

A Scoping study of Contemporary and future Challenges in the UK Retail Sector: Synopsis

INTRODUCTION

The UK retail sector is a significant force in the economy, accounting for six per cent of GDP and one in nine of the workforce. However the current economic environment of slowing growth, rising costs and greater competition presents retail management with a diverse range of challenges.

As part of an on-going project to promote closer links between the business community and academia, the ESRC commissioned a team of researchers from the Advanced Institute of Management (AIM), to identify the priority concerns of retailers and to explore the extent to which academic research has helped build knowledge and expertise over the past five years. The report also highlights management priorities which have not yet been addressed by management research.

Analysis of data from face-to-face interviews with 14 key industry professionals and commentators suggests that the challenges facing the retail sector can be grouped into nine broad themes. However, although many of the topics have been addressed in recent research, they have not always been easily accessible to a business audience. The AIM report on Contemporary and Future Challenges in the UK Retail Sector is designed to raise awareness of the body of relevant research which exists and to explore ways to improve the match between future research and the needs of the sector.

THE CHALLENGES FACING THE RETAIL SECTOR

RETAIL SALES PRODUCTIVITY AND INNOVATION

Understanding what drives productivity and retail failure has serious implications for retail strategy. Retailers need to know how sales productivity relates to floor space growth and how innovation can improve the shopping experience and reduce costs. There is also a need for international comparisons with clear implications for retailers and competition policy.

RETAIL PLANNING ISSUES AND THE EFFECT OF DEVELOPMENT ON LOCAL ECONOMIES

The activities of retailers continue to be a source of controversy among customers and in the media. In this highly politicised area there is a demand for independent research into the economic and social impact of shopping centre and store development in relation to urban regeneration, local retailing and the notion of the “community.” The effectiveness of planning policy and understanding customer perceptions are other areas of concern.

INTERNATIONALISATION – UK RETAIL AND THE GLOBAL ECONOMY

Although there is a solid bank of multi-disciplinary academic research in this broad topic there is a demand for further work on topics such as the drivers of success or failure in internationalisation, the potential of emerging markets and global, regional and responsible sourcing.

UNDERSTANDING THE GLOBAL SUPPLY CHAIN – CONTROL, DEVELOPMENT AND WIDER EFFECTS

The managerial implications of global supply chains need to be better understood by the sector. There is also demand for research on the vulnerability and risk of a GSC, the food security implications of a centralised, global supply chain and the ease of controlling labour standards with GSCs.

THE CHANGING CUSTOMER BASE: UNDERSTANDING AND IMPLICATIONS

This key topic crosses all retail sectors and has implications across the social sciences in terms of potential avenues for research. There was demand for specific work on the implications of large-scale changes to disposable consumer income, a deeper understanding of what drives customer loyalty and decision-making and further work on how external market influences such as taxation influence the way consumers behave.

STORE DESIGN AND THE ART OF SELLING AND SERVICE: IMPLICATIONS FOR STAFF TRAINING

Retailers would like more research to deepen their understanding of successful store design and the store experience, and where appropriate, the implications for staff training and the organisation of shopping centres.

E-TAILING – BUSINESS MODELS, THE CONSUMER AND SUSTAINABILITY

There is demand for more research into practical issues such as the physical implications of on-line retailing for store space growth, the long-term growth projections for e-tailing, and the productive use of customer data and building customer loyalty. Specifically, how can the “bricks n’ clicks” approach become profitable, what is the role of a retailer’s brand name and how is e-shopping integrated into consumers’ lives?

BALANCING ENVIRONMENTAL/ETHICAL CONCERNS WITH RETAIL PERFORMANCE

Environmental and ethical concerns were robustly represented in the interviews. Specific issues identified for future work include how to be global and act locally, the importance of consumers’ ethical views and how this affects their behaviour, and the commercial benefits of sustainability.

The full report includes a detailed discussion of each of the above themes in the context of recent research. The second part of the report provides details of individual research projects with links to further information.

IMPROVING THE ACADEMIC/RETAIL LINK

A great deal of academic research does confront issues that are high on the priority list of retailers. Recent studies have addressed a range of practical topics including the role of price and ICT in driving productivity; a study on consumer satisfaction with supermarkets; an evaluation of “food deserts” in British cities; case histories on successful and unsuccessful internationalisation and an analysis of the management of product returns by UK high street retailers. Research has also examined how codes of conduct affect the supply chain of IKEA, the impact of RFID, the effects on shoppers of music and ambient odours and the impact of e-shopping on shopping at city centres in the Netherlands for 25 retail categories.

CONCLUSION

The AIM report highlights the need to demonstrate how academic work can support the “real world” of retail management and ultimately increase business performance. However, the ESRC and the universities are both aware that research projects are not always communicated to a business audience in an appropriate way and that academic research is often perceived as remote or theoretical. One of the objectives of this seminar is to discuss how this can be remedied. One of the suggestions is for a web site that could be regularly updated to act as a “one stop shop” on the practical and managerial implications of new academic research.