

Ecommerce: for the Economy & Fair Work Committee

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The economy and Fair Work Committee is in the process of providing input to Parliament on the changing nature of the Scottish High Street and how other mechanisms for commerce operate.

This represents a major component of any national strategy around digital. Its relevance to any national strategy is that, unlike a Unicorn strategy, this could immediately benefit hundreds of thousands of small and medium sized businesses.

This document summarises where and how trade takes place. It recommends that more be done to equip Scottish businesses with the knowledge, understanding & skills necessary to take best advantage of the rapidly changing nature of commerce.

Town Centres

e.g. Airdrie, Coatbridge, East Kilbride, Ayr

Example bricks & Mortar shop types for the [~479 Scottish Towns](#) (excludes Glasgow, Edinburgh, Aberdeen, Dundee):

- **Food & Drink:** Restaurants, Cafes, Takeaways, Fast Food, Bars, Pubs, Nightclubs Off-licences
- **Artisan & Speciality Food:** Bakeries, Delis, Butchers*, Fishmongers, Local produce
- **Health & Beauty:** Hairdressers, Pet-Grooming, Nail bars, Opticians, Tattoo studios, Tan salons
- **Convenience:** Mini-supermarkets, Corner shops
- **Professional Services:** Solicitors, Estate Agents, Accountants, Dentists & Doctors
- **Others:** Gambling shops, Pawnbrokers, Charity shops, Pound shops, Banks, Vape-shops, Repair shops
- **Shops partially affected by Ecommerce:** Pharmacies*, Gift & Cards shops*, Children's clothing*, Butchers*

"Ecommerce" continues to be used as a scapegoat for poor "high street" performance. In reality, less than 10% of "town centre" business units actually sell products that could compete in "Ecommerce". This is something you can see yourself by going to Google Street View (you can use the date picker in the top left to go back in time as far as 15 years for some locations) and navigating through any of the ~479 Scottish town centres.

According to Google Maps the **vast majority of non-food/drink business units close at 5:30pm** which means it's near to impossible for most people in full-time employment to visit most businesses during the week.

"Town centre" business units are moving towards services, experiences and products that are less-viable via Ecommerce. (You'll see this via Google Street view by going back in time).

While Ecommerce only has a minor impact on traditional "Town Centres". The problems faced by town centres are more due to e.g. opening times, parking, and supermarkets plus other high traffic businesses relocating to retail parks.

All businesses (especially [Restaurants](#), [Retail](#), [Services](#)) should be using [Google My Business](#). Those involved in retail should be using the many free Google product listing services e.g. [Google Free Listings](#), [Google Pointy](#) etc.

* denotes businesses affected by Ecommerce. While Butchers are partially affected by Ecommerce, this only really affects local sales as national delivery is usually priced too high e.g. <https://www.scollinsandson.co.uk/about-us/delivery-information/>

City Centres

Applies to larger cities i.e. Glasgow (~640k), Edinburgh (~500k), Aberdeen (~210k), Dundee (~140k)

These have larger, more prestigious brands, tourist shops and department stores when compared to Retail parks.

Unfortunately this also means that City Center's are adversely affected by Ecommerce to a much greater extent than "Town Centres".

City Centre footfall is also in decline, due to:

- fewer people working in city centres post pandemic;
- people trusting Ecommerce and the convenience it brings;
- expensive parking;
- early closing times (5:30pm) relative to retail parks;
- **Retail Parks** offering (almost all) the same brands, being open until approx 9pm, providing free parking, a safer shopping environment, mostly under-cover or a short dash from the car, having quick/easy click & collect, easier access from motorways, plus customers can usually do their weekly shop and fill up with petrol while at the same location;

Retail Parks & Shopping Centres

e.g. Braehead, Silverburn, Glasgow Fort, Parkhead Forge, Faraday, The Gyle, Fort Kinnaird

Retail parks and shopping centres (usually on the edge of town) are the real cause of "retail" footfall declining in "town centres".

According to Google Maps these are usually **open until 9pm or later** during the week and are where consumers head after work due to then being a one-stop-shop for shopping, petrol, restaurants and the weekly shop.

Most high traffic supermarkets have abandoned "middle of town" locations and this traffic now forms the core of many retail parks as "[almost half of all Brits \(48%\) choose to do a big shop to see them through the week](#)".

Retail park units are usually much larger than "city centre" or "town centre" units.

Example businesses in these retail parks and shopping centres are:

- **Large Supermarkets**
- **Fashion, Sports & Outdoors** e.g. Next, River Island, Superdry, Fat Face, Schuh, TK Maxx, Halfords, Outlet stores e.g. Adidas/Nike
- **National Retailers** e.g. Chisholm Hunter, Beaverbrooks, Boots, Waterstones, Pandora, Lush
- **Electronics** e.g. Currys, PC World, Argos, White goods stores etc

- **Home & Garden** e.g. IKEA, Dobbies, B&Q
- **Food & Entertainment** e.g. National Restaurant Chains, Cinemas
- **Others** e.g. Arts & Crafts, Pet Food stores, National Travel Agents, Bingo

“Ecommerce” directly competes with all retailers in “Retail Parks”, however almost all retailers in retail parks have mature Ecommerce presences with Omnichannel strategies in place (e.g. Click & Collect, Pickup from Store).

Ecommerce businesses with Omnichannel strategies and physical stores will almost always outperform 100% Ecommerce businesses (e.g. only selling online with dispatch from a warehouse).

While Ecommerce affects retail parks, it actually compliments it as retailers Omnichannel marketing (e.g. via Google My Business, Google Local Inventory Ads, Google Local Ads etc) drive footfall to the retail park (or shopping centre) which lifts the “tide” for all businesses in the retail park.

It's worth noting that Amazon is a huge competitor to non-fashion retailers who sell products with smaller physical size/weight.

Industrial Parks & Trading Estates

e.g. Birkenshaw Trading Estate, Hillington Park

These tend to be focussed on bulkier items or trade related items e.g.

- **Furniture & Bedding** e.g. Furniture, Sofas, Carpets, Beds, Lights, Bathrooms, Kitchens
- **Electronics** e.g. Currys and bulkier White goods stores
- **DIY, Garden Centres & Trade Specialists** e.g. B&Q, Screwfix, Plumbers, Electrical, Timber, Builders merchants
- **Car Dealerships**

Like retail parks, Ecommerce affects industrial estates also, however to a lesser extent due to trade buyers needing things asap and consumer “showrooming” as part of the buying process for expensive/bulkier items.

Again retailers omnichannel marketing drives footfall to the industrial/trade park which lifts the “tide” for other (neighbouring) industrial park units.

Ecommerce

Ecommerce “usually” refers to products purchased via Ecommerce websites or online marketplaces. “Ecommerce” **is not a magic bullet** for all businesses.

B2C “Ecommerce” works best:

- for non-bespoke products;
- with high stock availability or drop shipping available;
- having margins of >20%;
- with any or all of the following:
 - high search engine search volumes with either good SEO positioning or Paid Search;
 - high levels of brand marketing (e.g. Display Ads, Video Ads, Paid Social, Influencer/Affiliates);
 - high marketplace visibility or paid listings (e.g. Amazon, eBay);

- high brand awareness from:
 - national high street stores;
 - traditional marketing e.g. TV Advertising;

Ecommerce business with physical stores will almost always outperform 100% online Ecommerce businesses due to:

- high brand awareness from stores on the high street, in retail parks or trading estates;
- historic traditional marketing e.g. TV/radio;
- ability to offer products available for pickup (immediately or next day) with Click & Collect;
- sales and brand awareness from in-store customers means improved Customer Life-time Value (CLTV) due to trust, brand awareness and recurring email marketing;
- lower unit cost price and potentially more margin due to purchasing in greater volumes for stores and online;

Conclusions & Recommendations

1. For too long the term “High Street” has been used as a catch-all term for all traditional retail via “Bricks & Mortar” stores regardless of location. This is an overly simplistic way of thinking about the changing nature of retail as it ignores the nuances which are present with existing “Bricks & Mortar” retail e.g. town centres, city centres, retail parks, industrial trading estates. All require different strategies.
2. Consumer buying behaviour has shifted to:
 - a. researching products, prices & reviews online;
 - b. checking which shops sell them locally;
 - c. looking for in-store product availability plus driving directions before going to shop;
3. “Direct to Consumer” (D2C/DTC) and stronger brand marketing has meant consumers are searching for specific brands/items and don’t want to browse around a series of shops to find something that catches their eye. The exception to this is the “fashion” sector due to sizing (for brands customers haven’t bought from before), material (feel) etc.
4. Google provides lots of free tools to engage with shoppers at key moments in their buying process or when finding local suppliers. All high-street businesses should ensure that they’re taking full advantage of all of these services which allow them to reach potential customers at these key moments. Some of these tools are: [Google My Business \(free\)](#), [Google Free Listings](#), [Google Pointy \(free\)](#), [Google Merchant Center \(free\)](#), [Google Ads \(paid\)](#) etc.
5. Many items produced in Scotland (salmon, oil, gas, ships) are unsuitable or difficult (spirits) to sell via Ecommerce.
6. The progressive shift to online trade will increasingly favour the large and dominant online suppliers from the UK. Scotland’s balance of trade will be increasingly negatively impacted. While Scotland has 8% of the UK population it has a very much smaller proportion of the online supply chain due to low awareness, poor skills or weak understanding of the topic.
7. A national training programme showing high-street businesses how to make best use of online mechanisms to help them promote and sell products & services should be undertaken. It is essential that this be defined and directed by hands on expert practitioners rather than consultants

or training companies.

8. Providing the entire buying process happens online with delivery by an environmentally friendly courier, then **Ecommerce is (usually) more environmentally friendly** than the traditional retail buying process (involving a car).
9. **Online Returns:** we're not aware of any tax at the moment, however e.g. £1 environmental/green tax could be charged to all Ecommerce sellers per "returned package" (no matter the reason). This could be added as a top-up to the environmental budget e.g. SEPA.