

September/October 2012

## Retail sales results: what future lies in store for high street shopping?

It's September. Retailers are announcing their half-year sales figures; has there ever been a wider gulf between success and failure?

The fact that UK retail sales fell by 2% over summer is no real surprise. The decrease was predicted by economists and has been labelled 'the Olympic effect'. We were all too busy watching a summer of sport on television to go out shopping!

What was surprising, though, was a corresponding drop in online sales. Turning on the telly meant turning off the computer! For a long time now, online has been seen as a growth area of retail. As the financial downturn continues, just what kind of future are high street shops facing?

At one end of the spectrum is HMV. The troubled music store saw business slump further over summer with sales of CDs and DVDs continuing to fall. Somehow, amidst all the gloom, the company remains optimistic, partly because it now sells new technology such as tablet computers, and this part of the business is doing well.

At the other end of the spectrum is the world's largest clothing retailer, Inditex, which has seen an impressive rise in profits. "Fast fashion" offers affordable versions of new styles swiftly brought into stores from the catwalk. HMV has closed shops; Inditex, which owns Zara, has opened new ones.

Earlier this month, Inditex launched an online operation in China. This month, a new report on high street shopping sees the town centre of the future as being a hub for customers to pick up products ordered on-line. Will the future be 'click and collect'?

I happily buy my records, DVDs and books online, sad though I feel for stores like HMV and the dying bookshops. However, I'm never going to buy my clothes that way. Whether we choose to leave our warm houses and venture into the shops or not, the future of the high street seems certain to change. And shopping on-line is unlikely to go away.

Areas to discuss with your students:

What do you buy in the high street, and what do you order on-line?

Which shops are doing well, and which shops are failing?

What do you think will happen to the high street in your country?

Sites you may wish to visit:

<http://www.bbc.co.uk/news/business-13977255>

<http://www.bbc.co.uk/news/business-19645749>