

The future of the High street – on-line or bust

Christmas has been and gone and the retailers are in full swing reporting on their joys and woes. With a few exceptions it seems that most of the woes are from the high street and most of the joys from the online trade. Although not reaching the 40% + growth predicted by some analysts 2007 was still a very good year for e-tailers.

So is the demise of the High Street on the cards. Well no. Despite the hype, the internet in total still only accounts for between 4% and 6% (depending on what you include) of retail sales so it has a long way to go before it takes over. But change is inevitable.

Some sectors are still more suited to on-line selling than others. CD's and DVD's are an obvious example of products that suite the web and electronic goods have been one of the fastest growing categories. Books might appear to be similar but people still like to browse and clothing continues to be a more difficult on-line sell, except for the discount sector. Anything that is an impulse buy or needs the touch and feel to close the sale presents a problem.

Some have predicted that the High Street will become a showroom where shoppers choose the products they want to buy and then use the convenience of ordering on-line with home delivery to make the purchase. To some extent this is already happening particularly with electricals. The problem for retailers is that it may not be the ones with the 'showroom' that end up getting the sale.

So how will the High Street be funded? It seems inevitable that the manufacturers will have to step in. Increasingly we will see the major brands opening their own stores – not to sell but to demonstrate and display their products. In fact its already happening with the likes of Nike and Apple opening more sites. Smaller brands may have to use multi-user stores to share space and its possible that retailers, who currently own the High Street, will offer this as a service to their suppliers – at a price.

One of the biggest threats to the High street may in fact come from Web 2.0. As on-line communities grow and product comparisons sites become more feature rich we may end up simply buying on the recommendation of others.

So the High Street is hear to stay for some time yet but it is set to look and feel very different in the future and the question of who pays for it still needs to be sorted out. In the meantime, Happy Shopping.

Web Shorts

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