

Online retail's "Darkest Hour"

Could we see massive returns to stores as online aggressors flounder?

It's our Wedding Anniversary today.

Almost nine years ago, to the day, I posted my simple ad "Wife wanted." The next day I received almost a hundred replies. They all said the same thing: "You can have mine!"

Talking to my eldest about marriage he asked, "Is it true, Dad, I heard that in some parts of Africa a man doesn't know his wife until he marries her?" "That happens in every country, son" I replied.

I make light of it, but I've learned a lot over the years and marriage is the best teacher of all. It teaches you loyalty, forbearance, meekness, self-restraint, forgiveness and a great many other qualities that you wouldn't have needed... if you'd stayed single.

I reckon Adam and Eve had the ideal marriage. He didn't have to hear about all the men she could have married... and she didn't have to hear about how well his mother cooked!

Being a special day, I thought I should make a bit of an effort. But I'm not going back to the nouvelle cuisine place we went to last year. 'Nouvelle cuisine' roughly translated means "I paid £100 and I'm still hungry!" The portions were tiny and ridiculously expensive. When the waiter asked me "How did you find your steak, sir?" I couldn't resist... "Just luck," I said. "I happened to move that small piece of potato, and there it was!"

I have decided to book Purnell's in Birmingham. And prior to our suitably overpriced dinner, I think we'll drop in the wine bar nearby for a glass of conviviality. Getting tipsy before the meal somehow makes the prospect of a nose-bleedingly high bill less daunting!

We have been going to this wine bar for years. It is a favourite. The drinks are great and the staff are really friendly. At least they used to be. With the pandemic hospitality has adapted to minimise contact between staff and punters. It used to be you got table service. Or even, dare I say it, queued at the bar. A chance encounter with a pretty girl was sure to bring scowls from a disapproving spouse. It was a highlight of the evening. Sadly no more.

Now the venue asks you to download an app; password protected, of course, so that you can enjoy trying to guess the password whilst dying of thirst. What fun! But of course, there is no real interaction with the staff anymore, because an anonymous barperson simply pours your drinks and then has them walked over to your table. I find it all very clinical. Frankly, I am surprised they don't just let you pour your own drink and avoid having staff altogether - a sort of Amazon Go for drinkers!

The introduction of these sorts of apps, and other pandemic related evolutions, has reduced the need for staff in hospitality. That reduces costs, but it also must help with the short staffing that so many companies seem to be blighted by. I read recently that we have almost 1 million job vacancies in the UK - a record level. And then at the same time we still have businesses with staff on furlough!

I am struggling to understand what businesses, apart from the travel industry, could possibly need to furlough staff post July 19th - Freedom Day. It seems mad! Business is desperate for more staff and the government is paying people to stay at home! Already wage inflation is at 7.5% - way, way above the headline rate of inflation - and it is not getting better. It is going to get worse.

And then I see in the news that fast food outlets, such as KFC and Nando's, are having supply chain issues. In the case of the latter, shutting 50 restaurants for the best part of a week because they don't have enough chicken to sell. All we hear in the news is about a shortage of delivery drivers and, as a result, supply chain issues are becoming obvious. And no more obvious than with online deliveries.

"We are almost at breaking point" one major food retailer confided to me. Short of staff, short deliveries and short tempers mean that customers are becoming disenchanted with their online shopping experience. The once occasional substituted product is now becoming a ubiquitous part of the online shopping

experience. Plus, apart from being disappointed by availability of products, people are also now struggling with getting deliveries - or even slots to click and collect the things they didn't choose!

The first thing people will do is swap the shop and try to buy online elsewhere. However, I think it is fair to say that pretty much all retailers are currently in the same boat. So the online shopping experience from any retailer is likely to be blighted by supply chain issues and a shortage of delivery options. As a result, rather than wait days for an order to turn up late, that does not have all the stuff you ordered in it, I think people will start to get back into their own cars and to their stores to buy what they want and either make their own substitutions or go elsewhere for the missing items.

And it is not just the big supermarkets that are suffering. Specialists too that rely on courier companies to provide fast and efficient delivery are suffering to.

Anecdotally I buy wine online. I now expect deliveries to be delayed by anything from between a week to three months because of supply chain issues, depending on where the wine is originating from. It used to be I ordered wine on a Tuesday safe in the knowledge it would arrive for a gathering on the following weekend. However, now I am looking at Christmas arrangements and thinking I might need to order before the end of August!

With ease of delivery and choice being such cornerstones of the online revolution, when they are under threat I can easily see people reverting to their old in-person shopping routines. And I am not sure what, if anything, the online guys can do about it. For once they are the ones under attack and hamstrung by a lack of resources to respond. Perhaps online's Darkest Hour is approaching fast.

Geoff Chaplin is Managing Director at WIS International
www.countonwis.com



Retail Risk – in person!

Grab your place for Retail Risk – Leicester L.I.V.E™, taking place 2nd December 2021



Book your tickets now: www.retailrisk.com/leicester