



Problem Solving and Innovation

BMSW4019

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Report

A Critical Analysis of External Factors Impacting High Street Retailers in the UK

Word count- 1500

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Introduction;

The purpose of this report is to provide a critical analysis of the external factors that currently impact the High Street retailer in the UK. Ward, (2025) claims over 34 retail companies throughout the UK ceased trading on the high street in 2024 alone. To discover the root causes of my findings, models and theories will have to be used to discover if and what external factors contribute to the decline and what it means for the future for the high street within the UK.

Findings;

Throughout the uk is it clear that closures of our once bustling high street, is now a spiral catastrophe and is increasing rapidly. What once could be described as the central foundation for people to experience a network that provided a variety of services from markets, shops, financial institutions and interactions of a personal nature is now seen as a memory of the good old days. Uk retailers have been experiencing the decline for decades with a combining contribution of consumer habits. With the perpetual relentless growth of online retail, economic hurdles including inflation and the rising cost of living and increased energy prices, it has developed a surge of a dog-eat-dog world. It is increasingly harder for retailers to obtain financial stability when taking in to account the external factors this country has faced and continues to do so daily.

When thinking about external factors contributing to the decline, it is important to understand why? When using the pestle method, it can be broken down into sectors that highlight each category. For example,

Political factors- The government policies such as taxes can affect the demand for product in turn affecting the retail industry alongside stability, political influences.

Economic Factors- a global recession, trends, influences on the organisations can also change the industry.

Social Factors- changes in consumer habits or preferences can also affect the industry.

Technology Factors- advancements in tech such as online customer preferences.

Legal Factors- Laws and regulations and compliance issues are forever changing

Environmental Factors- changes to the environment can also play a role in the impact of retail such as climate change and stability.

Although each section above can identify with much of the UK, there are three that stand out a lot more to the retail sector being the economic, social, technological.

Economic reasons being how times change, trends change and develop influences on the organisation. A video by (Elliot, 2023) talks about how consumers have changed their behaviours in the 21st century.

The social reasons being how people want to experience more from the high street by combining activities, according to Expression (2022) the high street has become a leisure destination and shopping has developed into a social experience, however the biggest factor that is impacting the high street retailer is the technological factors. People want a wide range of products, next day delivery (this impact cannot be met by the retailers on the high street due to the supply and demand chain). payments are more likely to be paid via card transactions rather than cash as its quicker and convenient. This ever-growing use of technology requires businesses to train staff on how to use them. According to Push-Pull, (2022) over 90% of British people use online stores. The Office for National Statistics (2025) states it was in the lockdown years between 2020-2021 that saw a record high increase on online shopping.

To address the stated issues above, tracing its origin back to the beginning and questioning why would help in the understanding of how to change and progress in find solutions to produce a growing business.

When finding the root cause of the problem, the fishbone diagram helps to break down the dilemma and portioning it into bite size sectors. It is systematically helpful for teams to distinguish the factors contributing to the issue. It is also beneficial to the company to conduct a swot analysis on the company to evaluate and recognise its strengths and weaknesses, opportunities and threats. Again each section should provide insight into where the problems lay and how to use opportunities to develop a better understanding. For example;

Asda- they wish to expand and open another store in a new location. If they were to consider using the swot method, they would be able to recognise their strengths. Such as large known brand- known for their cuts to pricing, they're clothing departments, friendly staff, and contributions to communities. This is their strength

section. When looking at their weaknesses however, it could show, intense competitiveness, reliance on uk market. Perception of quality, employment relations issues etc. When looking at opportunities it could show how they could provide more jobs, they could continue to keep pricing low for those who have families or little income. Growth on online shopping. Sustainability initiatives. When exploring the section of threats, it could be noted that the same challenges that others face such as competitive competition, regulation changes, economic factors all play a role.

One of the big factors affecting the retail high street is the large level of daily recorded thefts amongst the stores. According to the (Ault, Khaliq, 2025) the craze now labelled as 'kamikaze', saw over 500,00 cases of retail crime in the year 2024 between England and Wales. This catastrophic behaviour can seriously affect the retailer's financial situation. They would have to re-evaluate their security measures. Costing them yet another financial burden.

Due to the demanding costs to living many are having to resort to theft. It was mentioned in an article written by the Mirror, (2022) that brits are having to choose between heating or eating. It is reasons such as this. small branch as mentioned in the fishbone diagram, is where we can find a root cause to the problem such as shop lifting. crime reports to the police are averaged over 2,000 everyday according to (BRC) British Retail Consortium (2025). According to Wilson, Connely (2025) the increase in retail crime is being described as "out of control".

For any action to be taken CEO's, management teams need to sit down and conduct a throughout investigation and then put the plans into actions. By gathering information from all sectors of retail management can make rational decisions and then pass down the plans of action to tackle problems. Problem solving is all about how to understand the problem, analysing the root cause, finding suitable solutions and then making a decision/ course of action. When making decisions however, the Vroom- Yetton decision model could be beneficial. Its benefits are to enhance the decision making easier and manageable. It's a practical approach and is tailored to specific needs.

Conclusion;

After analysing the information, there is a collective number of external factors impacting the high street retailers currently and is more than likely to grow within the future. Although i sympathise with the large growing costs they are experiencing, it can also be fair to save that everyone is facing the same problem in some form,

however without the high street retailer social interactions and footfall will rapidly decline increasing the problem further. Finding the answer to all the problems is never going to end and with the right team and thought process alongside rational thinking, some issues can be addressed or even change its course of direction.

Recommendations;

It is clear that a lot of the external factors are linked to the rise in retail crimes. I would recommend companies to take a look at their profit margins and see where they can budget for a better security system by investing in the customer and staff's safety within the store. People need to feel safe. Asda have taken the storm with this by being the first uk company to introduce facial recognition technology in its stores in Manchester. Everyone needs to invest and promote and make it harder for offenders to commit these crimes.

With the increase of online shopping, it would be beneficial for smaller businesses to offer online services, promoting their products, enhancing their brand. Offer incentives, promotions for the store increasing footfall and make yourself unique against other competitors. By creating an online presence, you make yourself more available. Word and mouth travel fast and there is no faster way to hear about a brand than gossip. Check out other competitors and see how well they are doing, see what makes them popular and bounce on the trend. Social media presence is at an all-time high and the way in which technology grows your either out in the cold or in with the trend.

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