



THE EVOLUTION OF THE GREAT BRITISH HIGH STREET

COVID-19 A CATALYST FOR CHANGE

DOWN YOUR
HIGH ST

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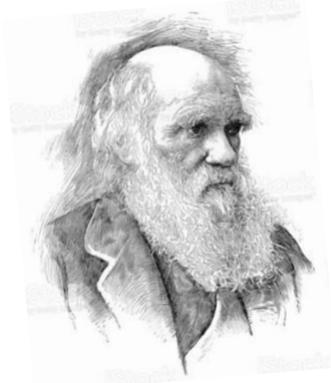
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The Purpose of this Report

- This paper will describe how retail has evolved over time and **what are the key reasons for its rapid digitalisation today.**
- It will look at how consumer shopping habits have changed over the last 5 years and what effect it has had on the UK economy.
- **COVID-19**
It is crucial to note how a world pandemic has affected the growth of e-commerce and online spending.
- Finally, it will present how ***Down Your High Street*** bridges the gap between the retailers' ability to adapt to an upcoming digital era.



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*It is not the strongest of the species that survive, nor the most intelligent but the one most responsive to **change**.*

Charles Darwin

THE EVOLUTION OF RETAIL

Discussing the origins of retail can help you understand how major trends change the ways retailers operate.

Prior to 1800s, two retail options existed

- 1) Selling items directly to consumers through company-owned stores.
- 2) Employing a commissioned agent in which a company agent who be responsible for delivering manufactured goods to shopkeepers who, in turn, would sell them.

THE CHANGE HAPPENED AS THE SHOPPERS DROVE THE DEMAND FOR CHANGE

Business historians often **credit a Parisian retailer named Aristede Bouciaut (1810-1877)** for developing **the first department store – called Le Bon Marche.**



This was quickly adopted by other retailers, and so Le Bon Marche layout and services and the modern department store was born.

During the 1970's many department stores closed and were replaced by discount department stores, shopping centres and large malls.

**Customer loyalty soon became a relic of the past.*

By having a better understanding of past industry trends and challenges, modern retailers can learn from their successful predecessors while also blazing a new trail forward.

TODAY

you can buy just about anything online

The high street is changing, morphing in ways we wouldn't have predicted a decade or so back.

Back then Amazon had only started selling books and music to British customers and Tesco's web offering was so clunky that you had to phone up the call centre to alter an online order.

HISTORY HAS A TENDENCY TO REPEAT ITSELF

Historically, retailers who have failed to quickly adapt to change, went out of business rather **very** quickly.

For example

■ BLOCKBUSTER VIDEO

Blockbuster was too slow to adapt and make changes needed to stay relevant in the eyes of the consumer and to the industry as a whole.

■ Borders Bookstore

Once a thriving retailer, Borders filed for bankruptcy in 2011 and closed all of its 400 locations.

They simply did not respond to what the consumers want; for example, they continued to offer consumers CD and DVD assortment without consideration of the consumer's strong response to **online entertainment**.

3 ways consumer shopping habits have changed over the last five years

1

Shoppers are now more comfortable than ever answering questions about themselves online

Rewind a decade ago and shoppers were very cautious when it came to sharing data online, this meant that many retailers steered clear of asking questions to shoppers to **drive personalization**.

Today, the customers are happy to answer the questions that they probably wouldn't be 10 years ago. This means ecommerce platforms are massing more data than anyone else to better personalise the customer experience and path to purchase.

2

Shoppers are less brand loyal than ever, which mean they are also changing brands more frequently than ever before

For brands this means the assumptions that you made about who your customer could change dramatically over the course of a year or two.

It's very unlikely that the customer you were targeting 5 years ago is the same customer you have today.

On top of that, brands have to work even harder to make sure shoppers have a great experience every time since their customer can easily change brands overnight.

“

Consumers are not inclined to be loyal to brands as they once were because the underlying value of loyalty itself is no longer particularly relevant. In the old world, loyalty was good and something we aspired to give and receive across all aspects of life ... with friends, family, employers, dentists, doctors, bankers, and maybe even the federal government. But generational experiences have made sticking with 'tried and true' a sucker bet. Loyalty means remaining the same. Not exploring alternatives. Putting your head in the sand and maybe even missing a beach party.

Forbes

3

Shoppers are buying more online, period.

While many brands and retailers have embraced an 'omni-channel' approach to their business, ramping up e-commerce has often taken too long and left shoppers with too little to stay engaged.

The retailers that have had the hardest time are those that have found themselves clinging to their in-store business putting focus on what has worked in the past rather than embracing change and trying to shift focus onto how their shopper's buying habits have changed.

It's not that consumers are being more cautious. Spending is up, but most of that growth is online. Traditional brick-and-mortar stores are grappling with intense transformation of their business to be more web-based and trying to reconcile their old business model with one in which profit margins are thinner.

Has going out of business become the hottest trend in UK retail?

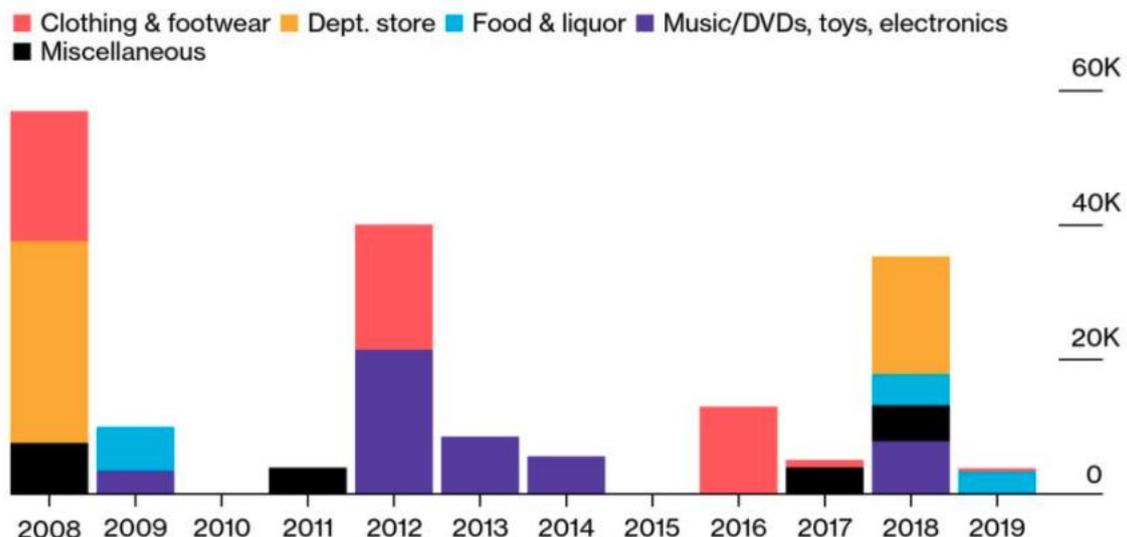
Stores are closing daily on the U.K.'s shopping streets in a crisis reminiscent of the U.S. retail apocalypse, and there's no sign of a bottom.

With e-commerce giant Amazon.com Inc. luring shoppers away from physical stores, the **Brexit** deadline looming and discounters piling pressure on mainstream grocers, there's no relief on the horizon. Insolvencies have jumped by more than a fifth since 2016, with more than 1,200 retailers collapsing last year.

Brexit has weighed on shoppers' minds and wallets. A slump in the pound since the vote to leave the European Union has cut spending power, while concern about a possible economic slump after the departure are causing people to tighten strings.

As stores close, jobs are lost. Although unemployment has fallen in the U.K. for the past few years, the retail sector is experiencing the opposite trend. The British Retail Consortium estimates that 900,000 jobs could be lost in the sector through 2025.

Job losses from UK retail insolvencies continue piling up



Source: Center for Retail Research

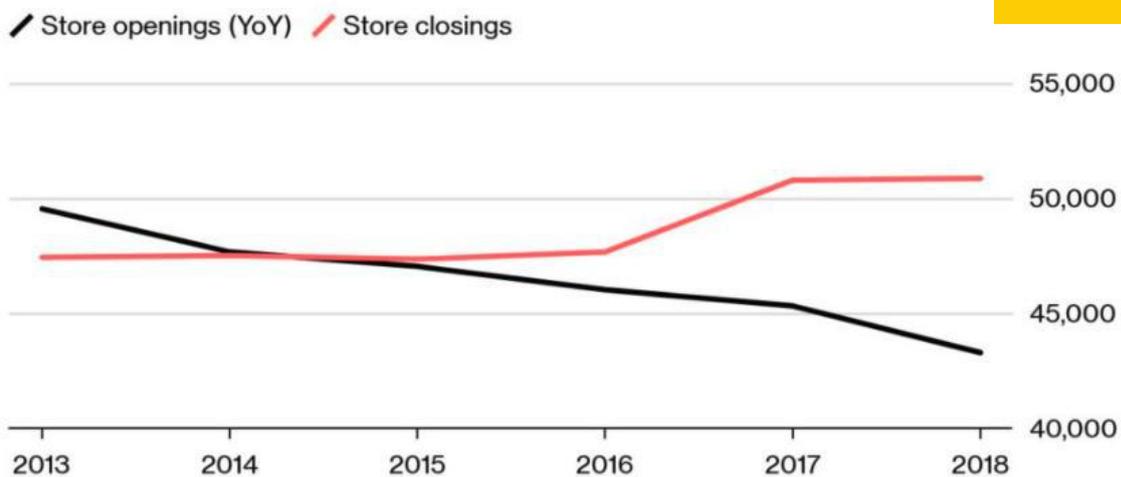
SHUTTERED SHOPS

The U.K.'s shopping streets have been transformed over the last decade, with household names replaced by cafes, tattoo parlours, charity shops or just empty storefronts.

Some are desperately trying to avoid the same fate by entering into so-called company voluntary arrangements, which allow firms facing insolvency to close unprofitable stores and cut rents. Fashion retailer New Look, baby-product chain Mothercare and floor-coverings seller Carpetright have all taken that-route.

High rents and property taxes are making it difficult for companies to keep stores open, and closings now outnumber openings. Once buzzing town centers are emptying out as shutters are drawn.

Store closures are on the rise and fewer are opening



Covers Great Britain (excludes Northern Ireland)
Source: Local Data Company

Bloomberg

Using the alphabet to capture the coming economic recovery in its simplest form

K – the line heading upward symbolizes those parts of the economy that have benefited from pandemic:

TECHNOLOGY

Apple Inc. | Microsoft Corp. | Alphabet Inc.

GENERAL MERCHANDISE RETAILERS

Tesco | Waitrose

ENTERTAINMENT

Netflix | YouTube | Walt Disney Co.

BIOTECH & PHARMACEUTICALS

Johnson & Johnson | AstraZeneca PLC

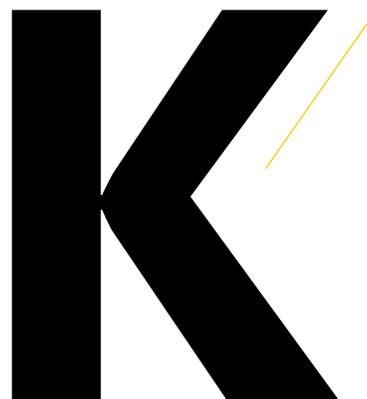
WORK FROM HOME FIRMS

Slack Technologies | Zoom Video Communications Inc.

ONLINE RETAILERS

Amazon | Shopify | **Down Your High Street**

K – the line heading downward symbolizes pretty much everyone else.



K – a bold vertical line, from the midpoint of which begins two rightward traversing lines, one slanting 45 degrees upward from the horizontal, and the other 45 degrees downward.

It has been discussed repeatedly that ever since the post-financial crisis recovery began in 2009, that recovery was lumpy and unevenly distributed.

Based on this, it is fair to assume that the upcoming recovery will be of a very similar kind.

However, in the retail sector, the key factor for being on the upper line of K, post pandemic growth, is logical, clear and backed by facts – **DIGITALISATION**.

One size DOES NOT fit all

The founder and CEO of Mountain Warehouse, Mark Neale, believes that predicting the death of the high street is simply wrong. As he is getting ready to open 50 more stores in the UK and around the world.

So what's the secret?

For Neal, the most important is to sell the right, well made products, in the right places, whether that's online or in store.

Certainly, some retailers have found they had too many stores at a time where more people want to shop online, but others are finding that there's plenty of appetite for the goods they sell from shoppers who want to buy online – but also want to come into store and see, touch and feel items they are considering buying.

CONSUMERS VALUE CONVENIENCE ABOVE ALL ELSE

Customers want to

- ✓ Buy online
- ✓ Get it delivered
- ✓ Have the ability to return

The customer no longer wants a one-size-fits all approach



COVID-19 as a catalyst for change

Even before COVID-19, 2020 had been tagged as a banner year in the digital transformation of global retail with artificial intelligence, augmented reality, personalisation and social commerce emerges as just a few of the key drivers making every commentator's new year list of must-haves for the year ahead.

RETAIL'S REBIRTH – This pandemic has brought a period of change like no other in retail. Recent lockdown has shifted long-held consumer behaviours that retailers are having to adapt to for survival.

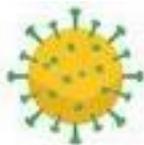
Anyone who has shopped online for the first time understands how profoundly the COVID-19 crisis has changed our behaviour as a consumer.

As more people remain confined to their homes and are limiting their outdoor activities, the question occurs, **which newly developed behaviours will stick in post-pandemic times?**

Research shows several likely scenarios:

- **Flight to online**
- **Shock to loyalty**
- **Need for hygiene transparency**
- **Back to basics and value**
- **Rise of the homebody economy**

**homebody economy – It is the increased shopping, studying, working and entertainment we've all been doing at home during lockdown.*



According to the smart shopper study,

FASHION HOME & GARDEN ELECTRONICS

categories witnessed the biggest shifts to online purchases. **However, some of these purchases may have been the result of **pent-up demand**.*

IT'S A QUESTION OF WHEN AND NOT IF there will be an economic bounce back.

Historically, such pandemic-driven market correction has been followed by fast recovery. While it's estimated that some countries took over a decade to recover from the Great Depression of 1929, post the 2008 financial crisis the shoots of recovery, from a GDP perspective, began a little over 15 months from the start of the crisis.

However, taking advantage of the recovery will require a little more effort than simply waiting for a 'celebratory spend' post-pandemic. Retailers will need to cater to a host of new expectations and needs which consumers have developed under the lockdown in 2020s' first half.

PANDEMIC AND ONLINE SHOPPING

The pandemic has accelerated a number of long-term trends which were already present in retail before the lockdown.

This has especially been the case regarding the shift to online shopping, with shoppers using more and more online channels to receive goods.

Examples

- 1) **Grocer Ocado** saw a boom in higher basket values and more frequent order demand, resulting in sales doubling since the end of the first quarter of 2020.
- 2) **Tesco and Sainsbury's** also recorded increases in year-on-year sales via their digital platforms
- 3) While online giant **Amazon** was able to put boosted demand toward expanding its global headcount by 100,000

The blurring of home and work will also present many retailers with a major challenge.

It could be devastating news for retailers whose locations are based around commuting hubs; while if workers no longer travel to their place of work regularly, there could be heightened demand for local amenities.

Historically, many of us have been able physically segregate our work and home lives.

Last year, just **5.1%** of adults in employment worked primarily from home in the UK, according to ONS.

This was barely an increase from 4.3% in 2015. However, figure for April 2020 showed that almost half of adults in employment were working from home. If the impact of a significant shift to remote working continues beyond the end of the lockdown period, we could see additional changes in how we behave as consumers as the boundaries between home and work blur.

FASHION

Some estimates have suggested that the fashion industry stands to lose **£11.1 billion in 2020**.

According the Office for National Statistics, spending on food and housing make up 42% of total expenditure for households at the bottom decile of income distribution, compared with 26% in the richest 10%.

Changes in 2020 vs 2019

Online research increased in 2020

With **84%** of shoppers using online sources to support their purchases, compared with 76% in 2019.

According to Google, 80% of consumers aged 45 to 54 conducted online research, compared with 68% in 2019, while a similar proportion 81% aged 55+ also went online to research items.

When it came to **trying out new brands**, the research found that the strongest motivators were:

- Availability (44%)
- Price (43%)
- Convenience (36%)
- Speed (33%)

A significant increase in the use of shopping apps from 24% in 2019 to 37% in 2020.

DOES THE AGE MATTER IN OUR INCREASINGLY DIGITAL FUTURE?

The biggest pendulum swing came in older age groups (56+) as they were forced to shop digitally from home.

While digital shopping is not as prevalent among older consumers, the cohort offers the promise of bigger transaction values.

However, while the younger generation will continue shopping online, older generations are more likely to return to physical shopping.

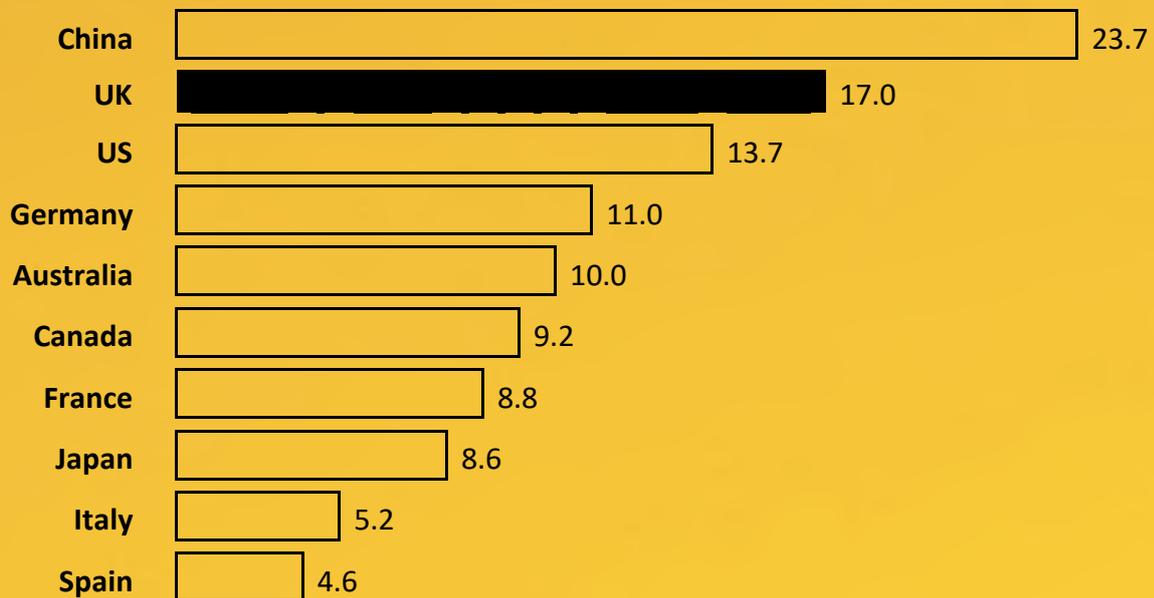
How do UK digital buyers predict that the current Coronavirus pandemic will affect their future in store vs digital purchasing habits?

	Will shop more digitally	Nothing will change	Will shop more in-store
Gender			
Female	40%	52%	7%
Male	44%	51%	5%
Age			
18-25	46%	44%	10%
26-35	59%	35%	6%
36-45	43%	53%	4%
46-55	37%	58%	5%
56-65	31%	62%	7%
65+	31%	64%	6%
Total	42%	52%	6%

Online Dominates

Britain is in the global vanguard of online sales

■ Percentage of retail sales made online in 2018



Source: Euromonitor International

Bloomberg

One reason U.K. stores are suffering so badly is the growth of e-commerce, where the country is one of the global leaders. With 17 percent of retail sales occurring online, Britain is well ahead of the U.S. and other European countries.



**High Street isn't dying,
it's going digital**

Don't miss the train!

Jump on and **fast track your business.**



DOWN YOUR HIGH ST

As **online shopping surges by 129% across UK and Europe this year**

And **e-commerce sales will rise 30.4%**
And will account for **8% of global retail growth in 2020**

As customers will spend an **extra \$183 billion online** this year as a result of the pandemic

It is clear, that digital commerce will drive future revenues.

We've adapted to real-time customers' needs, and our figures prove an ever-growing demand in the UK market.

WE ARE GROWING FAST, targeting **revenues of £10 million** and EBITDA of **£4.7 million** in 2024.

We want to create the world's longest high street by connecting community with commerce and giving the Great British High Street an online presence.

WHAT'S OUR SECRET?



HIGHEST % OF LOCAL, UNIQUE PRODUCTS only 1/3rd of our products can be found on the net



BEST PRICE ON THE NET ON 1/3 OF OUR PRODUCTS



LARGE VARIETY

Toys & games, fashion, home, artisan, gifts & more



REAL TIME HELP & ASSISTANCE



BUY NOW PAY LATER OPTION



FAST DELIVERY

Other superpowers to compliment your retail

- 1 Overcome Geographical Limitations
- 2 Gain New Customers with Search Engine Visibility
- 3 Lower Costs
- 4 Locate the Product Quicker
- 5 Eliminate Travel Time and Cost
- 6 Provide Comparison Shopping
- 7 Enable Deals, Bargains, Coupons, and Group Buying
- 8 Provide Abundant Information
- 9 Create Targeted Communication
- 10 Remain Open **All the Time**
- 11 Create Markets for Niche Products

Frankly, it's never been easier to not go to the high street.

What else could you ask for?
We're always listening

Get in touch:
info@downyourhighstreet.com

Thank you

www.downyourhighstreet.com

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