High Street UK 2020
Information Sheet

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### General retail background

**ESRC ‘Retail Navigators’ Project Final Report**

This was produced in February 2013 for ESRC but has just been published on the ESRC website. Includes key challenges for UK retailers.

### Retail Trends

**Retail 2014**

Special Report published by Retail Week in January 2014

**BIS Select Committee’s Report on UK Retail Sector**

Published 4 March 2014

**Costa boss reveals new high street rescue plan**

Mark Hudson, PwC retail partner, told The Daily Telegraph warned that closures would last for many years to come, but there were increasingly signs other types of stores would take their place.

He said: ‘Gradually the high street will become a place where people go to eat and consume services.

‘I think the shake out we are seeing has another five to ten years to go. The reality of the situation is that impact of the increase in online shopping hasn’t really played out yet. We haven’t got to the end game.

‘Really, internet broadband came onto the scene in a big way in 2007, so the broadband revolution has only been going five years. And people have only really started using their smartphone to shop in the past year or two.

‘Technology is moving faster than the pace at which retailers can catch up.’

Industry sources this week claimed they expected big name chains such as Argos and Greggs to step up stores closures over the coming years as the digital revolution gathers pace.

But The Sunday Telegraph at the weekend revealed that the Itsu sushi chain was one of those that wanted to open more stores across the UK.

**Coffee bars and charity shops replacing traditional stores on Britain’s high streets**

A new report today claims the high street is already transforming from a pure shopping destination to a centre for ‘leisure and services’ as the dramatic rise of the internet changes the retail landscape.

PriceWaterhouseCoopers, which commissioned the report from the Local Data Company, said there were more 3-star hotels, convenience stores and coffee shops on the high street than at the start of the year.

There are also more bookmakers and cheque cashing centres.

But the new openings have helped fill the gap left by the demise of more traditional outlets, with the number of women’s clothes stores falling 3 per cent since January. The collapse of Blockbuster and Jessops means there are 48 per cent fewer video stores and 24 per cent fewer photographic outlets.

Overall, PwC said 3,366 stores closed between January and June this year - a rate of 18 a day. But the report adds that 3,157 new shops have opened over the same period.

The net reduction of just 209 is a near 80pc improvement on 2012 and there are now more shops in Yorkshire & Humber, the East of England and the South West than in January.

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Matthew Hopkinson, the Local Data Company director, said: ‘Closer examination of the data shows the significant ongoing decline of traditional shops, with food, beverage and entertainment taking their place.’

Bill Grimsey, the veteran retailer turned high street campaigner, said the PwC report revealed the ‘changing nature’ of town centres he highlighted when spelling out how the high street could be saved earlier this month.

In his “Grimsey Review” the former retail chief executive said town centres have to become ‘community hubs’ encompassing arts, entertainment, health and leisure.

Speaking last night he said: ‘I’ve yet to see the finer details of the PwC report but it highlights what we’ve been saying about the changing nature of the high street. I believe it’s better to manage that transformation on a more orderly basis than sit back and watch it happen.’

David Atkins, the chief executive of Hammerson,
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<td><strong>Going online can save high street shops</strong></td>
<td>By Tim Lewis Guardian Professional — 7 November 2013</td>
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<td>The internet has been cast as the enemy of independent retailers – but it is integral to the survival of the high street. UK retailing delivers nearly 10% of all its sales online and an increasing proportion of this comes from mobile devices.</td>
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<td>The high street is facing its toughest ever battle. Figures from the Local Data Company and British Independent Retailers Association show that town centre chains are in retreat, losing 30 stores a week during the first half of this year. Traditional independent shops are holding their ground, although their future is far from certain.</td>
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<td>The reasons for the decline are numerous, ranging from high business rates to competition from out-of-town shopping centres and supermarkets. But it is undoubtedly the pressure from online giants such as Amazon that is changing Britain's high streets drastically. Amazon accounts for 12% of all visits to retail sites in the UK, and in the past year visits to Amazon increased by 80%.</td>
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<td>As a nation, our shopping habits have transformed over the past decade. UK retailing delivers nearly 10% of all its sales online and an increasing proportion of this comes from mobile devices. But technology is not the high street's enemy. The high street in its current form needs to evolve if it is to survive, and technology can aid this evolution with councils offering as much help as possible.</td>
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<td>With one in seven shops across Britain lying empty, a powerful cross-industry coalition, of which I am part, has come together to boost the fortunes of independent retailers by bringing 200 of Britain's high streets online. The group, called target200, has an innovative e-commerce network called MyHigh.St, which for the first time gives towns a platform to showcase their high streets, and independent shopkeepers an affordable and effective chance to present their products online.</td>
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<td>It allows shoppers to visit their local high street whatever the weather, any time of the day or night, via any device. Unlike other retail websites, however, its primary aim is not to drive online sales. Instead, by giving shopkeepers an internet presence and showcasing towns as retail destinations, the hope is that more people will want to visit these shops in person, driving footfall and visitor numbers. This is encouraged in a number of ways, including a 'click and collect' option where people order online and pick up the items in store.</td>
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<td>We know that people don't want their high street to disappear. As part of the launch, we published a new report called A Nation of Shopkeepers which found that some 70% of people are scared of losing the high street and want to see them thrive, despite years of gloom about their demise.</td>
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<td>Town planners are key, which is why we are working closely with many across the UK. We are integrating real-time qualitative and quantitative data capture on key town metrics, such as perception of high street facilities, parking and travel.</td>
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<td>This will enable town planners to explore a future shaped not just by footfall and occupancy data but by real consumer insights and experience. This allows planners to build a brand for their towns, not just destinations, and reach out to consumers through an online presence and a bricks and mortar offering. Disillusioned retailers are also being engaged, promoting events and services designed to draw visitors, as sites go live.</td>
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<td>We have already seen how town planners have embraced Business Improvement Districts (BIDs), which have proved very successful in areas such as Bath and Norwich. These business-led partnerships trying to improve and enhance commercial areas including town centres have very similar objectives to us.</td>
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<td>Councils and town teams should recognise that high streets will only thrive if they attract shoppers both online and in person. When shopping at John Lewis, for example, customers do not differentiate between</td>
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http://myhigh.st
## High Street

**Summary of Document**

- Online and in store. High Streets, and independents in particular, need to embrace a digital presence.

- The high street is too important to be allowed to decline and local authorities must act to give their local retailers as much help as possible.

- The opportunity that technology presents should not be ignored by those who wish to remain leaders of vibrant communities, not commuter towns.

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### Blockbuster — the next step in High Street evolution

Next week sees the closure of all Blockbuster shops. From having had 528 shops it will disappear completely. Woolworths was the same but had over 820 shops and that disappeared five years ago – yes five years have passed since the real issues on the high street came home to roost. Since then thousands of shops have come and gone – on average there are 50,000 openings and closures across Great Britain every year.

Beyond the human impact of jobs and livelihoods one has to look at this as the natural evolution of the high street. Darwinian in the truest sense, only the fittest survive and this who are able to adapt. Businesses such as Blockbuster, as with Kodak, HMV, Oddbins and Jessops failed to see the changes coming their way. It is not just about adapting, it is about the ability to connect with and deliver value to your customers. Due to the UK property lease structure this requires great foresight as if you have 500 shops and you have no financially viable way of exiting any of them in the next five years then ultimately, whatever the business, these immovable costs will take you down. Business rates are another nail in many retailers coffin as they increasingly become disconnected from their customers. Due to the UK property lease structure this requires great foresight as if you have 500 shops and you have no financially viable way of exiting any of them in the next five years then ultimately, whatever the business, these immovable costs will take you down.

By Matthew Hopkinson — The Local Data Company — 13 December 2013

http://matthewhldc.wordpress.com/2013/12/13/blockbuster-the-next-step-in-high-street-evolution

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### The University of Oxford (OXIRM) findings on the state of UK’s retail places June 2013

Their research focused on the following questions:

- **How are retail places different from each other?**
- **What differentiates the country’s 1,300 High Streets?**
- **How have the country’s High Streets changed?**
- **What does this tell us about the future prospects for High Streets?**

By Matthew Hopkinson

http://localdata.squarespace.com/storage/The_State_Of_UK_Retail_Places_Summary2.pdf
occurs with other fascia too where a new retailer to an Eat Midlands town will be paying a rent considerably in excess of what Blockbuster was paying – they are happy and the landlord is delighted!

This month is the big ‘watch’ month for retail and the wider economy. Don’t be fooled though as the consumer based on their ‘needs and wants’ will play a waiting game to get what they want at the price they will pay for it. The one thing that you cannot quantify is service and customer loyalty built on another often misused word – community!

The Deloitte Consumer Review Reinventing the role of the High St. Interesting report, with lots of useful High St related links in the ‘Notes’ section.

Business Rates – Tax or Subsidy? This week has seen another report on our high streets, this one from Ken Shuttleworth (The Gherkin architect) and others along with the BIS Select Committee stating that business rates are ‘not fit for purpose and need a complete overhaul’. This follows on from other reports of which the “Grimsey Review”, through solid evidence based research, in its 12th recommendation stated ‘The business rates system needs a root and branch review to establish a flexible system that will reflect changes in economic conditions as they occur’. The facts as detailed in the Grimsey Review are as follows;

In England there are 471,000 shops in the rating list with a total Rateable Value of £12.778bn giving an average Rateable Value of £27,130 meaning business rates payable of circa £12,750 p.a. In 2012 before reliefs, the total yield was £25.730bn. Bricks and mortar retailers, therefore, account for approximately 23.34% of the total business rate yield.

Mary Portas’ review of the high street in December 2011 also highlighted the issue of business rates in three of her recommendations:

6. Government should consider whether business rates could better support small businesses and independent retailers
7. Local authorities should use their new discretionary powers to give business rate concessions to new local businesses
8. Make business rates work for business by reviewing the use of the RPI with a view to changing the calculation to CPI

The BRC commissioned E&Y to carry out a review which also recommended fundamental review. So to say that there is a groundswell of opinion in favour of change in business rates would be an understatement.

You may be thinking by now what a bizarre title I have given to these thoughts. Business rates – tax or subsidy? All will become clear later when I look at other sectors and the thorny issues that lie behind such an established and antiquated revenue generator for government. In addition whilst little has changed with the business rates system it should not be forgotten that c. £25m has been spent on town centre initiatives but the big question to what effect. The BIS Select Committee highlighted how government has been unable to provide details for how much of the £2.3m allocated in support of Mary Portas’ review has been spent and to what effect. For those shouting back Percy Pig (Dartford) I think we need more solid evidence across the whole grant. Was this money for the people to be spent by the people or for the people but to be spent by the council?

Various issues lie at the heart of business rates and I hope to set out a few of them in layman’s terms below as otherwise it is very easy to get lost in the detail and the numbers.

It is a five-year taxation system based on property. The last review was effective as of 2010 but with values based on 2008 data. As you will be aware a lot has happened since 2008 including a fourfold increase in vacancy rates along with thousands of retail administrations. Five years is a long time in retail and the market has rebalanced significantly towards shorter lease lengths, more incentives so less clarity around the real rents being paid along with the birth of the omni-channel environment (bricks and clicks).

The issues that we face today are long-term structural issues that many should have seen coming back in the 1980s let alone since 2008. Many organisations have witnessed the declining footfall in our town centres and for whatever reason chose not to publicise the fact that many towns were in decline. I am not here to allocate
blame but you only have to look at the reaction we (The Local Data Company) had when we first started publishing shop vacancy rates by town back in 2009. Many thought this was a blip and were like ostriches with their head in the sand. Attempts to rubbish the LDC data were soon proved to be impossible based on our physical verification in the field and the use of the Government’s retail core definitions. Some of these organisations ‘watched the fire burn for many years and then have sold themselves into government as the best fire brigade to out it out!’ Some of the key facts are:

• The growth of large shopping centres and retail parks starting back in the 1980s with Brent Cross and followed by many others – Lakeside, Trinity Leeds, Liverpool One, Trafford Centre, Cribbs Causeway. There are now circa 80 of these mega ‘new’ centres.
• Rise of outlet centres in out of town locations. Bicester Village is the most successful example.
• For every 1m built in town 4m has been built out of town.
• Thousands of new homes have been and continue to be built on greenfield (out of town) locations away from existing town centre services.
• Rise of the internet to over 13% of retail sales.
• Rise of pure online players such as ASOS, Amazon and Ebay.

Dominance of supermarkets in terms of retail spend and their growing dominance in the non-food retail sector.

Cost. What is the true cost of administering this tax? There are hundreds of Valuation Office surveyors and offices employed to deliver the rateable values. On top of this many firms make a living from challenging these values so what is the real cost of administering business rates when you take into account administration, reviews and appeals?

North vs. South divide. If you track the LDC data trends or attend our summits you will see that there is a north vs. south divide when you look at vacancy rates (a key factor, along with rents, when calculating the rateable value at a point in time). As such the recent government initiatives could be argued to accentuate this further. For example I may be a shop owner in the north of England with a rateable value £51,000 (or £13,000 if I want business rate relief which starts below £12,000) but the values that these incentives are based on are flawed as they are based on the 2010 data which may mean that my true business rates value should be £49,000 (qualifies for the recent £1,000 relief) or £11,000 (qualifies for small business rates relief). The opposite may be true in an affluent town in the south of England where my business rates may be £49,000 but should actually be £59,000 or £15,000 instead of £11,000. This is the reality in terms of vacancy rates and rents and you can therefore see why those struggling most may not see these incentives.

Councils. Councils have the authority to reduce business rates but many have chosen not to do so. You cannot blame them as at the end of the day they are cutting their income, which will have impact elsewhere. Where many are already cutting c.20% of their budgets they are keen not to cut further. This is where politics gets in the way further and will be more apparent as we head into local elections in May and the general election next year.

The question I have is ‘how can anyone attempt to change or review a system without a comprehensive and credible evidence base that details down to each shop what has changed since 2008?’ Rents, a key part of the business rates calculation, are based on supply and demand. In my world I look at this from analysis of vacancy (volume and persistency) and occupational change.

The work we have done with University of Oxford, University of Liverpool and University of Stirling shows the significant changes in diversity and tone which ultimately are creating the issues many, if not all, have with the current business rates system.

Coming back to my title the provocative thoughts to leave you with are that basic economics drives consolidation of production and distribution to fewer locations. This has been the case with industry for a long time but it is only now that we have seen this with the consumer as technology for both the consumer and the retailer have reached a level of capability not seen before. The future of our towns is therefore at a crossroads and for many there are not many economic facts currently in their favour especially business rates. With farming we have subsidies and with new residential development we have affordable housing so
**High Street**

**Summary of Document**

Is now the time to introduce some similar subsidies to keep businesses and life in our town centres or is it just natural progression where survival of the fittest is all that matters?

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**Can small businesses save the High Street?**

The future of Britain’s high streets has been a hot topic ever since the recession hit. Amid claims that e-commerce and out-of-town shopping centres are killing the local high street, attempts have been made to revive it.

Mary Portas led a government-backed initiative to revitalise selected towns and cities in the UK, while retail veteran Bill Grimsey has been championing variety. Grimsey believes that developing local communities with varied leisure, residential and hospitality facilities will increase footfall rather than simply provide more shops. To do this, a significant change to business rates, parking charges and bank lending would be required – problems that resonate with many businesses today.

But, what do consumers actually want to change and what impact would this have on small and mid-sized businesses?

We launched a report with Kantar Retail asking shoppers what would bring them to their local high street more often. Overwhelmingly, we found that 71% wanted greater choice of independent businesses, suggesting that SMEs have a big opportunity to boost local commerce. Following the rise of online retail in recent years, 42% do like the convenience of online shopping, but more than half still prefer the in-store experience.

This indicates that online heavyweights won’t put physical stores out of business anytime soon, contrary to recent scaremongering that has suggested otherwise. While this is good news for SMEs, giving customers the option to shop online and in-store should be the key thing to take away from this.

Another important aspect to consider is technology, which has changed the retail experience in many ways. Look at the rise of self-service machines in recent years. Whether you love them or hate them, consumers are looking for a more personalised experience. This is even true for online retailers, as nearly half of shoppers would like them to have physical stores, so they can touch and

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**Guardian Professional**

21 February 2014 —

technology that businesses must embrace, it seems that the back-to-basics approach of having physical stores and specialist staff on hand is critical. Consumers want to connect emotionally with the brand, talk to experts and see and touch products. They also want more bang for their buck, so SMEs must consider how to make their offer stand out both on and offline to deliver better value, quality and customer service. By responding to what customers want, they can boost footfall and local commerce.