



By: *Harvey Morris*

Can the 'nation of shopkeepers' reshape the retail sector?



A string of shop closures scheduled for this year is adding to the woes of Britain's once-busy high streets and highlighting the challenges facing a struggling but evolving retail sector.

The latest high street retreat by both chain stores and independent retailers will add to the almost 13,500 permanent shop closures in 2024, an almost 30 per cent increase on the previous year. In the process, 170,000 jobs were lost.

The Centre for Retail Research, which **provided** the figures, predicted worse was to come in 2025.

'Permacrisis' was how the UK-based CRR previously described the dilemmas confronting global retail since the world financial crisis of 2008 and hugely exacerbated by the widespread lockdowns that accompanied the Covid-19 pandemic.

It stated that post-pandemic consumers had "got out of the habit of high-street shopping or even visiting a store."

A related phenomenon of the post-Covid recovery is that British consumers have stuck with the online shopping habits they picked up during the lockdowns even more enthusiastically than their American and European counterparts.

Online shopping

Even before the pandemic, internet purchases already accounted for one in five UK sales, rising to a record 37 per cent in February 2021 before falling back as stores reopened.

British shoppers have nevertheless stuck with the trend, making the UK the most active digital market in Europe with 30 per cent of sales made online, **according** to the latest official figures. A majority of consumers now make at least some of their purchases digitally, around half of them using their mobile devices.

That is potentially more bad news, however,

for the traditional high street, the ultimate demise of which has long been foretold.

Among the household names that will be closing some of their conventional outlets in the coming year is the venerable W H Smith, founded in London in 1792. The company has **revealed** it may sell its entire 500-shop high street chain, which markets books, stationery, periodicals, and other goods, to focus on its more profitable international travel business.

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It is not just the big names that are cutting back. The CRR's research director, Professor Joshua Bamfield, **told** The Guardian that if, as expected, last year's rate of closures were matched, some 80 per cent would be of independent retailers.

If pandemic closures pushed many small shops to the wall, then a continuing cost of living crisis has put pressure on businesses great and small that rely on footfall in traditional town centre shopping districts.

UK retail sales were worth £517 billion in 2024, with shoppers spending 39 pence of every pound in food shops, far ahead of spending on clothing, household goods, and vehicle fuel.

But sales dipped towards the end of the year in a trend that extended into 2025. Even internet sales volumes shrank despite the public's embrace of digital transactions.

Rising costs and shrinking margins

Businesses predictably blame their problems on rising costs and shrinking margins within a sluggish economy. A particular bugbear has been the scale of business rates paid by high street outlets.

In the October budget, Chancellor Rachel Reeves **committed** to lower rates to enable stores to level the playing field with their online rivals. A bill to that effect was introduced the following month, with proposed permanent cuts extended beyond retail to the hospitality and leisure sectors.

Looming trade wars aside, such measures mean that some of UK retail's current problems are technically solvable within the scenario of a long-awaited economic recovery.

But even that will not automatically mean a return to the half-remembered good old days of bustling high streets and crowded markets. With notable exceptions, they are already long gone, though lamented daily in online nostalgia forums, including those alleged to be fed by Russian trolls.

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The present reality, long in the making, is that what retailers like to call the 'shopping experience' altered inexorably even before online buying became the new norm.

Planning regimes that favoured malls, out-of-town shopping centres, and designated urban retail hubs focused on large-scale providers such as the major supermarkets.

In the process, the regular round to the butcher, the baker, the vegetable stall, and the hardware store became a one-stop shop.

Retail wastelands

Coupled with a more recent cost-of-living crisis, felt more acutely in some regions than others, many of the UK's shopping streets have become retail wastelands, with few product-providing newcomers to fill the gaps.

A recent cartoon in the UK satirical magazine *Private Eye* **shows** a couple reflecting that "It's nice to see a bit of variety coming back to the high street" as they pass a row of shops that includes two nail parlours, a vape store, and a tanning salon.



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It is not just inveterate nostalgics who lament the loss of community focus and cohesion in areas that have not only lost their local shops but also experienced a decline in other public facilities such as libraries, youth centres, and entertainment spaces.

Although times have changed, there is still an opportunity to stop the rot. And who better to do so than a 'nation of shopkeepers,' amid signs that the UK could emerge as a retail innovator?

Despite the setbacks, retail remains the UK's largest private sector employer, with almost 3 million workers. But more of those jobs may be on the line as businesses look to cut costs by embracing automation and AI at the same time as creating more consumer-friendly shops.

One supermarket chain has already opened its first checkout-free store in London as part of a trial in which AI-powered cameras track what customers load off the shelves and debit their card as they leave.

Similar devices are already being used to determine stock refills and spot how customers interact with products. Other

stores are using technology to improve the advantages of click-and-collect services.

A number of retail digital innovation hubs are meanwhile focused on helping developers and disruptors to update the high street. They are testbeds for AI, 3D scanning, and drone delivery technology and - perhaps more creepily for the average British shopper - holographic virtual employees.

How robots might respond to a current upsurge of shoplifting afflicting UK stores - 55,000 thefts a day - is yet to be explained.