

Change in the High Street

I am a man who likes going to the shops. It is good to see the merchandise, look at how the stores present and price their products, and be able to talk to the staff about the rival claims and characteristics of items on display. When buying fresh vegetables and fruit it is good to choose the items in person. When buying clothes it helps to try them on before purchase. I am well aware I need to buy some things from my local convenience store on a regular basis if I want it to be there in future when I need an item in a hurry. I am also busy, so I find the internet is a great way to buy things I already know about. I can buy them quickly at any time of the day or evening, any day of the week, often at good prices.

Collectively we consumers are voting for more and more of our buying by internet. The market share of mail order never got much above 10%. Internet purchases are now fast approaching a quarter of all things bought from retailers, which is taking a large chunk out of the turnover of traditional High Street stores that rely on sales through their shops. As a result some High Street chains and individual shops are struggling to compete and survive. The big brand retailers that have developed a good internet offer alongside their stores, and have learned how to use internet and shop together to meet customer demands, work well and are still profitable.

The recent decision of Mr Ashley to re brand House of Fraser as the Harrods of the High Street, seeking to trade from most of the old House of Fraser units, will be a bold challenge. Can he find the right merchandise at the right prices for these stores? Can he train and maintain the right expertise and customer friendliness in the staff so people come back to the stores? Will he be able to add an on line offer and approach that is complementary to the shops?

The Treasury has done its bit to hasten the decline of the weaker shop groups by combining high business rates on retail premises with demands for National Insurance on higher wages (wage rises which are needed), and new pensions and training levies that raise the staff costs more for the traditional retailer than for the internet competitor. I hear the Chancellor sounding off about imposing an extra tax on the internet competitors on the principle that if it is working and going well let's tax it. I don't understand why he thinks we need to tax business more when you can never have enough successful business. He would be better employed working out how to get the tax burden down on the High Street, than on thinking up plans to tax the successful newer businesses in ways which may discourage their investment in the UK.