

Retail growth and shop distress

In the USA and in the UK there has been great growth in internet retailing, overall growth in retail sales, and some hard knocks for some traditional retailers. In the US levels of distressed debt for retail companies, and the rate of bankruptcies is high against a background of an expanding economy and growing disposable incomes. In the UK too there have been some recent casualties, traditional High Street shop sales overall are disappointing, and internet sales are growing well.

Some say the playing field is not level. The traditional retailers of course need shop property and plenty of in store staff which the web retailers do not need. That is their choice, and they are trying to persuade shoppers that works for them as well. It also means they have to pay more tax, incurring substantial property taxes on top of their additional cost base. Critics of the success stories of the digital age often allege the main companies do not pay a high enough tax charge.

The EU is saying it wants to make internet shopping dearer by imposing a turnover tax on digital companies on top of other taxes. Some say the internet companies need to pay some additional levy to allow for the property taxes they do not have to pay because they are on a different business model. Some traditional shop groups would just like some rate relief, to make it a bit easier for them.

I am inviting contributors to say what they think should be done, if anything? Is it just a case that the internet model has many attractions which will continue to win market share? Why do some large shopping centres attract more footfall than High Streets? What is the role of parking charges, access and the attitude of local government in settling which types of shops and shopping are popular, and which are in retreat?