

Why the High Street should better harness digital technology – inside its shops

It has become almost fashionable to predict doom and gloom for high street clothes shops. And the outlook can indeed seem bleak. The British firm Next [announced a slide in profits](#) for 2017, which its chief executive described as the toughest 12 months in the last 25 years. [Jobs are at risk](#) at the Select chain, and New Look is [closing stores](#).

These events reinforce the view that the very act of “going to a shop” may be in terminal decline. But the retail landscape is more complex and resilient than it might seem – and profitable business opportunities are still up for grabs.

Recent challenges facing retailers have included [uncertainties surrounding Brexit](#) and a decline in consumer confidence. Then there is the rising cost of imported merchandise, employment and business rates. Online competition has fundamentally changed the profitability of physical retail stores.

But the problems go back further than this. The [financial collapse in 2007](#) affected consumer spending and, over a number of years before and after that, retailers were faced with the high location costs of long term leases on their shops.

The dangers of over-expansion go even further back. Next was particularly ambitious when it launched in the 1980s, with innovative stores, carefully chosen clothes ranges, and the Next Directory, which offered a new and stylish approach to catalogue selling.

The fashionable lifestyle promoted by Next was popular – and led to opportunities to rapidly extend the company’s number of stores. And it was relatively easy for Next and its rivals to bid for new sites. Out of town stores, retail parks and regional shopping centres provided other opportunities to conveniently do the weekly shop by car and combine it with leisure time. Cathedrals of consumption provided new hedonistic experiences. Public spaces from museums to railway stations were filled with retailers, cafes and other services. Shops and shopping became ubiquitous.

However, maintaining the distinctiveness of a retail brand, and its continued appeal to loyal and new customers, requires considerable attention. In part, the current decline is due to the complications of being different, while maintaining a consistent brand identity and being agile enough to deploy resources to meet new challenges. Investment in logistics and IT systems is not very exciting, but it enables the retailer to respond faster and more accurately to consumer demand. The successful fashion label [Ted Baker is testament to this](#) after spending big on [new infrastructure and distribution](#).

When competing with online orders that can be delivered in a day, timeliness is even more significant. But chasing sales, rather than a distinctive position in the market, has contributed to the erosion, or even the collapse, of some brands. For those retailers not competing purely on cost (as shops like Primark do) consumer experience provides some answers to those asking what to do with the shop. Stores can be reorganised to appeal to the consumer who is

weary – and perhaps wary – of buying more things. People are increasingly interested in spending their money on experiences instead of possessions. Next is reportedly [considering offerings](#) including spas, Prosecco bars and hairdressers. But here is the rub: these too need to be distinctive. A future high street full of similar experiential offerings will just replicate the problems faced today.

Fresh ideas

Instead, retailers may need to look towards more innovative solutions. [Pop-up stores](#) and concessions can maintain consumer interest and offer a degree of flexibility when fashionable experiences move on. Another less developed route would be the use of technology to communicate with customers in ways that merge the physical and digital worlds. Interactive screens, video displays, virtual reality devices and holograms all offer a wide range of opportunities to engage with consumers.

The content can be easily changed and adapted in windows, on interior walls as well as on standalone screens positioned around the store. The screen can even interact with customers through their own mobile devices. Promotional and merchandising activity can be personalised and quickly updated or slowed down to make the stay in the store a more relaxing experience. Finding ways to use the digital world *inside* the store – getting it inside rather than fighting it – can offer a longer term solution for a distinctive and competitive high street.