

Independent retailers must innovate to endure the cost of living crisis

A new report sees independent retail suffering as a result of the cost of living crisis.

Understanding the best ways to engage your customers is more important than ever

Independent retailers have been through the ringer over the last few years.

During COVID, all bricks and mortar stores were forced to shut, with owners forced to shell out rent on practically empty lots. And now, hit by a cost of living crisis, shop owners are being forced to reassess how they can reach customers with diminishing disposable income.

Consumers, despite best intentions to shop more consciously, are being forced to cut back, and independent retailers are bearing the brunt of this. 20% of British consumers are cutting back on shopping with independent retailers, according to *a new report from wholesale marketplace Faire*. Nearly half (48%) believe independent retailers are too expensive.

So where does this leave these retailers? What options remain to help them navigate a society wide economic crisis that could last years?

Experiment with omnichannel

Before the pandemic, less than 20% of British retailers had an online presence. That figure now sits at over 70%. COVID radically accelerated technological transitions out of necessity to reach consumers when physical stores couldn't open.

Even as stores reopen, online remains a highly effective option for retailers to reach a broader range of customers domestically and abroad. Barriers remain for certain retailers to come online, yet with the ease of platforms like Shopify, these will most likely diminish in the next few years.

That said, the high street is certainly not dead. "The best retailers are able to seamlessly combine online and offline," insists Olivier Buffon, head of international at Faire. There are certain things, Olivier says, that are difficult to recreate about the in-store experience.

Discovery, for one. It can be challenging to authentically recommend products in an online setting (even mass retailers like Amazon struggle to do this effectively). This is partly down to timing: shoppers spend around 50% longer in physical stores compared to online stores. There is also a tangibility aspect, being able to feel and see products can make you more certain on whether to buy them.

A number of startups are experimenting around the intersection of physical and digital. blaenk helps online D2C brands to showcase products through real life pop-up stores, allowing customers to test and experience products before the final purchase happens online.

Cosmose is another startup operating at this intersection, bringing retailers the best of online and offline. Their gamified shopping app KaiKai targets online consumers and connects them to physical stores in their vicinity. This helps bricks and mortar retailers tap into insights ordinarily reserved for online D2C brands.

Partner with influencers—or become your own

Another aspect of physical shopping that can be difficult to recreate is community. One of the most effective tools for tapping into this is through partnering with influencers. Influencers build communities around them, their lifestyle, and the consumer decisions they make.

The best influencers feel authentic and passionate about the products they promote. Consumers are increasingly savvy about when they are being 'sold' to, and can quickly discern insincerity.

Retailers, Olivier says, can be their own influencers. "Five years ago, influencers were professionals, but now they're just independent brands and shops. These people have a unique ability to find new trends, and are much better placed than the self-defined 'influencer'."

Collaborate with other like-minded businesses

Many independent retailers operating in the online space will find how competitive it can be to build an online presence. Competing for the same customers through organic or paid advertising is often a race to the bottom—despite the fact many of these brands have aligned incentives.

Facebook advertising costs have gone through the roof, meaning businesses need to be more innovative than ever when trying to target online audiences.

Partnerships have always been a great way for retailers to share an audience not at one another's expense. New platforms are allowing brands to do this more effectively in an online setting. OHANA, for instance, allows purpose-led brands to build partnerships with like minded businesses, and tap into their audience after checkout.

Given how costly building an online presence can be, using online partnership tools like this could be a great cost saver for retailers.

Don't sacrifice sustainability for affordability

Sustainability comes at a cost—the 'green premium' as it is often known. This is one of the tough realities of changing consumer behaviour around sustainability: as long as it costs more, it will be difficult to persuade people to buy greener, no matter what they say they intend to do.

Shopping independently comes hand in hand with people's environmental credentials: 32% say it allows them to reduce their carbon footprint, while 20% say they provide more sustainable products, according to Faire's report.

The cost of living crisis has forced an even bigger gap between people's intentions and their reality. Declining activity for independent retail correlates

to more consumers opting for mass market, less sustainable alternatives.

But independent retailers shouldn't trade sustainability for affordability. Olivier from Faire points out how demand for sustainability remains the most compelling point of differentiation for independent brands. 'Eco-friendly products' is the most commonly used filter on Faire, and they've sold over 1.5 million products in this category since the pandemic. "Conversations I have with our retailers always begin with demand for eco-friendly products, very often the biggest area they want to expand in," Olivier adds.

In retail, as in any other industry, innovation never should never stop. Finding new ways to reach and better serve your customers should be a constant pursuit, particularly at a time of financial constraint. But proving to customers you remain relevant to them and their consumer habits could pay off for years to come.

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