



From GOOD BUY to GOODBYE?

KATE ANDREWS
on the challenges facing
Britain's high streets

Generally speaking, it's good practice to leave the past in the past.

But sometimes it's inevitable you'll look back, especially when the cold facts of last year could shape your following year – and the years to come.

This is the position the high street finds itself in, as reports of retail sales were released this January for 2018, published by KPMG with the British Retail Consortium.

The figures are bleak, highlighting a poor period of Christmas trading and raising yet more questions about the future of consumption and the value of bricks-and-mortar shops to British customers.

Some have argued that the stagnation in retail sales is a symptom of the Brexit negotiations – which, regardless of your stance on the topic, has admittedly been a bumpy ride.

There may be some truth in this – businesses despise uncertainty, and it can affect the habits of customers as well.

But to frame the high street debate in the context of Brexit is to overlook the major driver of last year's Christmas downturn: the rise of online shopping, which has transformed the way customers consume goods, throwing a spanner in the works for our traditional way of life.

Online shopping is convenient, efficient, and an extremely effective way of getting your goods or presents from point A to point B.

Understandably, customers like it – and are indicating to us through their choices in the market that online shopping is the way of the future.

'One in every five pounds spent in UK shops is now online,' according to the *Daily*

Telegraph – a record that is only set to increase.

And while some traditional high street businesses are feeling the benefits too (online sales for Marks & Spencer increased by 14 per cent in the weeks leading up to Christmas), they are still taking a hit from the decline in in-store purchases.

As the overall picture looks increasingly bleak for physical shops, it is understandable that frustrations with Britain's tax system are on the rise.

An outdated system of business rates and prolonged failures with corporation tax do put high street shops at a disadvantage, and these should be addressed for the sake of businesses and consumers alike.

Indeed, it seems inconsistent (and a product of a tax code behind the times) that online giant Amazon was revealed earlier this year to have paid

only £63m in business rates in 2018, despite reporting UK sales of close to £9bn.

What we must avoid, however, is a race to the bottom for all retailers.

Rather than dragging Amazon into a tax war with John Lewis, business rates need to be overhauled and reformed, to allow shops to become increasingly competitive with the newer, mainly online options.

The high street won't find salvation by fighting a losing battle against online shopping. Nor is there a fixed, one-size-fits-all model for what the high street should look like. Transforming to cater to the local needs of residents is the most certain way to keep high streets vibrant places.

But it should be the market, not the state, that determines whether it's shops, restaurants, cafes, experience-driven outlets, or more homes that occupy this space – and it must happen organically, not through a government-led drive to pick winners and losers.

Last year's Christmas figures should be a warning to the high street, but let's refrain from panic.

The goal should be to have the best options for consumers at their fingertips, and this surely will involve the high street in new and innovative ways. The real mistake would be to treat them, and protect them, as if they are relics of the past●

Kate Andrews

Associate Director
Institute of Economic Affairs
kandrews@iea.org.uk

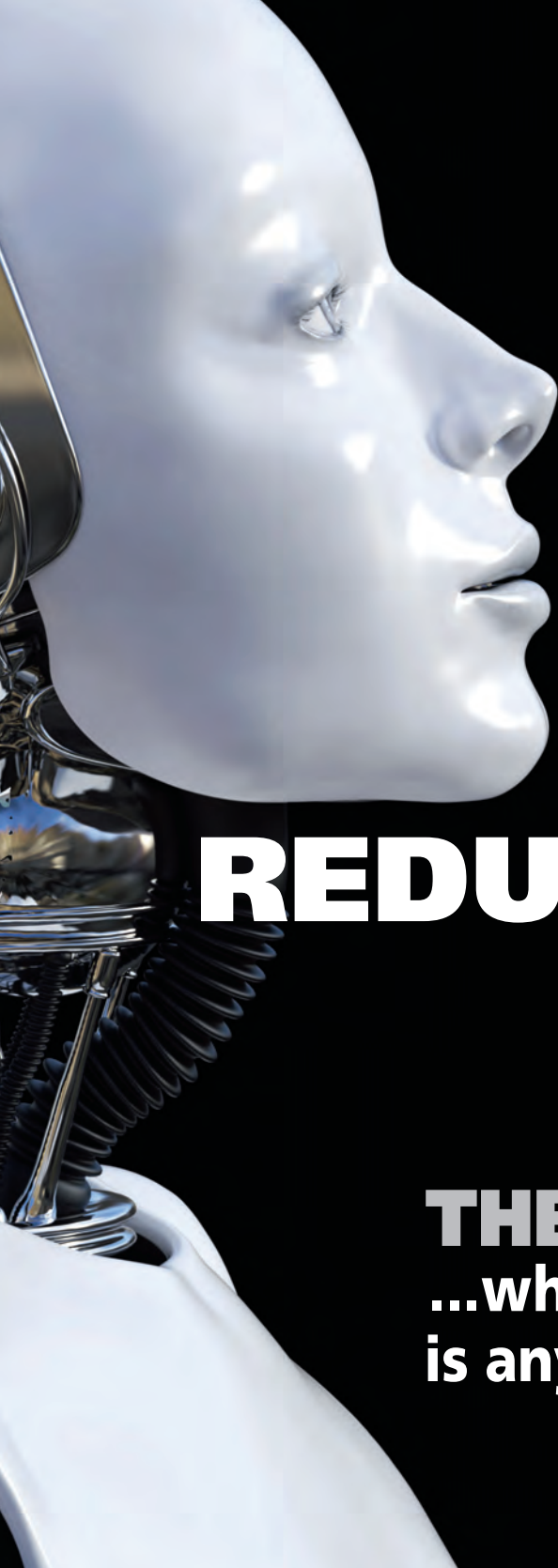
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