers investing in pop-up shops, the online retail giants have been known to move into this space to increase brand awareness and drive profit for the business. One clear example of this is the emergence of the Amazon Go store. With check-out free shopping and integrated customer experiences, Amazon is segmenting their presence in both the online and physical market.

Amazon are known for being a company that experiments with customer experience and setting the standard for other retail outlets but an online giant opening a store is beginning to change the traditional high street model.

The traditional high street model is at risk of being forgotten with online retailers trying their luck at moving into the physical store after making a name for themselves online first.

It's clear from this research that the industry is being flipped on its head, thanks to these technological retail giants.



# BREXIT IMPACT

Parliament Street polling of 1,000 UK shoppers, conducted by Censuswide in August 2018

**24%** EXPECT A 'SUBSTANTIAL' PRICE RISE

**24%** SAY SMARTPHONE APPS ARE KEY TO BRAND LOYALTY

**64%**  
EXPECT BREXIT TO  
INCREASE PRICES

**54%**  
EXPECT MORE STORES  
TO CLOSE

It is easy to assume that we will gradually see some significant changes to the retail industry, particularly the physical high street. Through tough economic times, the future of the retail industry is certainly a concerning one.

Parliament Street set out to understand consumers attitudes towards what the future of the high street might look like as we navigate through uncertain times and political issues such as Brexit.

The poll of 1,000 UK consumers began by asking what they believed the impact Brexit will have on the high street. Shockingly, 64% of people are expecting to see Brexit cause an increase of prices with 24% specifying they expect to see a substantial increase.

Only 29% of people expected to see no impact on the high street.

As well as this, the research found that consumers are not expecting a positive future for the high street. Over half (54%) believed that there will be more store closures coming, with only 1 in 10 (11%) believing that new stores will open.

Interestingly, when asked about what type of technology will help consumers to stay loyal to a brand, almost a quarter (24%) believed that smartphone apps are the answer, showing the clear link to consumer brand loyalty and online shopping. This means that retailers need to work hard to have an integrated mobile application that replicates what consumers see and experience in-store to keep them loyal and in-touch with the brand.

# RECOMMENDATIONS

Through these difficult times, the retail industry will fundamentally be hit by economic turmoil if the retailers do not properly in the experience they give to their customers. Loyalty to a brand can go a long way, if managed correctly. We recommend that retailers consider the following:

## 1. Use technology to drive innovation

High street retailers should invest in tech to increase sales and save money – from the research, it is clear consumers want smart technology that reflects a retail brand. Having the customer experience replicated through mobile apps, sites and physically in-store will attract and retain customer loyalty.

## 2. Increase personalisation to improve sales

High street retailers should improve personalisation to maintain loyalty – customers are likely to be driven towards a retailer from the experience they receive. They want to have a personalised experience that proves the retailers care for their individual custom and have a positive brand experience.