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FOR WHAT COMES NEXT

Technology and the Future of the High Street

A discussion paper on how tech can help the high street prosper at the centre of the local economy

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Contents

About this discussion paper

It has been ten years since the Portas Review[1] identified a range of challenges faced by UK high streets. Many of those challenges remain in 2021– rising business rates, a decline in real wages[2] particularly outside of London,[3] stagnant economic growth, parking and infrastructure problems, the continued rise in large shopping centres outside of towns, and the rise of online commerce. Most recently, high street businesses have been hit by the constraints on footfall during the COVID-19 pandemic.

Many high street businesses and small businesses across the UK have adopted digital technologies in their response to these challenges. But the adoption of technology by businesses alone is not enough. In addition to changes to the business environment more generally, there is significant space for local government and organisations that manage high streets to employ technology to improve the high street experience in a way that responds to the needs of their local communities and economies.

This discussion paper outlines three areas where digital technology and investment in the digital economy can be leveraged by high street businesses and local authorities to help increase footfall, attract customers, and improve business prospects in the long term. These include:

- **building an omnichannel high street enhanced by digital technology,**
- **putting the high street at the centre of the local economy and community and**
- **addressing infrastructure: accessibility, mobility and sustainability.**

Solutions to the decline of the high street must also take account of some of the structural changes that have taken place over the past several years, accelerated by the pandemic. For example, changes in consumer behaviour around online shopping are regarded to be a structural rather than a transitory change. This paper also offers suggestions for how the UK high street can embrace and capitalise on these changes to work, leisure, and modes of consumption, leveraging technology to position the high street at the centre of local economies in the UK in the 21st century.

To make this work we will need partnerships between Central Government, Local Government and the private sector. Solutions will require investment and financial support for businesses and local government, but also more joined-up thinking across government about the future of the high street, and the role that technology will play in that future. The recommendations identified in this paper include:

1. **Support high street businesses to digitise**, by expanding the remit of the Help to Grow Digital scheme

2. **Digitise the high street to improve access and social capital**, using the Towns Fund and National Infrastructure Bank to support investment

3. **Join the dots between conversations about the future of work, supporting local economies, and the future of the high street,** by convening a Future of Work Council to understand the changing work and investment dynamics after the impact of the pandemic.

Introduction: The state of the high street, before and during the pandemic

As the United Kingdom (UK) economy recovers from the impacts of the COVID-19 pandemic, high streets in cities and towns across the country face an uncertain future. Non-essential retail businesses were forced to shut up shop during local and national lockdowns, while the persistence of social distancing measures resulted in a slower recovery than other parts of the economy. Even with social distancing restrictions having now been eased, there have been major changes in working patterns as people seek to permanently spend more time working from home. This has created an uncertain future for many retail and hospitality businesses, and the health of the high street.

Long-term difficulties

The disruption of COVID-19 comes in the context of long-term difficulties for high streets across the UK. It has been ten years since the publication of the Portas Review,[4] a report on the future of the UK's high streets commissioned by then-Prime Minister David Cameron and undertaken by retail guru, Mary Portas.

This 2011 report sought to understand the long-term decline of high streets across the country. The report identified a wide range of contributing factors including the impact of large, out-of-town shopping centres, the challenges of matching the customer experience delivered by international brands, and the growing convenience of e-commerce. A range of issues related to the business environment and local infrastructure were also found to be dampening the competitiveness of high street businesses.

Ten years on, even before the disruption of the COVID-19 pandemic, the high street still faces significant difficulties. BBC research showed that there were approximately 50,000 fewer shops on high streets than ten years ago, and a 20% fall in the number of people visiting.[5] It is not just smaller retailers and independent shops that are suffering — household names including Thomas Cook, Mothercare, Debenhams, and Topshop have left the high street in recent years.

The Portas Review concluded that:

> ***"The only hope our high streets have of surviving in the future is to recognise what's happened and deliver something new."***

Similarly, a more recent review by Sir John Timpson focused on developing key actions to reverse the fortunes of high streets. Recommendations included the creation of a Town Centre Task Force; a Future High Streets Fund; and short-term measures such as encouraging the creative use of empty properties to support towns to reinvent themselves.[6]

Digital adoption during the pandemic

The implementation of national and local lockdowns and broader social distancing measures has had a severe impact on businesses across the UK. By the end of 2021, UK businesses are expected to have to have borrowed over £60bn to cover the costs of the impact of coronavirus and will need to chart a route back to growth while managing that debt burden.[7] The nature of lockdowns and social distancing has meant high street businesses have been particularly badly hit. By September 2020, non-food retailers had lost more than £9 billion in sales,[8] and more than 13,867 shops had permanently closed, a 24.7% rise from the same period the previous year.[9]

The pandemic has also had a major impact on lifestyles, with a drop in commuting meaning those working from home spending more time at home, in their local communities. Consumer trends toward shopping online have also been accelerated with a quarter (25.5%) of all UK retail sales in August 2021 made online, up from 18.1% in August 2019, continuing a more than decade long trend of consumer increasingly shopping online.[10]

For businesses across the UK, the adoption of digital technologies has been an essential part of their pandemic response, helping them maintain continuity, and substitute lost revenue streams with digital offerings.

Business continuity and quality of life

In March 2020, 35% of workers were working their usual jobs, but remotely. A huge number of these were only able to do so and avoid furlough due to modern cloud computing technologies, communications platforms, and other digital technologies including intelligent automation.[11] These technologies not only protected jobs, but also allowed workers to take advantage of existing workplace policies to find a better balance between life and work.

Research by Microsoft and YouGov showed that over half of businesses already had a working from home policy or just had to adapt an existing policy to respond to the lockdown. Remote working has provided people with an opportunity to live life to a different rhythm, and UK employees are embracing the opportunity. According to the research, 44% of people are working the same number of hours that they did before, but to a different pattern based on the schedule that works best for them. Nearly half (48%) take their full lunch break without feeling guilty most days, and 55% use their lunch break to focus on their personal life. This has seen more than half of those reporting (56%) an increase their happiness levels when they work from home.[12]

New offerings

Local shops and restaurants across the country adopted e-commerce, online ordering, and delivery platforms to continue trading and serving their customer base. In some cases, this foray into digital commerce has enabled them to expand.

Surveys and research by the Centre for Economic Performance at the London School of Economics and Political Science have shown a strong digital adoption response by businesses of all sizes across the whole of the UK, more than 60% of firms took up new digital tech and management practices, and around 33% invested in new digital capabilities.

Approximately 50% have also introduced new products or services — all prompted or accelerated by the COVID-19 pandemic.[14]

Deliveroo, a techUK member, was vital to supporting many small and local restaurants across the UK during the lockdowns by offering delivery services. In 2019-2020, Deliveroo supported £1.4 billion in revenue for UK restaurants and 41,000 jobs across the UK's economy.[15]

Other businesses have also utilised e-commerce to continue to sell to their customers. The value of online retail sales in the United Kingdom (excluding fast food) grew enormously in 2020 as a result of the pandemic, rising from £76bn to over £99bn, the fastest rise on record. [16]

Digital adoption among SMEs

Crucially, the opportunities offered by digital technologies are not limited to large businesses. Research commissioned by Sage, a techUK member, found that 73% of SMEs have adopted tech during the pandemic in order to shift to remote working, find new ways to serve customers under lockdown restrictions, find new routes to market, and adapt to changing demands.

The same research found that 67% of SMEs want to adopt more technology, and that fulfilling the appetite for tech adoption by SMEs could support 2.7 million jobs in the UK, deliver £325bn in additional SME revenue, and drive £145bn in increased economic output due to improved productivity.

Prior to the COVID-19 pandemic, Uber Eats commissioned research from Deloitte to examine the impact of delivery platforms on London's restaurants. The research found that online platforms generate around 911,000 extra meals per week, more than 33% of which were ordered from independent restaurants—amounting to £323 million in extra turnover per year and an increase of £189 million in profits. Since the pandemic started, the Uber Eats app is now available to 90% of the UK's population and has seen more than 25,000 restaurants join the app. Uber Eats has used a range of measures to help businesses operate online more easily, from waiving joining fees, free daily pay-outs, and free delivery campaigns during lockdowns.

Government support for digital adoption

Consumer demand over the past several years, opportunities for scale and expansion, and the disruption of the pandemic more recently have been the main drivers of digital adoption. The UK government has been highly supportive of the digitisation of the UK economy, recognising the impact on productivity, growth, and jobs.

This includes the 'Help to Grow' initiative launched at the 2020 budget, providing £520 million to help SMEs recover from the COVID-19 pandemic by adopting digital technologies and providing management training to boost productivity and innovation. The Government hopes that, by upskilling business managers and encouraging the uptake of core business technologies such as accounting software, Customer Relationship Manager (CRM) systems and e-commerce, the Help to Grow scheme will help small businesses across the UK learn new skills, reach new customers, and boost profits.

Summary of recommendations

In order to build towards the future of the UK high street, Government should support the digitisation of the high street and high street businesses. This support will help put the high street at the centre of the local community and local economy.

Recommendation 1: Support high street businesses to digitise

The government has been a strong supporter of digitisation across the economy. High street businesses and SMEs more generally need support to engage in this process, which often has a high up-front cost, but huge productivity benefits in the long-term. High street businesses need support to:

- Become omnichannel retailers that can engage in as many combinations of online and offline purchasing and delivery as possible
- Compete with international brands by transforming their customer experience using cutting-edge technologies like AR and VR.
- Deploy technology widely to improve hygiene by incorporating touchless experiences and app-based ordering and shopping.
- Enhance the security, transparency, and efficiency of supply chains by using digital technologies.

To support this Government should expand the Help to Grow: Digital scheme. The scheme provides a discount of up to 50% with a possible total value of £5,000 for SMEs who want to upgrade their software. However, the programme will be limited to just three types of software: accounting, customer relationship management (CRM) and e-commerce. To make this programme the real driver of digital adoption that it aspires to be and make the difference for high street retailers, politicians should challenge the Government to expand the scheme to cover new types of software and technology as the programme develops.

Recommendation 2:
Digitise the high street to improve access and social capital

Local authorities should be encouraged – with ideas and financing – to use connectivity and tech to make it easier for people to visit and spend time on their local high streets and town centres, from optimising public transit options, enabling consumers to find the businesses they want, and providing accessible, safe, and fast connectivity infrastructure.

techUK's work on Local Digital Capital has shown the need to increase both levels of collaboration and coordination and the importance of local data ecosystems, to drive the needed changes to create network effects, smarter cities, and better high streets. Strong local tech ecosystems can be powerful engines for local growth and innovation, which will be needed to use technology to make high streets and town centres more efficient and succeed in the new normal.[18]

Government should seek to target support such as from the Towns Fund as well as the newly created National Infrastructure Bank to support investment here. However, some Towns and Local Authorities may also need support to make their bids for investment a success.

Recommendation 3:
Join the dots between conversations about the future of work, supporting local economies, and the future of the high street

Government should convene a Future of Work council, bringing together businesses, business groups, and trade bodies to examine the changes in working patterns and how to best support workers and increase productivity, creativity, and drive the economic recovery.

There are significant local and regional differences across the UK, and the variety of needs for different local communities must be acknowledged in policy making. Local authorities and business can be empowered to improve their high streets with the right combination of funding and data.

Tech and the future of the high street

An omnichannel high street driven by digital technology

E-commerce and high street retail can no longer be viewed separately. With increased consumer demand, and the fall in the costs of building a website, integrating payments, and delivering to consumers, any high street business can also be an online business. The rise of ‘omnichannel’ retail blurs the line between ‘bricks’ and ‘clicks’ as online and offline activity support each other.

The impact of the pandemic has shown that it is possible for businesses to make this change at speed. In the period from late March to late July 2020, over 38% of businesses responding to an LSE survey said they had adopted new digital capabilities. Of those who had not yet done so, a third plan to adopt new digital technologies or capabilities in the near future, with the vast majority of respondents stating that the pandemic had prompted or accelerated these activities.[19]

This adoption has also helped with innovation. 45% of businesses say they have introduced a new product or service, with 75% of these stating that they had introduced entirely new products or services, and nearly 60% improving existing products or services.[20]

An omnichannel strategy enables existing high street businesses to make the best use of their bricks and mortar assets – shops and restaurants – as well as their digital assets – dedicated websites or digital storefronts. This means that customers can choose to engage business how they like.

Enhancing the omnichannel retail experience

In addition to the development of digital storefronts and back-end functions such as payments, technology can further enhance the omnichannel retail experience for consumers in-store and at home. A move to a mixed in-person and online model could help bring customers back to their local high streets, by combining the flexibility of online shopping with the ability to try on clothing and see how the item fits and feels.

Customers face fixed expenses while purchasing goods and services on High Streets, such as time, transportation costs, COVID-19 risks, and so forth.

In the present constricted economy that limits these companies' ability to reduce prices and make discounts, the challenge will be to attract consumers while building a long-term sustainable model that uses technology to add value to the goods and service provided.

There are a few different ways in which technology and physical assets work together to enable omnichannel shopping experiences.

- **Augmented reality (AR)** – AR technology allows customers to try on clothes virtually. Many of us are familiar with the concept, as some furniture retailers, opticians, and jewellers have added AR functionality to their website or mobile apps to allow customers to try items.[21]
- **Try before you buy** – A physical fitting room at a click-and-collect location would allow customers to try on their clothing at the time of collection and decide if they want to return it or keep it. [22,23]
- **Using technology in-store** – Barcodes or QR codes on items of clothing that a customer can scan, which will tell them the item name, price, size, colour, availability, provenance, and more, and will allow them to virtually try-on the item using AR. The QR code can also allow customers to pay for the item and have it delivered to their home, bypassing cashier queues. Click and collect is already widely used and in many cases allows purchases from one retailer to be picked up in another's store.
- **Blockchain certainty** – Responding to increased consumer demand for provenance information, blockchain can also be used to provide a history of a product—allowing a discerning potential customer to learn where and how a product was made.[24]

- **Making reservations** – Systems whereby customers can browse a shop's selection online and make reservations to ensure that a particular item is in stock and available for them to physically try on in-store.[25]
- **Customer personalisation** – There are a range of areas where digital technology can be used to transform the retail experience—leveraging artificial intelligence (AI) and the power of data to consolidate customer data sources and provide relevant offers and improve the customer experience.[26, 27]

Contactless trading for health and financial security

The COVID-19 pandemic has led to an increased awareness of shared touch points. A key part of the Government's campaign focused on the importance of washing one's hands, and not touching one's face—so it is logical that COVID has forced many of us to rethink how we interact with public and shared touchpoints. Survey data has shown that 80% of people plan to change the way they interact with public touchpoints, and 72% of people have either worn gloves or wiped down shared touch surfaces.[28]

Tech has a key role to play here in improving public hygiene and safety. A big shift seen throughout the course of the pandemic so far is the shift away from cash to contactless payments. While society has been moving away from cash to digital payment methods gradually, the COVID-19 pandemic dramatically accelerated this shift, just as it has for digital adoption in many other spheres. Barclaycard reported that in April 2020, 90% of face-to-face transactions were made using contactless technology, and cash payments declined by 15%.[29] Other touchless experiences could be used, on anything from dispensing hand sanitizer to opening and closing doors.

Other ways that tech can help increase general health and hygiene include the use of apps to display menus and prices and allow patrons to order food and pay at pubs or restaurants,[30] or to allow customers to use an app to shop and scan their groceries in-store.[31] Technology could also be deployed to check and enforce other safety measures, from taking the temperature of customers to checking if staff and customers are wearing masks and practicing social distancing. In addition, reservation and appointment systems could be used to mitigate overcrowding, bottlenecks, and queues—including using mobile point-of-sales options and virtual queueing.

Improving operational efficiency

Digitisation is a major driver of productivity in the modern economy, but much of this digitisation takes place behind the scenes. For high street businesses, technology can be used behind the scenes to make supply chains more efficient, safer, more transparent, and better for the environment, as well as improving the efficiency of business administration. Fundamentally, digitisation can help the high street deliver better for customers and their own bottom line.

Artificial Intelligence (AI) can be used to power product tracking and perform stock forecasting—allowing for greater efficiency and less waste.[32] Other technologies like the use of analytics and cloud computing can also provide businesses with greater agility, resilience, flexibility, and the ability to scale up or down rapidly as needed.[33]

Data and analytics should also be used to track footfall and traffic patterns, in order to provide accurate information about the best times for shops to be open, but also to make the high street and shops more conducive to social distancing by enabling customers to learn when shops may be less congested.


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Tech and the future of the high street

Putting the high street at the centre of the local economy

Changes in the way that people are living and working create an opportunity for high streets across the country to strengthen their position at the centre of their local economy.

Working from home

Since the start of the COVID-19 pandemic, there has been a rapid and dramatic shift to remote working for many office workers, enabled by digital technologies including cloud computing, video conferencing, and other collaborative working software. At the height of the lockdowns, research from Finder.com found that 60% of the UK's adult population worked from home.[34] While remote working was a necessity of the lockdown, there has been a longer-term shift in attitudes towards homeworking by both employers and employees.

Research by YouGov for the CIPD found that some 40% of employers said they expect more than half their workforce to work regularly from home after the pandemic has ended. This represents a potential major change in the patterns of how we work and live.[35] However, there are some challenges to this shift to remote working. Microsoft's Work Smarter to Live Better research showed employees concerned about maintaining human connections with their peers and career advancement in a more hybrid working environment.[36]

The shift towards remote working for at least some of the working week is a major opportunity for local high streets in towns and villages across the UK as workers that remain local will spend more locally.[37] This will create a long-term rebalancing whereby spending in central business districts shifts to high streets in suburbs and towns across the UK.[38] This is a major opportunity for the government's Levelling-up Agenda, and creates the opportunity for high street to position themselves at the centre of the economic and social life of the local community.

eBay data also shows that the growth in online retail has the capacity to deliver more balanced regional growth. Amongst the population of 300,000 SMEs who trade on its platform, for example, almost three quarters of them (73%) are based outside of London and the Southeast, with concentrations in the Northwest, East and West Midlands, and Yorkshire and Humberside. Moreover, previous studies have shown that when such data is adjusted by population size, 'digital density' is considerably higher outside London and the Southeast[39]:

Position	Region
#1	Greater Manchester
#2	Lancashire
#3	West Yorkshire
#4	Leicestershire, Rutland and Northamptonshire
#5	Essex
#6	Cheshire
#7	West Midlands
#8	Herefordshire, Worcestershire and Warwickshire
#9	Derbyshire and Nottinghamshire
#10	Shropshire and Staffordshire

Digital hubs

More can be done to help establish the high street at the centre of economic life for remote workers. In fact, the high street can become the place where remote work takes place, with the establishment of local or regional digital hubs.

Digital hubs can serve as communal gathering places for remote workers, offering fast and reliable connectivity, conference and meeting spaces, co-working spaces, and more—all in one centralised location. These hubs serve multiple agendas at once: bringing remote workers back to the high street, where they can engage local shops and businesses, while simultaneously providing remote workers with a collaborative environment and a change from full-time working at home.

Research by Vodafone assessed six digital hubs in Ireland, located in Ludgate, Skibbereen; HQ Tralee; Creative Spark, Dundalk; The Mill, Drogheda; New Work Junction, Kilkenny; and Enterprise House, Carlow. Each of these hubs is already making a significant contribution to local communities and economies, with the six hubs combined employing 462 people, hosting 176 businesses, and contributing €27.3 million to the economy and €18.2 million in net wages earned.

The Vodafone research indicates that a digital hub in every county in Ireland could create more than 1,000 new businesses and 8,400 jobs, generating around €312 million for regional economies.[40, 41, 42]

Digital hubs in the UK will help boost both digital infrastructure and create new spaces for collaboration and start-up companies. techUK's recent work on Local Digital Capital found that boosting digital infrastructure could supercharge the UK's economy, with a comprehensive 5G rollout adding £15.7 billion and a nationwide full fibre deployment adding £59 billion by 2025. techUK also found that boosting collaboration and coordination, and building strong technology ecosystems, can create powerful engines for local innovation and growth.[43] Local digital hubs could serve as focal points from which to develop Local Digital Capital and drive local economic and productivity growth.

BOX: techUK has a Future of Work council that is actively looking at what the implications of technology, including remote working technology, may be and what needs to be done to ensure that the future of work is a positive for people, society, the economy, and the planet. How remote workers will impact the economy is an important part of that conversation.[44]

Beyond work

Local authorities and high street business organisations should also look beyond work to increase the social capital of high streets. As high streets change, they can become more multi-functional, diversifying from centres primarily dedicated to commerce, to spaces for leisure, culture, and community engagement. Technology has a role to play in this shift, encouraging people to visit high street areas and enhancing their experience when they are there.

Tech and the future of the high street

Addressing infrastructure: accessibility, mobility, and sustainability

Creating reasons for people to visit the high street and building the high street into people's daily lives is an essential part of revitalising high streets across the UK. Ensuring that people can reach the high street in a sustainable way and find what they need when they get there is also important.

Improving access to the high street

Technology can be used by local authorities to make it easier for people to visit their local high street. Digital technology can be deployed to optimise public transport, from better route planning to improve efficiency and services, to making it easier for potential customers to check timetables and plan journeys.

Local authorities should also cater for other clean modes of transport by building adequate electric car charging infrastructure, and secure storage for bicycles and e-bikes. Micro-mobility solutions can also become part of the package, with partnerships for electric bikes, scooters and other last-mile options.

Changes to public transport and other holistic solutions can take time, while car transport remains a major means of access for the high street. However, the lack of vehicle parking disincentivises visitors to the high street and increases the attractiveness of other options such as out-of-town shopping centres and online shopping.

An innovative solution that BT has piloted in Milton Keynes is the use of sensors in short-term parking bays, which detect when a vehicle arrives or leaves, and wirelessly transmits that information so it can be aggregated, processed, and displayed on the Milton Keynes Council public information dashboard, and in browsers showing occupied or free parking bays on top of consumer mapping data. In addition to providing the public real time parking data, it has enabled the council to adjust parking restrictions to meet most parking needs.[45]

Getting the high street online

If high streets are to return to being the heart of local communities and places where people can socialise and come together, high streets should also provide accessible, safe, and fast digital connectivity infrastructure—either wireless internet or 5G connectivity—to make it more attractive for community members to spend more time at their local high streets.

BT Group is rolling out Street Hub technology across the UK with units that will move public connectivity forward and help bridge the digital divide, boost local economies, and build back better.[46] The BT Street Hub units will provide:

- Connectivity: Free Street telephony, emergency calling, free ultra-fast Wi-Fi and 5G small cell connectivity.
- Communication: A 75” ad screen offering free screen time to local councils and businesses.
- Sustainability: In-built noise, temperature and air quality sensors provide real-time information for council environmental planning programmes.

While enabling customers to get online is important, it is crucial that high street businesses can be online too. The internet enables access to local digital directories and easily accessible information to help people understand the range of services available, shop hours, and more. Lots of consumer mapping applications already have some of this functionality, and can display business opening hours, reviews, contact information, and other pertinent information.

This should be built upon and expanded, so that people are easily able to learn what shops or restaurants are open, how busy they are, what they are offering, and what other public services may be available. The value of appearing on map applications as active on the high street is significant, and there is much more that can be done through harnessing geodata.

Whilst we associate food delivery apps with takeaway and eating at home, many have leveraged their technology to support eating out on the high street. For example, Uber Eats is providing a 'free dine-in' feature to restaurants until the end of 2021 to support footfall as the economy recovers.

ONLINE SALES TAX

In response to the shift to online sales and tech-enabled retail experiences, there have been calls for the Government to adopt an online sales tax. Analysis performed by Oxford Economics found that a 2% online sales tax could raise around £1.6 billion in government revenue.

However, the gain in government revenue will not compensate for the loss in both consumer welfare and supplier margins, with the net inefficiencies created by an online sales tax estimated to be around £206 million—around 13% of the revenue raised by a potential 2% online sales tax.[47]

In essence, while an online sales tax would raise revenue for government, it would increase costs for many small businesses who are least able to bear them, as they rapidly shift to selling online as a response to the changes in the business environment during COVID-19 pandemic—thus, an online sales tax could disincentivise many small businesses from adopting technology that could help them grow in the future.

In addition, most of the tax burden will fall on consumers at a time when the economy is just beginning to recover from the huge recession caused by the COVID-19 pandemic and there are concerns about rising inflation.

The Treasury's own analysis has said that a potential Online Sales tax would see costs passed on to consumers at a high rate, with the burden of the new tax being placed on households.[48] While in their analysis the Institute for Fiscal Studies does not believe an online sales tax would redress any imbalance in business rates.[49]

Rather than an online sales tax, techUK favours the long-promised wholesale review of business rates—which is needed now more than ever to help revitalise high streets across the UK. The Government should also continue to support the OECD process to deliver a multinational tax agreement that will mean large international firms pay a greater proportion of their tax in the markets where they operate, rather than where they are headquartered.

Conclusions and recommendations

The COVID-19 pandemic has been hard for many UK businesses, none more so than high street businesses. But the pandemic has also shown the resilience of British businesses, with countless examples of creativity and innovation by business owners to keep their livelihoods going and explore new ways to serve their customers.

Digital technology has been an important tool for business owners, many of whom have gone through an accelerated digitisation process during 2020-2021 and are now able to engage consumers across both online and offline channels. These businesses need to be supported in this transition to ensure that they can make the most out of the digital technologies available to them.

Enabling traditional 'bricks and mortar' businesses to go online is only one part of the puzzle. Local government and business associations must work together to place the high street at the centre of local communities. Digital technology can also support this by improving access to the high street, improving the experience and utility of the high street to consumers, and turning trends such as remote working to the high street's advantage.

Finally, the future of the high street needs joined-up thinking across government – both vertically, with national plans being relevant for local governments, and across key areas of government including business, digital, environment, and transport. The future of the high street depends on the future of how we all live, work, eat, shop, travel and relax, and will require big future-forward thinking to ensure high streets can thrive in the 21st century.

To achieve this and support the development of an omnichannel high street, put the high street at the centre of the local economy and community and address infrastructure challenges, we suggest the below three recommendations.

Recommendation 1: Support high street businesses to digitise

The government has been a strong supporter of digitisation across the economy. High street businesses and SMEs more generally need support to engage in this process, which often has a high up-front cost, but huge productivity benefits in the long-term. High street businesses need support to:

- Become omnichannel retailers that can engage in as many combinations of online and offline purchasing and delivery as possible
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Recommendation 2: Digitise the high street to improve access and social capital

Local authorities should be encouraged – with ideas and financing – to use connectivity and tech to make it easier for people to visit and spend time on their local high streets and town centres, from optimising public transit options, enabling consumers to find the businesses they want, and providing accessible, safe, and fast connectivity infrastructure.

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Government should seek to target support such as from the Towns Fund as well as the newly created National Infrastructure Bank to support investment here. However, some Towns and Local Authorities may also need support to successful bid for investment.

Recommendation 3: Join the dots between conversations about the future of work, supporting local economies, and the future of the high street

Government should convene a Future of Work council, bringing together businesses, business groups, and trade bodies to examine the changes in working patterns and how to best support workers and increase productivity, creativity, and drive the economic recovery.

There are significant local and regional differences across the UK, and the variety of needs for different local communities must be acknowledged in policy making. Local authorities and business can be empowered to improve their high streets with the right combination of funding and data.

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techUK
FOR WHAT COMES NEXT

About techUK

techUK is a membership organisation that brings together people, companies and organisations to realise the positive outcomes of what digital technology can achieve. We collaborate across business, Government and stakeholders to fulfil the potential of technology to deliver a stronger society and more sustainable future. By providing expertise and insight, we support our members, partners and stakeholders as they prepare the UK for what comes next in a constantly changing world.

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