Businesses must know where their profits are coming from.

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Lorie Rault

Senior Business Advisor



The retail world has shifted immensely in 12 months and while there have certainly been challenges for the industry, I've seen many businesses proactively adapting to meet rising costs and evolving consumer demands.

Footfall at the beginning of the year was 89% up versus 2021, extremely welcome but not surprising as these figures were against a period of lockdown. Digging a little deeper, the true picture comes to light.

Despite an uplift in footfall, 40,000 fewer people were physically shopping in January 2022 versus pre-pandemic levels - a significant decrease despite Covid-19 being behind us. So, why is this decline sticking?

During the pandemic, consumers became far more comfortable with the idea of shopping online. They rapidly upskilled in things like online banking, which quickly became the norm. In turn, more consumers discovered the huge array of choice online shopping can bring which led to a boom in online retail.

In 2022, more than a quarter (26%) of shopping in the UK was done online. While this is far from the Covid-19 peak, this percentage of trade settled to a consistent level. Key insight experts have predicted this will continue to grow in 2023 and beyond.

The digitisation of the shopping experience has led to a healthy increase in omnichannel retail in Jersey. From selling via social media to integrating more user-friendly purchasing options on websites, omnichannel retail has really taken off and will undoubtedly continue to grow.

For retailers that are keen to develop and invest in this opportunity, Jersey Business commenced a programme in 2022 of supported omnichannel auditing. This is designed to help businesses understand how their current systems are performing against today's customer expectations. In 2022, 10 businesses took up the omnichannel auditing service, all of which were equipped with 'Quick Wins' that could be implemented immediately to help boost customer experience and optimise growth. This programme will continue to be available in 2023 and beyond.

However, as we rapidly head towards 2023, we need to address the elephant in the room. The cost-of-living crisis has been a huge grey cloud hanging over businesses and consumers' heads. The economy in Jersey is in a better place than the UK but for many Islanders, especially those facing rent or mortgage rises, this is going to be the beginning of some very harsh financial times.

I worked in senior retail positions through the 2008 recession and saw first-hand the impact that had on my colleagues and customers. Unfortunately, I have felt the same situation bubbling up throughout 2022. I encourage any business to review their numbers monthly throughout 2023.

As costs increase, businesses need a clear understanding of where their profit is gained and lost. Looking at a bank balance isn't enough; businesses must know which products or services are profitable and by how much so that they have the agility to walk the tightrope of rising prices and remaining competitive.

One enormous positive from 2022 has been witnessing how resilient businesses in the industry are. The pandemic put a huge emphasis on wellbeing across all sectors and retail has fully embraced this. Business leaders are far more open about how they are feeling and that in turn is increasing flexibility, creating hybrid roles, and working to meet employee

needs.

Jersey Business's Wellbeing courses, launched in 2022 and continuing into 2023, have been at capacity within days. 37 people from 23 businesses attended in 2022. Everyone who attended would recommend the workshop to a colleague or associate. Overall, the workshop got a 9.5-star rating.

This evidences how retailers *want* to talk about how they're feeling, they *want* to seek support and they *want* to know how to best look after those they employ. It's brilliant to see, and it's this strength and connection with employees that will keep the industry galvanised to meet any challenges in the coming year.

2023 will be the year of going back to the basics of retail. It will be imperative that owners know exactly where the business is on a month-by-month basis to give them the insights they need to act quickly where necessary. But businesses don't need to face this alone. Jersey Business is here talk to businesses and help them model for success. This can't be a tick box exercise, it's about creating clarity, then evolution so that retailers can not only survive but thrive into next year and beyond.

Jersey Business will continue to be a confidential sounding board for businesses of all shapes and sizes in Jersey throughout 2023. We will be here to help guide business owners through the ups and the downs with a diverse mix of programmes, one-to-one sessions, and conferences. Together, we can work to protect and strengthen the retail industry.