A. High Street Community Aspiration
The Digital High Street 2020

Workstream 1: High Street Community Aspiration – bringing past glory back to relevance and life.

Introduction

The British high street has evolved through sweeping changes in society, successive layers of development and retail expansion, and the growth of technology. By comparing the attributes of successful high streets of the past and those of the future, we see how people have aspirations of bringing past community values to modern town and city centres. The attributes are similar, it’s how they manifest themselves that is different – most importantly we see a shift from consumers having mostly functional interactions to toward consumers expecting engaging experiences.

Attributes of successful high streets and town or city centres

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The manifestation of past attributes of a successful high street

Shopping

- There was a different “clock”; shop opening hours were principally daytime and Saturday mornings. Sunday trading was taboo.
- Food shopping was a daily routine, often involving specialist shops, markets and street traders; convenience stores were newsagents and tobacconists.
- Specialist shops offered services and goods that were not available anywhere else.
- Beyond catalogue shopping which had existed since Victorian times, the only choices available were town or city centre based.

Housing/property/places

- Market squares were the modern day “Agora”, also providing multi-use spaces for special events and community celebrations.
- Side streets were often terraced row houses.
- High street shops were often in premises that had changed little since Edwardian times.
- Covered markets and street markets added real bustle and throng to the experience.
- Promenades and boulevards were architectural features with huge social relevance.
- Upper floor premises were often the accommodation of the shop owner and his family.
- Professional offices and health specialists were in edge-of-centre town house premises.
- Trades premises such as builders, electricians and plumbers were often located near town centres as there were more residential neighbourhoods that were adjacent.

Leisure

- Leisure offers included music halls, cinemas, theatres, bingo halls and bandstands within civic parks; larger cities would have zoos, museums and galleries; smaller towns had pubs, working men’s clubs and village halls.
- Pre-electronic media, more face-to-face encounters and sociability.
Fast food was available but through different outlets, like pie shops, bakeries and street traders.

Ethnic cuisine and US-style fast-food started to arrive in the late 1950’s; as personal incomes rose, so did the demand for new food choices.

Pubs, taverns, and inns have existed in town centres for centuries; restaurants were often associated with fine hotels.

**Services**

- High streets had vehicle traffic as well as public transport emphasising the bustling, sociable experience.
- Parking would have been an on-street, with very few surface lots or multi-storey car parks.
- People and vehicles shared the same spaces; going to the town centre could be more spontaneous as there was no need to plan ahead, as space was always available.
- Many towns had livestock markets and auction sites either in market squares or near the town centre, usually close to main road and rail connections.
- Banks and other professional services were often housed in grand town houses or the earliest purpose-built premises.
- Community services from local authorities, health centres, churches and doctors surgeries were all features that connected people to their town centres.

**Drivers of change**

**Planning**

- New 1960’s planning concepts
- Suburban housing boom
- New ring roads cut off residential neighbourhoods from town centres
- This disconnection started to shape modern town centre spaces as mainly retail centres
- Planning functions increasingly distant from town centre management

**Demographic shift**

- The demographic spread was changed by the “Baby Boom” of the 1950’s
- Personal incomes grew alongside the increasing economic prosperity
- British system of social class stratification only just started to melt in the mid 1960’s
- Multi-ethnic communities grow
- People living longer

**Property**

- The development of new retail and leisure space focused more in out of town
- Property ownership becoming less locally or regionally based shifting to more institutional property investors
- Change in the type of shops that were available to the British public
- The development of non-centre based modern purpose-built office blocks as feature in our urban skyline

**Transport**

- The rise of car ownership
- Traditional trams and bus routes became obsolete as car-ownership became more prevalent
- The advent of the major urban ring roads
° Public transport which previously went “to-and-through” began circumventing the streets that were pedestrianized
° Parking charges evolved to manage limited capacity and peaks of demand; parking charges and parking / traffic enforcement have become emotive issues regarding modern day town centres.

Shopping choices
° Widespread out-of-town retail development started in the 1980’s
° The rise of the ‘one-stop shop’ of retail destination centres
° Catalogue shopping started to shift online
° Post-war US retail influence brought major change to the UK high street
° The impact of the recession/downturn limiting disposable incomes and increasing the focus on value

Technology
° Growth of home broadband connectivity
° Mainstreaming of online shopping. Internet shopping was still in its infancy until 1990’s
° Proliferation of traditional and new media channels
° Home and remote working normalised
° Mobile device proliferation and mobile use extending online engagement
° Click and Collect reflecting consumer experience of home delivery challenges
° Consumer behaviour driving growth of omni-channel – shopping journeys which crossed different channels with online, mobile and contactless becoming established as aspects of customer journey

Future attributes of a successful high street

Employment:
Personal incomes and consumption are the economic bedrock of successful high streets; without a general level of high employment, either the location of well-paid jobs within town and city centres or held by those living in the area, retail, service and leisure businesses cannot operate successfully.
° Traditionally, town centres have been the commercial market places of our communities; as towns grew into cities this concentration of businesses developed our modern-day high streets, shopping centres and central business districts.
° The UK economy has progressed, like many other Western countries, from an industrial/agricultural base to a more knowledge and service based structure. These cleaner and more information-based jobs are suited to the types of urban environments that surround our town and city centres, and have replaced the traditional residential neighbourhoods in providing an accessible customer-base for the high street.
° Local investment in skills and training are also key to employment being sustainable in the town centre and high street environment.

Convenience:
What consumers define as ‘convenience’ is rooted in the value they place on time versus value and costs of interactions. The manifestation of convenience has shifted from the traditional ‘one-stop shop’ to convenience at a local and community level provided consumption opportunities are edited/tailored to local needs.

Accessibility is vital to health of the high street/town centre. The availability, location and security of parking is a necessity to attract visitors.
Appropriate opening hours which take full account of the night time economy and patterns of working hours.

Consumer convenience has become a significant factor in planning. From multi-channel information search for products and services, to the actual journey and parking, physical and virtual access is a key factor in meeting consumer expectations of convenience.

- At many points of the physical customer journey, being confronted with a “cash-only/no card payments” message is not a positive message.
- Bad customer service and inconvenience can not only lose a customer, but in a world full of social media sharing, it can also attract negative reviews.

Combination of digital, mobile, and bricks and mortar in an intertwined relationship with the high street as a convenient connection point.

The ability to Click and Collect (itself a consumer-driven phenomenon, partly brought about by the inconvenience of fulfilment challenges in home delivery).

Price comparison hints at consumer expectations of price and service transparency.

Engagement:
Town centre engagement has changed from being a functional meeting of retail and service needs, to more of an experience addressing sociability and consumer “wants” alongside basic needs.

People are drawn by the offer of experiences, across daytime, evening and late night hours; events, activities and street animation all play a part in the changed mode of engagement.

Appropriate engagement builds trust, as consumers relate positively to their local experience; with trust comes the open engagement and permissions that underpin the omni-channel relationship.

The established trust between consumers and their high street has to be maintained, as a positive experience could be ruined by a single negative item such as pushy promotional messages, traffic jams, parking problems, antisocial behaviour or intrusive “customer service”.

It will be standard for every high street to have its own app, to assist visitors with queries and allow them to browse the products and services available.

Consumers have an expectation of town centre connectivity and relevant online or mobile content - fuelled by the online shopping experience and the recent surge of omni-channel engagement by brands and Tier 1-2 retailers.

- Retailers and leisure operators will use mobile phone connections to draw consumers in by offering tailored incentives rewards in a ‘playful’ way.
- Virtual maps available in store and via mobile phones, letting customers easily navigate the store to find the exact item they want with minimal effort and energy.
- Collective marketing efforts are now better able to reach catchment population via online and mobile; the emerging use of local mobile platforms for informational/transactional consumer engagement offers a uniform and integrated online experience.
- A blurring of the high street and online as brands become truly multi-channelled, harnessing online, in-store, mobile and social platforms.
° Using bricks-and-mortar as the last touch point for customers who have done their shopping in advance, online or via mobile phone, going in-store for final approval, alterations or merchandise pick-up.
° The propensity to try-before-you-buy, to check the quality of goods through touch and feel and size remains.
° As the ubiquity of smartphones is solidified, it will be standard play for every high street shop to have its own app, to assist customers with queries and allow them to browse product ranges during moments of downtime.
° Show-rooming was at first a threat, now part of omni-channel engagement.
° Peer review as a vital part of the new customer journey.

Brands, retailers and service providers moving from push advertising to conversations and relationships.

Relevance:
The local offer reflects both the needs and the wants of the local community. A relevant sense of place creating a reason to visit and a reason to invest. In an age in which one can get anything from anywhere, there has to be a motive for local visits.

An area’s identity is defined by a broad range of historical, social or geographic factors. It can be any or all of these but it must be distinct.

The local area, local partnerships, local authorities, local businesses, community groups and town centre management have a vision for the area and think like a brand. Knowing why their high street is different, why people would want to visit and what is their USP.

For the individual, a high street must be convenient and accessible, but also through the use of data analytics and individual permissions, the high street offer must also be personally relevant.

With geo-location now an established function on every smartphone, there is an expectation that the high street information and content flowing to a consumer is in real-time and locally relevant.

Adaptive:
Town centres are eco-systems, capable of adapting to changing circumstances but with interlinked elements that need to function together for survival. It is likely that the high street retail mix will change to a 50/50 mix, with a shift from from comparison retailers to service-based businesses.

New uses continue to emerge both premises and public spaces; new occupiers such as pop-up shops, mobile trading and community/leisure activities.
° Residential and office developments sit alongside expansions of train stations that now come with significant retail and hospitality offers designed-in.
° Major shopping centres are more likely to be near a centre than edge-of-town or out of town, and have a mixed-use offer, with retail sometimes playing second fiddle to the leisure and hospitality tenants.
° NHS walk-in centres and easy-access gyms have appeared in shopping centres and high streets. Banks are moving towards flagship branches in cities and regional hubs, closing down smaller branches, as online and mobile banking take hold.
° Urban sports, leisure and cultural amenities have developed styles that are distinct and unique to the places where they exist.
° The rise of new sociable spaces, such as the ubiquitous coffee shop and community drop-in facilities, is an indicator of the town centre adapting to changing demand.
- Public open spaces are being used more creatively for events and street animation.

People have come to expect this mix of functional and sociable experiences, and are increasingly reliant upon digital media channels to access them.

A constantly adapting community space responding to changing behaviours and consumer needs and embracing technology to be better serve local people.

**Authenticity and diversity:**
A place with uniquely local features and experiences rather than a place that is contrived or formula-driven. Authenticity can transform a routine visit to a place into a memorable experience.

In the public spaces and the built environment, in the physical range of retail or leisure choices as well as their online or mobile channels, having a strong diversity of offer underpins the perceived authenticity of a place.

Shifts towards high streets which are more orientated to service provision rather retail expected to continue.

Local independent small and specialist outlets together with service providers can co-exist with and indeed benefit from the presence of corporate outlets.

Diversity is also linked to other intrinsically human traits, with tolerance and acceptance of multi-ethnic communities and alternative lifestyles being key factors in the positive perception of a place by creative, knowledge economy individuals.

**Pride in Place:**
Town centres combine heritage, cultural, social, retail and leisure activities into a distinctive and authentic experience of place.

The quality of a high street offer will be compared to online and retail park offerings. It must be fundamentally clean and safe, it must be attractive, vibrant and welcoming, and be accessible to all; there must be cultural activity and the opportunity for sociable interaction.

It is almost taken as given that a town centre must be clean and safe; but achieving a vibrant feel requires a balance of bustle and street animating activity, not too much to feel overwhelming, but enough to be constantly engaging or entertaining.

Shoppers may be under cover in a shopping centre, an arcade or a traditional covered market, or they may be outside in a bustling street, or a market square; the experience of the public realm is as important as the in-store experience or the ambience of a café or restaurant.

Accessibility is one attribute that underpins all the others; if a place is not easily accessible, it is starting out with a negative experience, it may never have a chance to show its best features as it could divert footfall to places with easier access.

Another facet of Pride in Place is in how a town centre embraces ethnic diversity, alternative lifestyles and people with disability and impairment, by going the extra mile to make it fully accessible.

**Experiential:**
The space owners play on the stimulation of all the senses in order to attract, immerse and entertain.

There will be remorseless competition from any offer which would keep people at home. People will visit for the enjoyment, to feel part of a special ‘tribe’ and to be entertained.

The term “experience” in the high street refers to every aspect of the customer journey, and includes both physical and virtual experiences; from finding information on laptop or tablet, to using public transport or driving a vehicle, arriving and parking, and then navigating as a pedestrian, all of this is part of the experience.

Sociable spaces enable sociable experiences, this has been the truth of town centres for centuries; the challenge today is to think of physical spaces in the context of use of virtual instant-messaging and social media by creating memorable, shareable backdrops (selfies!).

The coffee shop and casual dining restaurant are examples of businesses that are prime sociable spaces, along with shaded outdoor seating in high streets and around market squares. Fine dining establishments now even have to allow extra time for people to share pictures of their gastronomic creations!

Cultural activities range from street traders and markets to buskers, concerts, art galleries and museums, from characterful pubs and live music venues, to cinemas and outdoor screenings; cultural activities always involve people, which means social use of media to share the experience.

The appeal of customer service will be energised, using in-store location-based mobile services that help customers receive personalised service and interact with product displays.

Retail spaces used in different ways.
  - Abound with experience-heavy and value-adding offers, all designed to transform shopping into something approaching a leisure pastime in its own right.
  - As well as colour, scent, sound, taste and touch stimuli being carefully interwoven into the environment, there will be ample opportunities for the human element to be provided through the presence of experts, demonstrators, teachers, advisors....
  - Shopping less as hunter gathering and more social capital accumulation of a kind that cannot be replicated elsewhere.
  - Employees freed from POS as customer service specialists.

**Conclusion**

The attributes of successful high streets of the past and of the future are similar, it’s how they manifest themselves that is different – plus we see a shift from mostly functional interactions to toward engaging experiences. They are anchors for the success of a modern or future high street. The size or location of high street is not a determinant of the attributes; it merely would define which attributes are more or less important and how they interact with each other.

In considering the future high street, it is necessary to start from a consumer perspective, and understand that any mention of omni-channel engagement and competition with online or out-of-town is irrelevant to the consumer; they just need to know what is most personally convenient and enjoyable. Now is the opportunity to change the high street offer from being just about retail to an experience that draws consumers to enjoy it.
B. Infrastructure
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Digital High Street Board WS3

Executive Summary

Delivering the digital high street – technologies enabling transformation

Introduction

High street retailers and service providers have seen a significant shift in buying behaviour since online retailing arrived in the UK around fifteen years ago. Music and films are mostly delivered digitally - leading to the collapse of HMV and Blockbuster - and retailers such as Argos, John Lewis and House of Fraser are offering fully multi-channel retail services. Consumer buying patterns, expectations and experiences have changed dramatically.

Retailers who are digitally adept will take business from those who are not. Research commissioned by Telefonica in late 2013 indicated that retailers with digital services that failed to meet customers’ expectations risk losing more than £12bn of sales a year (just under 10% of the total of £150bn+ influenced by digital interactions) – often to online-only retailers, in many cases operating from outside the UK.¹

Retailers who can attract, retain and build relationships with digitally engaged customers can tap into their social network connectivity. These consumers tweet, comment and recommend far more than the average, sharing experiences – good and bad – across groups of like-minded and constantly connected individuals.

Understanding the expectations of this digitally engaged customer group, and how current technology platforms, services and offerings meet (or fail to meet) those expectations, is critical in understanding the future for the UK’s high streets and the retailers and service providers who operate there.

Who are the digitally engaged?

Digitally engaged consumers have access to the greatest range of retail channels. They are tech-savvy, digitally literate and take advantage of online bargains, show-rooming and comparison shopping. Given their propensity to interact online, their presence in physical retail centres is a sign of a healthy high street.

Affluence
Digitally engaged consumers are more affluent than the average shopper on all the high streets surveyed. This difference is most pronounced in major cities but also exists in small towns. The majority are in well-paid, full-time employment.

Preferences
Digitally engaged consumers are more likely to engage with businesses via a mobile device than other shoppers. This level of engagement is highest in major cities and significantly higher than average across all types of high street. They show more interest in digital interactions in leisure pursuits - engaging with restaurants, health clubs, hairdressers and taxi services via their mobile device. Outside major cities they are more likely to interact via mobile devices with government services such as schools and local government. They are social networkers and the vast majority use Facebook and Twitter.

¹ The O2 Digital Shopping Report, November 2013
Device Choice
Around 80% of digitally engaged consumers own a smartphone, usually an Apple iPhone. For many, their mobile is the first thing they look at when they wake up. They also use a wide range of other devices such as laptops, tablets and games consoles and are likely to have superfast broadband and subscribe to digital film and music services.

Age
A large proportion of digitally engaged consumers are 20-29. These younger consumers are most concentrated in cities while a slightly older group is found in towns. From our understanding of the attributes of these groups and how the healthy digital high street can attract them, we can make a number of technology and infrastructure recommendations to ensure UK high streets are fit for the future.

What is the current state of infrastructure and policy?

International comparisons
Today the UK ranks top out of EU5 in terms of broadband coverage, take-up and usage, speed and choice.2

Timelines and Standards
The Government has identified broadband as key national infrastructure3 and is investing over £1 billion in improving broadband and mobile infrastructure to:

- Provide superfast broadband coverage to 90% of the UK by 2016
- Provide basic broadband (2Mbps) for all by 2016
- Provide superfast broadband to 95% of the UK by 2017
- Explore options to get near universal superfast broadband coverage across the UK by 2018
- Create 22 ‘SuperConnected Cities’ across the UK by 2015
- Improve mobile coverage in remote areas by 2016

Superfast Broadband Programme
The ambition is to provide superfast broadband (speeds of 24Mbps or more) for at least 95% of UK premises, and universal access to basic broadband (speeds of at least 2Mbps). Government funding is stimulating private sector investment in broadband to ensure that the benefits are available to all.

SuperConnected Cities Programme
The Government is investing up to £150 million to support UK cities to develop the digital infrastructure capability to remain internationally competitive and attractive for investors, business and visitors.

Mobile Infrastructure Project
The Government is investing up to £150 million in mobile infrastructure to improve coverage for voice calls and text messages for the final 0.3-0.4% of UK premises that don’t currently have it. Telefonica UK Ltd (O2) is obliged to provide indoor reception to at least 98% of the UK population4, as a requirement of the 4G mobile spectrum auction.

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3 Broadband Delivery UK (BDUK), part of the Department for Culture, Media & Sport: [https://www.gov.uk/broadband-delivery-uk](https://www.gov.uk/broadband-delivery-uk)

Challenges
18% of the shoppers in this study visit high streets which are unable to roll out large numbers of WiFi hotspots. Current minimum standards are predominantly based on residential needs. Our analysis of 100 high streets in this report indicate that these minimum standards, even with superfast broadband, do not comprehensively support enabling technologies such as public access WiFi.

Methodology

**Smart Steps** from Telefonica Dynamic Insights (TDI) provides powerful insight into the movement, behaviour and socio-demographic trends of consumers in the UK. Based on aggregated and completely anonymous data generated by mobile network operators within the Telefonica Group, **Smart Steps** can model how groups of consumers use mobile technology, where they use it and what they use it for. The UK dataset is based on more than 1.5bn network events happening every single day, generated by more than 20m users.

The Digitally Engaged Consumer

- Digitally engaged consumers are generally younger, more affluent shoppers with a keen interest in technology.
- They are most likely to have the latest smartphone and naturally engage with businesses through this channel.
- They are likely to be found on the high streets of major cities as well as smaller retail centres.
- They show the strongest preference towards leisure pursuits in cities and are also likely to engage with government services via mobile in towns.
- They can be found in urban centres all across the UK – there is no North/South divide.

The Digital high street Index – primary segment average scores

<table>
<thead>
<tr>
<th>Segment</th>
<th>Digital Engagement Score</th>
<th>WiFi Score</th>
<th>Broadband Score</th>
<th>3G Score</th>
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<tbody>
<tr>
<td>Major Cities</td>
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<td>141</td>
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<tr>
<td>City/Urban</td>
<td>184</td>
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<tr>
<td>Large Towns</td>
<td>170</td>
<td>101</td>
<td>112</td>
<td>89</td>
</tr>
<tr>
<td>Small Towns</td>
<td>164</td>
<td>34</td>
<td>23</td>
<td>23</td>
</tr>
</tbody>
</table>
What infrastructure investments support the high street?

WiFi
Major cities show a clear relationship between the number of WiFi Hotspots and the number of digitally engaged consumers on their high streets. Stronger high streets in urban areas have invested in WiFi connectivity, boosting their appeal to this group, and enabling retailers and service providers to offer digital services in store. This trend also appears in the smallest towns in our study where, for those with more than one WiFi hotspot, there is a relationship between the level of WiFi access and the presence of digitally engaged consumers.

3G Coverage
3G coverage and broadband speeds are universally high in major cities. In large towns with better coverage there is a correlation between the number of digitally engaged consumers on the high street and the availability of 3G coverage.
Large towns without high-quality 3G coverage can access digital services over alternative technologies such as WiFi. Towns with neither face significant challenges in delivering services that meet the expectations of digitally engaged consumers.

Underlying Fixed Infrastructure
The quality of underlying broadband infrastructure influences the number of WiFi hotspots on the high street. Higher broadband speeds indicate the potential for more WiFi hotspots.
Many smaller high streets can boost their appeal to digitally engaged consumers by deploying WiFi because their fixed infrastructure is currently under-exploited, while a number of others – representing 18% of the shopper population analysed in our study - are constrained by under-provision of fixed connectivity.

Recommendations
We have the following recommendations for UK Government, technology suppliers, retailers and service providers:

Define and work towards consistent baseline connectivity for the high street
To attract and retain digitally engaged consumers UK high streets, retailers and service providers must be able to access the right level of connectivity. The wider provision of public-access WiFi is one way to meet these connectivity needs. There are two main considerations:

• To be viable public WiFi depends on the quality of the underlying broadband infrastructure and there is some evidence that lower data speeds in some areas would not be able to support the infrastructure for a large number of digitally engaged consumers. We recommend that more consideration be given to the requirements of commercial premises on the high street so that minimum standards can accommodate the provision of public access WiFi.
• Alternative data service provision, such as 4G, is currently less accessible and generally requires the consumer to pay. It is also limited to a subset even of the digitally engaged as some users may choose a 4G-enabled smartphone with only a 3G SIM.

5 Strength of a high street’s trading performance is taken from the Geolytix dataset of more than 10,000 UK high street locations, their retail mix, footfall and occupancy rates over time
Establish clear, interoperable public access WiFi standards
For WiFi to succeed as the underpinning connectivity model across UK high streets, the experience for the consumer needs to be seamless, easy and free. But the model for WiFi suppliers needs to offer commercial return. Balancing these dynamics will require clear frameworks that operators and consumers can both benefit from:

- Public WiFi should offer a seamless experience to the user. Digitally engaged consumers use their mobile devices for multiple interactions and may be deterred by a complicated registration process. A public access WiFi framework should support single sign-on standards.
- WiFi providers and retailers on the high street can reach shoppers via landing pages and banner ads to offer them a more personalised experience. Retailers can use data generated by digitally engaged consumers (with their permission) to gain insights that enhance the shopping experience by optimising their physical and digital footprints. A “good practice” standard here would build consumer confidence and help operators secure this revenue stream.

Build consumer digital confidence to ensure all groups benefit from relevant, engaging experiences
Building digital confidence with shoppers and citizens is fundamental to unlocking the true potential of the high street. In order to offer truly relevant, engaging, experiences based on customer data high streets must build trust. To do this they must:

- Be transparent about the collection and holding of customers’ data. A clear statement of principles is more effective than lengthy terms and conditions.
- Provide consumers with options to control their data such as a clear opt-in for certain services.
- Demonstrate a clear value exchange for using data, for example customers could be offered a more personalised and relevant experience.

Based on this trust retailers should consider digital engagement methods such as mobile apps, mobile optimised web content and geo-targeted mobile display advertising. Those without smartphones can still be engaged via interactive SMS messaging. Local authorities can use this channel to build citizen engagement by providing relevant information. This segment may also benefit from advice and support to ensure that they are able to enjoy all of the possibilities that digital technology has to offer.

Building trusted, personal relationships with consumers has long been the cornerstone of traditional local retail. These principles are equally applicable to retailers and service providers in the digital space and will ensure that digital consumers build two-way relationships with digital high streets.

Conclusion
Retailers and local authorities who understand more about visitors to the high street can attract and engage shoppers who are most likely to use online competitors, and improve the experience of less digital groups. Smaller high streets with better provision of access technologies can create the kind of virtuous cycle of high connectivity and high numbers of digitally engaged consumers seen in the top 10 digital high streets, resulting in improved commercial performance, greater engagement, and healthier digital high streets.
A note on methodology
For the Digital High Street Board, Telefonica UK commissioned the TDI data analysts to combine Smart Steps data with a number of other datasets – some open-source, some proprietary and used under licence. These included:

• Geographic boundary analysis of more than 10,000 high street locations and their relative retail strength - Geolytix
• Trend analysis of high street growth and performance factors 2013-2014 - Springboard
• Analysis of the density of provision of transport links into relevant locations, Naptan Stops – Department of Transport
• 3G coverage: 3G premises signal from all operators – Ofcom
• Broadband speed: BB average sync speed (Mbit/s) – Ofcom
• WiFi: Count of WiFi hotspots on the high street from the UK’s leading provider of public access WiFi – O2

Introducing the Index
TDI undertook an iterative working process to weight all the contributing data variables in accordance with their potential impact on the high street.
The team then undertook multivariate correlation analysis to identify patterns within the data that clustered high streets together based on common themes.
How can Smart Steps support the Digital High Street?

Smart Steps is an Insights solution created by Telefonica Dynamic Insights (TDI) that uses anonymous and aggregated mobile data to enable organizations to make more informed business decisions based on actual consumer behaviour.

What are the Insights?

TDI processes the “Big Data” created by the mobile network then analyses trends and patterns within the data to help understand more about consumer behaviour including:

<table>
<thead>
<tr>
<th>Who</th>
<th>Where</th>
<th>When</th>
<th>Why</th>
<th>How</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demography Segmentation</td>
<td>Catchment Origin/Destination Home/Work</td>
<td>Point in time Seasonal trend</td>
<td>Frequency Trip purpose</td>
<td>Route Mode of transport</td>
</tr>
</tbody>
</table>

TDI’s consultants work with clients to solve specific business problems using these insights. Examples across a number of sectors include:

- **Retail**: Where to locate a new store based on the actual population flows of potential customers
- **Transport**: Market share vs. other modes of transport on any given day / week / month etc.
- **Transit Retail**: Petrol pricing optimisation based on the origins, destinations and demography of people travelling past a site

Dynamic data to create valuable Insights

Smart Steps uses anonymised and aggregated mobile network data from our operating brands across a number of territories. This includes 315.7 million customer worldwide and 21 billion events per day, among which:

- UK – O2: 24 million mobile customers and 1.5 billion events per day
- Spain – Movistar: 17 million mobile customers and 1.1 billion events per day
- Brazil – Vivo: 79 million mobile customers and 5.2 billion events per day

Unlike traditional data capture methods based on occasional samples, modelled or claimed behaviour, Smart Steps observes real behaviour based on billions of mobile events that occur on Telefonica mobile networks 24/7 365 days a year. The data is extrapolated to provide a true representation of the total population in each area. Smart Steps has over one year of data stored, allowing trends and patterns to be identified over time.

The movement data is enriched with demographic and behaviour information derived from mobile calling, App and Web browsing behaviour and includes socio-demographic type, home and work location, visitor reasons information, mode of transport, affluence, life stage and other attributes allowing sophisticated profiling and segmentation. This enables businesses to segment the data to evaluate the movement of their target populations and to add valuable attributes to the Insights.

How can TDI and Smart Steps support the Digital High Street?

Smart Steps is a managed service solution, which is tailored to every business need. Our experienced team of highly skilled analysts work with clients to solve specific business problems using Smart Steps Insight to create value for their business, providing dynamic analysis and reports.

Smart Steps can help High Street decision makers track performance against the attributes identified for successful High Streets:

**Employment and Skills**

- Affluence of visitors to the High Street and local residents
- Demographic segmentation
- Device type, OS and usage profiles
Convenience
- Analyse catchments & journey times for different types of visitors
- Determine visit type/purpose e.g. work/leisure and dwell time
- Footfall analysis by segment

Engagement
- Measure the digital interactions e.g. web/app usage to determine best digital engagement strategy

Relevance
- Consumer preferences segmentation based on observed behaviour
- Determine cross-visit rates between retail centres to determine which features difference groups find most attractive

Adaptive
- Smart Steps is a dynamic data set which can measure changes in presence of different groups by time of day/day of week for example to better understand night time economy.
- Week on week and seasonal trends can also be measured to analyse e.g. the impact of adjacent events on the High Street such as sporting events or music festivals
- Inform future infrastructure planning decisions based on footfall/traffic analysis

Authenticity & Diversity
- Measure engagement with High Street apps or via social media

Experiential
- Visitor/shopper conversion rates
- In store behaviour analysis to optimise layout and operations

Other Use Cases:
Smart Steps has already helped a wide range of companies in various sectors. This includes supporting retailers and the Public Sector with a number of key decisions in the following areas:

Branch openings and closures
- Using dynamic data to understand optimal sites for location or identifying sites that will have the least impact upon closure

Opening hour analysis and staff optimisation
- Arrival and departure of target audience (s) by time of day and day of week to enable banks to drive operational efficiency and seek opportunities to serve their customers more effectively

Catchment optimisation
- Understanding where your customers and prospects and their regular travel habits to enable more effective territory management based on customer behaviour not models (e.g. Drive times)

Local marketing
- Understanding the best locations for targeted promotions and marketing activity including trains, stations, billboards and direct marketing

Performance benchmarking
- Comparing retail performance to ambient population. TDI can work with retail banks to implement in-branch analysis, coupled with analysis of the local area to better understand the branch’s performance in comparison to the available target market.

Journey analysis
- Supporting infrastructure and planning decisions by using proprietary routing techniques to determine trip type and purpose, identify regular commuters and visitors, count journeys past a point segmented by affluence, segment, etc.

Towards a future commercial model:
A clearly defined commercial case will need to be agreed to ensure that retailers, local authorities and service providers are able to benefit from the rich insights provided by Smart Steps data that will enable them to track and measure their performance against the key attributes identified for successful High Streets.
Appendix 1:

Smart Steps Methodology

General background on data

1. Data Selection

Capture a sample of network event data representative of potential customers to the chosen sites. This shall include:

- customers thought to be moving through (or very close to) the site
- and customers dwelling near the site (such as workers)
- Process the dataset to understand the population, and movement of population associated with that site to create an ‘average’ site profile

The study period for each site considers 1 month of data

2. Data Processing and Modelling

With the potential population captured, TDI analysts will process and explore data to provide insight into:

- Timing of visit
- Demographic information associated with visitors – age/gender
- Segment of visitors – Digital/O2 calling segmentation

Any output and insight provided to the customer shall be aggregated in line with information privacy requirements and extrapolated to UK population.

3. Digital High Street scoring

Smart steps will work to develop an algorithm mapping key variables to the O2 mobile user population.

This approach shall consider up to 6 variables and analysts within the project shall agree a best fit mapping. The mapping shall be nationwide (i.e. not per site).

Mapping of demographic to create a target customer segment(s) in turn empowers the creation of a scoring mechanism for each site considered.

The scoring mechanism shall allow for adjustable weighting of each contributing variable to be adjusted as required.
The Index in full

Ranked by size of High Street

**Recommendation:** Deploy a wider range of apps and digital services to fully leverage existing connectivity infrastructure and deliver enhanced, relevant experiences to Digitally-Engaged shoppers.

**Recommendation:** Enhance connectivity, especially WiFi provision to provide a means to interact with Digitally-Engaged consumers and highlight unique aspects of the High Street and services on offer.

**Recommendation:** Improve connectivity provision. Focus on giving Digitally-Engaged consumers confidence to carry out more interactions via mobile devices.

**Recommendation:** Connectivity can be improved in most areas, especially in areas where the underlying fixed infrastructure will support multiple WiFi hotspots. Focus on providing help and advice to consumers to improve confidence and drive digital engagement.
### High Streets ranked by Quartile

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Key attributes for a successful High Street: Quantifying the findings of WS1

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- **Affluence**
  - Based on an analysis of digital attributes, the most Digitally-Engaged consumers fit the target profile of digital behaviours and affluence. They are amongst the most affluent consumers in Major Cities and still comfortably above average in Small Towns. The majority are in fulltime employment earn a good wage.

- **Employment & skills**
  - As noted in WS1, the presence of consumers with a high level of disposable income and digital skills are required for a High Street to thrive. Telefonica Dynamic Insights Smart Steps data are able to identify groups of consumers with these attributes and measure their interactions with the High Street.

**Deploy a wider range of apps and digital services to fully leverage existing connectivity infrastructure and deliver enhanced, relevant experiences to Digitally-Engaged shoppers.**

**Enhance connectivity, especially WiFi provision to provide a means to interact with Digitally-Engaged consumers and highlight unique aspects of the High Street and services on offer.**

**Improve connectivity provision. Focus on giving Digitally-Engaged consumers the confidence to carry out more interactions via mobile devices.**

**Connectivity can be improved in most areas, especially in areas where the underlying fixed infrastructure will support multiple WiFi hotspots. Focus on providing help and advice to consumers to improve confidence and drive digital engagement.**
As this group of consumers is most at risk of being lost to time-efficient online channels their presence is a leading indicator of a healthy High Street

**Device ownership**
Digitally-Engaged consumers have the means and the skills to fully benefit from the possibilities of technology. They are most likely to have the latest technology and are particularly drawn to high-end smartphones, especially the iPhone.

**Demographics**
Digitally-Engaged shoppers are younger than average. Youngest in Major Cities and older in Small Towns.

**Convenience**

Accessibility, both physical and digital, is vital to the convenience of a high street. Smart Steps data reveals that, for Digitally-Engaged consumers, digital access technologies such as WiFi and 3G are more closely linked to the health of a High Street than physical accessibility such as public transport stops.

**WiFi**
In Major cities there is a clear link between the number of WiFi hotspots and an above average proportion of Digitally-Engaged shoppers. Even in Small Towns multiple WiFi hotspots signal higher numbers of Digitally-Engaged consumers. Offering high data rates, consistent signal and opportunities for insights and engagement WiFi is a foundation technology on which service providers can build their digital strategies.

For WiFi to provide the optimum user-experience it must provide seamless connectivity. Complex registration processes and having to manually log-in each time are currently barriers to mass adoption of many public WiFi hotspots. Establishing a common standard for managing user credentials and permissions and offering single sign on would take the hassle out of using public WiFi and enable the venues to capture valuable customer insights.

**3G**
As 3G coverage and Broadband speeds are universally high on these High Streets there is little to differentiate between Major Cities in terms of connectivity. However there is evidence that the few Major Cities that do not have full coverage across all mobile networks capture a lower proportion ofDigitally-Engaged consumers than their better connected peers.

In Large Towns, the availability of a reliable mobile signal appears to be more of a pull factor for Digitally-Engaged shoppers than any other group.

In Small Towns, reliable indoor 3G coverage across all operators is also linked to the presence of Digitally-Engaged shoppers. Mobile access technology is an apparently significant factor amongst this group and it would appear that above average provision of either mobile or WiFi, even in isolation, is beneficial. There are plenty of small towns that have strong 3G coverage and a higher than average penetration of Digitally-Engaged consumers despite not having any WiFi hotspots.

**Fixed Broadband**

Whilst not significant in isolation, Fixed Broadband is an enabler of access services such as WiFi that are delivered over the top.

Many larger High Streets appear to have a level of underlying infrastructure that would support higher numbers of WiFi hotspots than are currently provided. Conversely, a number of small towns appear to lack the quality of Broadband that would support a greater number of hotspots. Addressing this disparity in broadband coverage is a key focus of the Digital Communications Infrastructure Strategy Report. However, specific consideration should be given to the minimum standards required by commercial users on the High Street which will differ to those defined for residential premises.
Transport Links

Transport links are also strong across the board in Major Cities and as such do not appear to be a major factor in attracting proportionally more Digitally-Engaged consumers to the High Street.

**Case Study:**

*Portsmouth has the highest share of Digitally-Engaged consumers on city High Streets. Portsmouth stands out for its excellent 3G availability score and high average Broadband speed, both of which may factor into it appearing as a destination for the Digitally-Engaged shopper. However, Portsmouth has amongst the fewest transport stops out of the cities we studied. This indicates that physical accessibility may not be as much of a barrier to the Digitally-Engaged as other, less digital groups. Indeed, Portsmouth, with only 26% non-digital shoppers, may even by losing out on its fair share of non-digital shoppers which make up 32% of footfall in the average city.*

Engagement

Digital provides retailers and local authorities with a new channel to engage with consumers and citizens. For both parties to get the most out of these interactions planners need to be aware of the specifics of the local area in terms of the devices and skills on the High Street. This will ensure appropriate engagement methods are used as and allow High Street bodies to build trust and Digital Confidence with users.

An overview of Digital Engagement Tools:

**Mobile apps** provide an immediate way of delivering rich content to the smartphone-wielding Digitally-Engaged shopper and offer plenty of possibility for personalisation. Apps can also be used to push notifications and offers to opted-in shoppers based on preferences or location which can help drive engagement. Apps, however, have the slight barrier of needing to be specifically downloaded and opened. This can be overcome to some extent by integrating digital prompts into physical experiences via QR codes or NFC than can trigger certain interactions or direct a shopper to an app store.

**Mobile display advertising** is still in its infancy in the UK but set to grow as media spend shifts towards digital channels. It offers a high degree of personalisation and can be liked to location to provide locally relevant content. The short format, relatively low cost and ability to target make it well suited to any size or type of retailer looking to engage with specific segments on the High Street in a personalised way. In the short term, retailers should be cautions not to overload less Digitally-Engaged consumers with messages via this channel due to the newness of the media. They should instead focus on building trust via more explicitly opt-in services such as WiFi.

**WiFi landing pages** offer similar benefits to mobile display but comes with the advantage that the underlying technology ensures high quality connectivity to complete any digital interaction. Furthermore, all content is proximity-based and can therefore be highly venue-specific. It can also leverage the trust of the associated brand that can give shoppers the confidence to connect via social media and build a two-way relationship in a way that simply pushing messages cannot.

**SMS** is a well-established media by comparison to instant messaging and social media but offers many exciting possibilities to the High Street. Firstly, it is ubiquitous media which ensures accessibility regardless of a consumer’s digital skills. More advanced features such as Geo-fencing allows messages to be triggered in certain locations ensuring a high degree of relevance. It is also possible to embed images and web links, greatly increasing the rage of options beyond text alone. Interactive SMS also offers consumers the chance to give spontaneous feedback on a physical interaction and can be used by public sector bodies as part of a local consultation process or for distributing information to visitors.

**Building Trust and Digital Confidence:**

According to data collected by Populous on behalf of O2, the most Digitally-Engaged consumers are the least concerned about organisations holding their personal data but they are also most likely to read terms and conditions and understand how to control privacy settings online. This group are open to their data being used in ways that benefit them but other groups of the population are either more sceptical or less well informed.6

We would advise the following principles are adhered to to ensure that retailers can build trusted relations based on customer data:

- Be transparent about what data is collected and held
- Offer meaningful options for control over data
- Demonstrate a clear value exchange for using data e.g. more personalised, more relevant experience

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6 Reference to Data Dialogue research
Less Digitally-Engaged consumers who have not grown up in a mobile-first world like many young, digital urbanites are more wary of fully embracing digital interactions with the High Street. Whilst clearly beneficial to all consumers, this group would be most likely to benefit from clear guidelines and permissions giving them control over how retailers and services providers can engage with them through their mobile device.

Embedding digital technology, such as connected tablets, in stores can help demonstrate the benefits to those shoppers who are less willing to engage pro-actively. The ability to digitally showcase and seamlessly order from a brand’s entire range in even the smallest of stores provides a clear benefit to both shopper and retailer. And can help encourage consumers to independently access online and mobile content once they have been shown the possibilities.

Leverage Local and personalise:
Building trusted, personal relationships with local consumers has traditionally been an area of strength for retailers in towns. It is important that they are able to replicate this trust in the digital space. By following these principles and combining the trust and consistency of a physical local presence with the opportunities for instant engagement and interaction provided by digital, High Streets will ensure they stay relevant and can compete in the digital age.

Addressing the Digital Divide:
The gap between the most and the least Digitally-Engaged consumers, combined with the older demographic profile of towns, indicates that retailers, service providers and local authorities in small towns should consider how to lessen this digital divide. As well as universally accessible SMS, drop in digital support and coaching sessions in council buildings would provide a relevant way of reaching out to these groups. Retailers, of all types, should also consider their roles as trusted advisors in Small Towns by offering advice and support to help less Digitally-Engaged groups benefit from the possibilities of technology.

Relevance

The High Street needs to showcase its uniqueness of place, present itself as personally relevant to consumers and engage them accordingly. To achieve this, High Streets will need rich insights into consumers.

Using customer preference information to determine current interests & relevant services:
The Smart Steps data can provide rich insight into the preferences of different groups on the High Street which can be used to measure their ‘digital engagement’ with different services and determine the suitability of different media.

In Major Cities Digitally-Engaged shoppers are the most likely to be interested in leisure pursuits, engaging regularly with restaurants, health clubs, hairdressers and taxis. These High Streets have the highest average Geolystix strength score indicating that they have a wide ranging and attractive mix of retail and leisure facilities on their High Streets. Whilst some categories show strong levels of mobile interaction today, other retail and leisure venues could boost their engagement with Digitally-Engaged visitors by enhancing their mobile presence. This would benefit the day and night time economy of major cities alike and allow a broader range of service providers to build omni-channel relationships with their customers.

City High Streets also benefit from strong transport links and an attractive mix of amenities. As such, local attractions and events, for example, could market themselves to Digitally-Engaged shoppers via mobile, making use of digital media to promote and highlight the uniqueness of the individual High Street and ensure that shoppers get the most out of their visit.

Outside of Major Cities, Digitally-Engaged consumers are more likely to interact with Government Services such as schools and local government via their mobile device. From the range of options available to them, Government services should explore how SMS can help them increase levels of digital engagement. SMS has the benefit of being accessible to all as well as having a very low cost to roll out. SMS can be used to help direct visitors and local residents towards relevant information thereby reducing the demand for phone and face to face interactions and reducing the cost to serve. SMS can also be used to rapidly disseminate information to large groups in the event of road closures or adverse weather for example.

Overall digital ‘engagement’ to measure suitability of channel:
The Smart Steps data on device type and preferences can give a good indication of the relevance of different engagement methods to each segment:

Major cities: highest smartphone penetration, iOS and Android dominant operating systems
Cities: Relatively more Android & BlackBerry devices and higher numbers of less Digitally-Engaged shoppers,
Large Towns: Relatively more Android & BlackBerry devices and higher numbers of less Digitally-Engaged shoppers, some of whom have feature phones
Small Towns: Highest share of Non-Digital shoppers. The bottom 10% of non-digital shoppers in small towns are least likely to engage with business via their mobile (c.35% do not have any interaction vs 19% of Digitally-Engaged consumers. Almost two thirds use a feature phone and smartphones, where they do appear, are likely to be lower-end Android devices.

Location-based insights to reveal High Street USPs:
Smart Steps data has the unique ability to measure cross visit rates which enables retailers and planners to see which visitors also visit other High Streets, when, how frequently and for how long. Analysing cross-visit patterns can help High Streets identify what their most relevant and appealing features are so that they can market and promote these to specific groups of shoppers.

Case Study:
Although there is a weaker correlation between WiFi and Digitally Engaged shoppers in large towns, Maidstone provides a class leading example in attracting this group. Maidstone has the second highest number of WiFi hotspots of all large towns, however, its 3G coverage and fixed broadband speeds are close to the group average. Digital consumers in Maidstone are much younger than the average for Large Towns and more drawn to socialising than other shoppers on Maidstone’s High Street. It may be that the availability of WiFi in cafes and other leisure venues is a key draw for this group by allowing them to augment social interactions by digitally sharing experiences.

Adaptive
The following metrics are out of scope for the current data set but Smart Steps could measure:
- Dynamic footfall by segment – e.g. Analysing visitor patterns by time of day to optimise opening hours, picking locations and times for pop-up retail venues and understanding the night time economy
- The impact of adjacent events
- Infrastructure planning
- Social media interactions on high st – future use case

Experiential
Whilst Cities are physically highly accessible, technology also has a role to play in enhancing the digital experience of the High Street. Given the high levels of Smartphone penetration, location and context aware apps and services that harness a device’s GPS and other sensors can help visitors uncover another side of the High Street whilst augmented reality apps can enrich the physical experience by overlaying rich information.

Many of the innovative technologies that can be deployed in stores require reliable connectivity and will rely on the use of customer data so it is important the underlying infrastructure is in place and the High Street has taken steps to build Digital Confidence. By leveraging the rich data captured via these technologies and using it to enhance and combine physical and digital engagement methods, High Street retailers are in a strong position to offer unique experiences to their customers.

New cross-channel experiences such as Click & Collect allow physical retailers to tap into the immediacy of online transactions and leverage the convenience of fulfilment via their physical estate. SMS can enhance these interactions by providing shoppers with information on the status of their order and nearest collection point.

The ability to combine channels in this way will encourage retailers to offer shoppers a new experience founded on connectivity and fair value exchange.

CONCLUSION
The blurring of physical and digital channels and the new ways that digital can enhance physical interactions mean that High Streets will need a greater level of insight into their visitors than ever before. In order to embrace to possibilities of technology and create brilliant digital experiences for shoppers and citizens, High Streets must have a clear understanding of:
- Type of visitor to their high street
- The state of digital accessibility
- The most appropriate method of digital engagement for different groups
- The preferences of consumers to curate the most relevant content for them
- Policies to give consumers Digital Confidence that data will be used to give them fair value exchange

Building relationships based on Convenience, Engagement, Relevance and Experience High Streets will ensure their future success.
Policy Recommendations

As we move towards an omni-channel world in which the High Street is just one point of interaction in an online and digital mix it is increasingly important for retailers, service providers and local authorities and understand the preferences and behaviours of consumers. Where metrics are readily available for online behaviour, it is increasingly challenging to understand physical interactions and what draws people to the High Street. We have demonstrated how digital engagement, underpinned by the provision of access technology, can drive positive engagement on the High Street from those consumers who are most likely to prefer more time-efficient and convenient digital channels over physical interactions. Indeed, there appears to be a virtuous cycle of highly digitally accessible High Streets attracting the highest levels of Digitally-Engaged consumers.

To ensure High Streets are able to benefit from this trend and enhance their relationships with Digitally-Engaged consumers we identify the following three factors that we believe will help lay the foundations for healthier Digital High Streets:

Define, and work to achieve, consistent baseline connectivity standards

In order to succeed in attracting and retaining Digitally-Engaged consumers, UK High Streets, retailers and service providers must be able to access the right level of connectivity. The wider provision of public access WiFi is one way to meet these connectivity needs. There are two main considerations:

- Firstly, to be viable, public WiFi is dependent on the quality of the underlying broadband infrastructure and, based on the High Streets studied, there is evidence that lower data speeds mean that certain areas would not be able to support the infrastructure for a large number of digitally engaged consumers. Other High Streets already have the necessary infrastructure in place and should consider investing in WiFi to match the leading levels of provision.

- Alternative data service provision, like 4G, is currently less comprehensively geographically accessible, and generally incurs a service charge to the consumer. It is also limited to a subset even of the Digitally-Engaged, as users can still choose to take 4G-enabled smartphones without a 4G-SIM, leaving them reliant on 3G coverage.

Establish clear, interoperable public access WiFi standards

For WiFi to succeed as the underpinning connectivity model across UK High Streets, the experience for the consumer needs to be seamless, easy and free. But the model for WiFi suppliers needs to offer commercial return. Balancing these dynamics will require clear frameworks that operators and consumers can both benefit from:

- Public WiFi should offer a seamless experience to the user. Digitally-Engaged consumers use their mobile devices for multiple interactions and may be deterred by a complicated registration process. A public access WiFi framework should support single sign-on standards.

- WiFi providers and retailers on the High Street have the possibility of reaching shoppers via landing pages and banner ads to offer them a more personalised experience. With the right permissions, the data generated by Digitally-Engaged consumers can provide retailers with insights that allow them to enhance the shopping experience by optimising their physical and digital footprints. An operator “good practice” standard here would help consumers to feel confident, and operators to secure this revenue-stream.

Build Digital Confidence with consumers to ensure all groups benefit from relevant, engaging experiences

Building Digital Confidence with shoppers and Citizens is fundamental to unlocking the true potential of the High Street. In order to offer truly relevant, engaging, experiences based on customer data High Streets must build trust with their visitors. There are three main stages to achieving this:

- Offer transparency around what data is collected and held. A clear statement of principles is often more effective than lengthy terms and conditions.
• Provide consumers with meaningful options to control their data. For example a clear opt-in for certain services.

• Demonstrate a clear value exchange for using data. This could be in the form of a better curated, more personalised and relevant experience.

Based on this trust retailers should consider which digital engagement method will best meet the needs of their target audience. Mobile apps, mobile optimised web content and geo-targeted mobile display advertising will engage more Digitally-Engaged shoppers but, they would also be wise not to discount less digitally savvy shoppers. Those without smartphones can still be engaged via SMS messaging. This channel is also well suited to citizen engagement for local authorities by pro-actively providing relevant information. Furthermore, this segment may also benefit from advice and support to ensure that they are able to enjoy all the possibilities that digital technology has to offer.

Conclusion
By better understanding the types of shoppers visiting the High Street, retailers and local authorities have the ability to attract and engage those shoppers that are most at risk of being lost to online-only competitors and enhance the experience of less digital groups. By enhancing the provision of access technologies smaller High Streets have the opportunity to create the same type of virtuous cycle of high connectivity and high numbers of Digitally-Engaged consumers that is seen in the Top 10 Digital High Streets, resulting in improved commercial performance, greater engagement, and healthier Digital High Streets.
Appendix 2: Detailed High Street Profiles

A. Major City High Streets

e.g. Bristol, London West End, Edinburgh, Newcastle

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<tbody>
<tr>
<td>Average WiFi Hotspots</td>
<td>19</td>
</tr>
<tr>
<td>Av 3G coverage from all operators</td>
<td>98%</td>
</tr>
<tr>
<td>Av Fixed Broadband Speed (Mbit/s)</td>
<td>20.5</td>
</tr>
<tr>
<td>Av Transport Links</td>
<td>70</td>
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</tbody>
</table>

What do Digitally-Engaged consumers look like in my kind of town (major cities, cities, large towns, small towns)

Major cities have the highest penetration of Digitally-Engaged consumers. They express a strong preference for the latest smartphones, especially the iPhone. On the whole they are younger and more affluent than other shoppers on the High Streets of Major Cities. They are more likely to express an interest in leisure pursuits engaging with restaurants, health clubs, hairdressers and taxi services via their mobile device. They use their mobiles to engage with Govt. Svcs but to a lesser extent that those on smaller High Streets.

What kind of services should I offer them?

As this group are Smartphone lovers the vast majority are best reached via digital means such as apps and mobile optimised web content. More traditional methods such as SMS still have a role to play in reaching less digitally-engaged groups in major cities but this a far smaller proportion of the population than in towns.

Major Cities have the highest average Geolytix strength score indicating that they have a wide ranging and attractive mix of retail and leisure facilities on their High Streets. Whilst some categories show strong levels of mobile interaction today, other retail and leisure venues could boost their engagement with Digitally-Engaged visitors by enhancing their mobile presence. This would benefit the day and night time economy of major cities alike and allow a broader range of service providers to build omni-channel relationships with their customers.

What infrastructure (technology) investment decisions make a difference to number of digital consumers?

Major cities that have a high number of WiFi hotspots attract the highest proportion of Digitally-Engaged shoppers. As 3G coverage and Broadband speeds are universally high on these High Streets there is little to differentiate between Major Cities in terms of connectivity. However there is evidence that the few Major Cities that do not have full coverage across all mobile networks capture a lower proportion of Digitically-Engaged consumers than their better connected peers.

Transport links are also strong across the board in Major Cities and as such do not appear to be a major factor in attracting proportionally more Digitally-Engaged consumers to the High Street. Whilst Cities are physically highly accessible technology also has a role to play in enhancing the digital accessibility of the High Street. Given the high levels of Smartphone penetration, location and context aware apps and services that harness a device’s GPS and other sensors can help visitors uncover another side of the High Street and direct footfall to areas off the main thoroughfares. In this way Major Cities can harness digital technology and build on their ubiquitous connectivity to promote offline services and experiences.

How much difference do technology investments make?

Manchester is a standout example of a connected city. It attracts a higher proportion of Digitally-Engaged consumers than any other High Street in our study. In line with the correlation we observe, it is perhaps no surprise that Manchester benefits from the highest number of WiFi hotspots in England outside of the West End and also has leading mobile connectivity.

On the other end of the scale, cities such as Walthamstow attract comparatively less Digitally-Engaged shoppers to their centres. They score highly in mobile coverage and fixed broadband speeds yet appear comparatively underweight in WiFi provision. They would, therefore, appear to have the potential to attract more digital consumers to their centres by investing in this technology.
B. City/Urban High Streets

e.g. York, Portsmouth, Ipswich, Cambridge

Recommendation:
Enhance connectivity, especially WiFi provision to provide a means to interact with Digitally-Engaged consumers and highlight unique aspects of the High Street and services on offer.

What do Digitally-Engaged consumers look like in my kind of town (major cities, cities, large towns, small towns)

Cities have the second highest presence of Digitally-Engaged shoppers out of the High Streets in our study. As in Major Cities this group are more likely to be affluent, upmarket consumers. A greater than average number own iPhones and other smartphones. Like their peers in the larger cities, they express a strong preference for social and leisure pursuits.

In contrast to Major Cities, this group of High Streets have a higher share of less Digitally-Engaged consumers. They are a less affluent segment which expresses a stronger preference for interacting with Government Services via their mobiles than any other category. They are about as likely to own a smartphone as other City High Street visitor, however, this group is much more likely to be using an Android or BlackBerry device.

What kind of services should I offer them?

Similarly to in Major Cities, Retail and High Street Apps would be an ideal means of reaching the Digitally-Engaged. Today, leisure pursuits have the highest levels of engagement but other types of service could also leverage this channel. City High Streets also benefit from strong transport links and an attractive mix of amenities. As such, local attractions and events, for example, could market themselves to this group via mobile, making use of digital engagement to promote and highlight the uniqueness of the individual High Street and ensure that shoppers get the most out of their visit.

Another City-specific consideration is to ensure that mobile apps are compatible across a wider range of device types to reflect the greater diversity of operating systems present on their High Streets. Alternatively, or in parallel, interactive SMS can be used to ensure that less digital groups of consumers are able to benefit from mobile engagement.

What infrastructure (technology) investment decisions make a difference to number of digital consumers?

As in the Major Cities, there are plenty of examples of Cities with a high number of wifi hotspots attracting a higher than average share of Digitally-Engaged shoppers. WiFi also appears to be linked to the presence of the most affluent consumers, a group of 30-50yr old, iPhone users, with a strong male bias and a preference for taxis and professional services.

How much difference do technology investments make?

Portsmouth has the highest share of digitally engaged consumers on city High Streets. Portsmouth stands out for its excellent 3G availability score and high average Broadband speed, both of which may factor into it appearing as a destination for the Digitally-Engaged shopper. However, Portsmouth has amongst the fewest transport stops out of the cities we studied. This indicates that physical accessibility may not be as much of a barrier to the Digitally-Engaged as other, less digital groups. Indeed, Portsmouth, with only 26% non-digital shoppers, may even by losing out on its fair share of non-digital shoppers which make up 32% of footfall in the average city.
C. Large Town High Streets

e.g. Swindon, Bedford, Hastings, Taunton

**Recommendation:**
Improve connectivity provision. Focus on giving Digitally-Engaged consumers the confidence to carry out more interactions via mobile devices.

**What do Digitally-Engaged consumers look like in my kind of town (major cities, cities, large towns, small towns)**

Digitally-Engaged consumers have a strong presence in large towns, albeit to a slightly lesser extent than in larger metropolitan areas. They are closer in affluence to other shoppers on the High Street than their urban peers yet still show the same preference for smartphones, especially the iPhone. They have a similar but marginally lower propensity to interact with business via their mobile than Digitally-Engaged consumers in cities and, whilst the same preferences towards leisure and socialising are present, they appear to have a wider range of interactions which include categories such as automotive businesses. This shift may indicate a higher level of car ownership outside of urban areas which could go some way to explaining the lack of relationship between public transport stops and the presence of Digitally-Engaged shoppers on the high streets of Large Towns.

**What kind of services should I offer them?**

Large Towns need to be accommodating of the wider range of Digital and non-Digital consumers on their High Streets and would do well to incorporate a range of digital engagement methods in their offering from iPhone apps directed at the most digital consumers to mobile-enabled web content and interactive SMS to reach less-digital shoppers.

Older demographics are more prevalent outside of urban centres. This is true of Digitally-Engaged consumers too, many of whom are over 40 in Large Towns. This group clearly see the benefits of technology, as evidenced by high smartphone adoption, but have not grown up in a mobile-first world like many young, digital urbanites. As a result, they appear to be more wary of fully embracing digital interactions with the High Street. Whilst clearly beneficial to all consumers, this group would be most likely to benefit from clear guidelines and permissions giving them control over how retailers and services providers can engage with them through their mobile device. Building trusted, personal relationships with local consumers has traditionally been an area of strength for retailers in towns and it is important that they are able to replicate this trust in the digital space.

Combining the trust and consistency of a physical local presence with the opportunities for instant engagement and interaction provided by digital engagement is one of the ways in which Large Town High Streets can broaden their appeal and compete in the digital age.

**What infrastructure (technology) investment decisions make a difference to number of digital consumers?**

Whilst WiFi does not appear to be as strongly correlated with the presence of Digitally-Engaged consumers as it is in Cities there does appear to be a relationship between the availability of 3G from all operators. As the most digitally engaged group, the availability of a reliable mobile signal appears to be more of a pull factor for this group than for less digital shoppers.

**How much difference do technology investments make?**

Although there is a weaker correlation between WiFi and Digitally Engaged shoppers in large towns, Maidstone provides a class leading example in attracting this group. Maidstone has the second highest number of WiFi hotspots of all large towns, however, its 3G coverage and fixed broadband speeds are close to the group average. Digital consumers in Maidstone are much younger than the average for Large Towns and more drawn to socialising than other shoppers on Maidstone’s High Street. It may be that the availability of WiFi in cafes and other leisure venues is a key draw for this group by allowing them to augment social interactions by digitally sharing experiences.
D. Small Town High Streets

e.g. Huntingdon, Dartford, Clacton, Antrim

Recommendation:
Connectivity can be improved in most areas, especially in areas where the underlying fixed infrastructure will support multiple WiFi hotspots. Focus on providing help and advice to consumers to improve confidence and drive digital engagement.

What do Digitally-Engaged consumers look like in my kind of town (major cities, cities, large towns, small towns)

The smallest towns in our study have a similar proportion of Digitally-Engaged shoppers on their High Streets to those in larger towns. They nevertheless remain a significant group. As in larger towns, they are closer in affluence to other small town shoppers but still comfortably above average. They too are committed smartphone uses but are less likely to have the latest models. They are also the oldest group of Digitally-Engaged consumers in our sample with a large proportion over 40. They are more likely to interact with Govt Svcs than any other type of business via their mobile which may indicate a more traditional attitude towards using voice channels rather than self-serving online.

Small towns have the highest share of shoppers that we identify as being non-digital. This group make up a third of all shoppers and are characterised by their lack of digital engagement. The bottom 10% of non-digital shoppers in small towns are least likely to engage with business via their mobile (c.35% do not have any interaction vs 19% of Digitally-Engaged consumers). This could be down to a lack of will, skill or device. Almost two thirds of the least Digitally-Engaged consumers use a feature phone and smartphones, where they do appear, are likely to be lower end Android devices.

What kind of services should I offer them?

Apps will appeal to the more digitally engaged groups, however care should be taken not to disenfranchise non-digital shoppers. Technologies such as SMS messaging may help to drive digital engagement with retailers on the High Street to those unable to download an app, receive mobile display marketing messages or view WiFi banner ads.

The gap between the most and the least Digitally-Engaged consumers, combined with the older demographic profile of towns, indicates that retailers, service providers and local authorities in small towns should consider how to lessen this digital divide. As well as universally accessible SMS, drop in digital support and coaching sessions in council buildings would provide a relevant way of reaching out to these groups. Retailers, of all types, should also consider their roles as trusted advisors in Small Towns by offering advice and support to help less Digitally-Engaged groups benefit from the possibilities of technology.

What infrastructure (technology) investment decisions make a difference to number of digital consumers?

In spite of the small range, there is a link between towns offering multiple WiFi hotspots and the presence of Digitally-Engaged consumers. Reliable indoor 3G coverage across all operators is also linked to the presence of Digitally-Engaged shoppers. Mobile access technology is an apparently significant factor amongst this group and it would appear that either mobile or WiFi, even in isolation, is beneficial. We see examples of small towns in this group that have strong 3G coverage and a higher than average penetration of Digitally-Engaged consumers despite not having any WiFi hotspots.

How much difference do technology investments make?

Small Towns such as Cosham and Porthcrawal that have high numbers of Digitally-Engaged shoppers could further cement their position by investing in WiFi to compliment the strength of 3G coverage. Redcar has strong transport links and could be in a position to increase its appeal to Digitally-Engaged shoppers by increasing the number of WiFi hotspots it offers.

- END OF REPORT -

Average WiFi Hotspots 2
Av 3G coverage from all operators 64%
Av Fixed Broadband Speed (Mbit/s) 15.2
Av Transport Links 9
C. Digital Skills
WS6 – Digital High Street skills

Introduction

This paper discusses the importance of improving digital skills on our high streets, particularly amongst small and medium-sized enterprises (SME) and the voluntary, community and social enterprise (VCSE) sector. This annex further highlights some examples of existing good practice at national level.

Small businesses and charitable organisations quite simply can no longer afford to be offline. And this is especially true of those on our high streets. As consumers become more knowledgeable and well-informed, using the internet and social media tools to research their options and to transact, it is increasingly necessary for small businesses to have an online presence. In our price-sensitive climate, brand loyalty comes under pressure as the sector witnesses greater ‘brand promiscuity’ or interchangeability of products and services. Meeting the needs of customers and giving them the experience they want has become a key challenge for businesses who are not online. In addition, customers now use social media as a very public way of sharing their feedback and consumer experiences, and organisations must be able to track and respond to these comments in real time.

Larger businesses have already understood this; supermarket chain Morrison’s recently carried out a business model review to see how it could adapt its operations to changing consumer behaviours. The review recognised the urgent need to offer online shopping as an option for customers to ensure the brand remained competitive.¹

Small businesses and charitable organisations must be sufficiently supported to recognise that by adopting the opportunities of marketing and selling online they too can remain competitive.

The scale of the problem

An estimated 4.9 million small businesses in the UK employ 24.3 million people, with a combined turnover of £330 billion. According to the 2014 Lloyds Bank UK Business Digital Index:²

- 1.7m of these organisations have a very low level of digital understanding
- 31% still lack basic digital skills
- 75% are not allocating budget to invest in improving digital skills
- 25% of those which are asking for support do not know what support they need
- 29% say that being online is not relevant to their business
- Only 50% of SMEs and VCSEs have a website

• Only 14% allow their customers to purchase products, services or make donations online
• Under one-third of charities are able to transact online

The report concludes that the main obstacle to increased digital maturity for SMEs and VCSEs is attitudinal.

The government’s 2013 Information Economy Strategy\(^3\) and 2014 Digital Inclusion Strategy\(^4\) also make a persuasive case for SMEs and VCSEs to build their digital skills. The importance of the digital economy is clear. Internet retail volumes grew by more than 6 times between 2003 and 2012, from £4.8 billion to £31.1bn, and the information economy sector contributed around £58bn to Gross Value Added in 2011 (at current prices).\(^5\) Ofcom’s 2014 Communications Market report states that the average UK consumer spends £1,083 per head online per annum,\(^6\) and the government’s own figures estimate that people in the UK will buy £221bn of goods and services a year online by 2016.\(^7\)

Key barriers to digitalisation

Individuals
The key barriers to digital inclusion for individuals are well understood.\(^8\) They are:

Skills – ability, levels of competence and confidence in using devices
Access – infrastructure, speed and availability of local internet access
Cost – device cost, broadband subscriptions or monthly fees for mobile data

Linking all these factors is motivation, the reason people choose to go online. Motivation can often be the factor that reduces or removes the other obstacles. When it is lacking it is a significant barrier; but when it is present it can be a powerful enabler.

\(^6\) [http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cm14/](http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cm14/)
\(^8\) [http://www.go-on.co.uk/common-themes/](http://www.go-on.co.uk/common-themes/)
SMEs and VCSEs
For SMEs and VCSEs, skills and cost – or the perception of cost – remain key barriers. However rather than access, time is the more significant issue. Instead of seeing the initial time required to set up an online presence and gain basic digital skills as a positive investment that would lead to greater savings in the future, organisations saw this as an extra commitment that they simply could not manage.

What are basic digital skills?

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9 Ibid
11 [http://www.go-on.co.uk/common-themes/](http://www.go-on.co.uk/common-themes/)
In January 2015, the cross-sector digital skills charity Go ON UK published an updated definition of basic digital skills. This definition covers those skills required by both individuals and organisations, as well as information about online security. It provides a common standard for benchmarking and measuring levels of digital skills and was developed in consultation with a wide range of stakeholders, including academics at the London School of Economics (LSE) and the London Business School, Go ON UK Board partners, the Oxford Internet Institute, and key digital inclusion organisations such as Tinder Foundation and Citizens Online.

Given the fast-paced nature of digital development, ‘basic digital skills’ is a continually evolving term. As a result, a key element of this definition is the focus on the outcomes from digital skills, rather than simply the skills themselves. From an organisational point of view, this may mean what will digital skills enable a business to do differently? How will these skills help a business reach new customers? Why does transacting online improve profitability? And, above all, how do businesses ensure their online security and protect their customers’ data?

![Figure 3: Go ON UK Basic Digital Skills](http://www.go-on.co.uk/basic-digital-skills/)

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12 [http://www.go-on.co.uk/basic-digital-skills/](http://www.go-on.co.uk/basic-digital-skills/)

13 Ibid.
Existing best practice

Some examples of existing best-practice programmes to increase digital skills amongst SMEs and VCSEs are given below.

**Government Digital Inclusion Strategy**

The Government Digital Service (GDS) published the government’s Digital Inclusion Strategy in April 2014.\(^{14}\) The GDS Digital Inclusion Delivery Board commissioned a working group to complete a ‘discovery’ exercise to identify the extent and shape of the digital skills provision currently available to SMEs and VCSEs.

Using the Lloyds Bank UK Business Digital Index as a framework for the analysis, the working group undertook an extensive review of existing digital skills provision, auditing 156 activities across England. The key findings from the analysis were:

- The greatest gap in provision is in promoting awareness and motivation to learn digital skills
- Support is available but is fragmented and geographically imbalanced
- The VCSE sector is under-supported overall
- There is a lack of funding transparency and availability for VCSEs

The findings suggest that there is a huge opportunity to develop the digital skills provision currently available to SMEs and VCSEs, with perhaps the greatest opportunity in the VCSE sector.

**‘Do more online’ campaign**

The Department of Business, Innovation and Skills (BIS) launched its ‘Do more online’ campaign to help micro-businesses and small traders increase their online presence as part of the broader Business is GREAT campaign in November 2014.\(^{15}\) ‘Do more online’ uses positive, case-study driven messaging about the benefits of transacting online and developing a digital presence. It also aims to raise awareness of what support is available for small businesses to enhance their digital capabilities through a range of above- and below-the-line activities.

As part of this campaign, the BIS announced £2m of funding to 22 projects through Local Enterprise Partnerships (LEPs) to help small businesses improve their digital skills and increase their digital presence.\(^{16}\) Projects include advice to businesses, supported by events, workshops and networking sessions. This support, alongside significant input from a number of corporate partners, has helped LEPs to further their reach, upskilling even more businesses through their already established regional and local programmes.

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\(^{15}\) [http://www.greatbusiness.gov.uk/support-to-help-small-businesses-do-more-online/](http://www.greatbusiness.gov.uk/support-to-help-small-businesses-do-more-online/)

www.digitalskills.com/business
In 2014, BIS partnered with the digital skills charity Go ON UK to help build digital capability amongst SMEs. One element of this work was a new business section – www.digitalskills.com/business – launched in October 2014 on Go ON UK’s digitalskills.com website that provides information, advice and tools specifically to help small businesses trade online. Digitalskills.com/business also includes ‘how to’ guides, case studies, links to courses and events, and a directory of easy-to-use external resources.

The outputs of the Digital High Street 2020 report could be incorporated into this site alongside online content, digital solutions and resources specifically targeted at high street retailers and businesses.

**Partnership networks for skills**
Go ON UK has built a network of advocacy and partnership that is critical to support on-the-ground digital skills delivery to SMEs at a local and regional level. Go ON UK is supporting BIS to deliver a more coherent digital capability programme for SMEs by using its partnerships to ensure collaboration between LEPs, SMEs and corporates.

**Digital Business Academy**
Tech City UK, in collaboration with University College London, has launched a Digital Business Academy to give individuals the knowledge, skills and confidence to start up or grow a digital company. The eight online modules include business development, marketing and finance, and contain video, text and practical exercises, with each course taking between three and six weeks to complete.

**UK Business Digital Index**
Lloyds Bank launched its first UK Business Digital Index in 2014 as part of a commitment to Go ON UK to benchmark the digital maturity of SMEs and charities in the UK. The Index looks at the use of and attitudes towards digital technologies, the benefits of using digital and the barriers to organisations realising those benefits.

**Digital Know How**
The Digital Know How guide was developed by Lloyds Bank in association with Go ON UK. The online guide highlights the benefits of online skills, digital platforms and marketing and communication channels with case studies to help motivate SME and charities to develop their digital skills.

**Digital High Street Skills programme**

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The Digital High Street Skills programme (DHSS) was launched in March 2014 by the National Skills Academy for Retail (NSAR) and the Association of Town and City Management (ATCM).19

The programme gives small business owners the knowledge and confidence to implement practical steps to improve their business using the digital skills appropriate to their business. As part of the partnership with the ATCM, town centre managers deliver the workshops and become ambassadors for digital skills training. The programme was developed using the Employer Ownership Fund (EOF) from BIS and currently consists of three half-day training sessions covering digital marketing, developing an online presence, and growing the business through social media.

Building on existing best practice

Recent research shows that SMEs are more likely to trust a local provider than a national one. As a result, the model of a national programme delivered locally is likely to be the most effective approach.

The UK Commission for Employment and Skills’ ‘Review of Employer Collective Measures’ (Evidence Report 10, November 2009)20 highlighted that effective employer networks can help to overcome a number of the barriers to employers investing in skills and training, including:

- Providing information on the available training and the quality of supply
- Promoting the benefits of training to employers
- Reducing the cost of training through the development of economies of scale
- Reducing the risk of poaching among employers

The report states that networks need dedicated champions with the skills and credibility to assemble and co-ordinate the involvement of partners, such as employers and training providers. This could quickly be replicated in other regions, given an increase in marketing capability through partnerships, such as Go ON UK and the LEPs.

Case studies

**Manchester Bike Hire**

‘70% of my sales come through the Internet!’

_Pavol Gajdos, 32, owner of Manchester Bike Hire, started researching bike related service providers, online._

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19 http://www.digitalhighstreetskills.co.uk/
• Seeing that there might be a gap in the market in Manchester, Pavel asked a friend to build him a website, because he wanted people to be able to reserve their bike as quickly and as easily as possible without having to call or email him and wait for a response.

• He now gets around 60-70 per cent of his sales from the internet.

• Having a website ‘opened up my business to people from all over the world, not just Manchester. I regularly hire out bikes to visitors from all over the world who have found my website on Google. I wouldn’t have their business if I didn’t have a website.’

• It was important for Pavol to get his company into people’s minds in Manchester. He explains: ‘I made sure that each bike was branded with my logo and website address on. Because they’d seen my web address, they could search or go directly to my website. That’s where the online reservation system came in handy again, because people didn’t have to call or email, they could just book their bike right then and there.’

• ‘I don’t see why any business wouldn’t benefit from using online services these days, I wouldn’t have been able to do business without them!’

• He has even seen sales increase after starting to take mobile payments with his iPad.

Randalls

‘It has opened my eyes to the importance of social media in promoting my business’

Martin Duff, a Cheshire Jeweller, has seen his sales rise by 10% thanks to the training programme “Digital High Street Skills” from People 1st/NSAR and ATCM, supported by the Department for Business, Innovation and Skills (BIS).

• Martin began his jewellery business three years ago, after a successful career in commercial lighting. It’s been a challenging three years and Martin has had to continually innovate and adapt to keep his business on track.

• Martin is passionate about his business and having already been through a number of challenges since he began trading, he immediately recognised how the Digital Skills High Street programme could give him a competitive advantage and take his business to the next level.

• ‘The training was pitched so well that despite the group being made up of all ages and business backgrounds we all got a huge amount from it. We found that we all had similar issues and discovered that by supporting each other we could all benefit.’

• ‘It has opened my eyes to the importance of social media in promoting my business to new and existing customers.’

• Martin saw that his Deputy Manager, Alyshia knew far more than he about social media than he did. Alyshia is now tweeting about the business on average 20 times a day and promoting the business to an audience they previously had not been speaking to.

• “There is no way I would have trusted her to do so unless I had been on the programme but now Alyshia is coming to me with new ideas and suggestions all the time on how we can develop our business, and it is paying dividends.”
Vinyl Clocks

Founder designed the website himself for free in one afternoon! Now over 1,000 sales.

Tim Stanger of Shropshire was setting up his office when he suddenly stumbled upon a new business idea, Vinyl Clocks – which are as they sound, Vinyl records turned into clocks.

- Tim designed the website himself for free in a single afternoon using the Wordpress platform
- He used the Internet to source all of the materials he needed to build the clocks.
- Email communication allows Tim to keep in touch with his customers through their user journey – from order received to asking for feedback.
- Over 20% of his sales are from outside the UK. Being online means Tim can reach a global audience, including Australia, New Zealand, and even a remote town in Russia!
- Being able to promote through social media every day has massively increased business. Tim credits it for being able to talk directly to customers, and potential future customers.
- Theo Paphitis tweeted his support as part of his ‘Small Business Sunday’ campaign.
- Since starting in July 2011, VinylClocks.com has sold its 1,000th clock and Tim has been able to redesign his website for mobile users to increase his sales.
- Tim believes that none of this would have been possible without the internet.
D. Digital Trends
WS4 - Current and developing digital projects, products and services

UK innovation competing with other countries

This report has a UK scope, however there are a number of innovations in other countries that are likely to be relevant here in the next 12 months. For instance, in the Benelux countries, consumers have an easier time of receiving and using digital coupons and offers as a result of a collaboration between all the mobile operators and major retailers; the same process is underway in Italy. In Strasbourg, Caen, Barcelona, Madrid and Rio de Janiero, the consumer experience of the city centres is greatly enhanced by the deployment of thousands of NFC contactless tags in public locations; these tags can be tapped by people with NFC-enabled smartphones to receive location-based information ranging from pedestrian navigation, local amenities and cultural events to offers from adjacent retailers or hospitality. In Nice, the degree of mobile-contactless integration has had a transformative effect on the city. Miami and Honolulu made it simple for their citizens to interact with all aspects of local government services via mobile and social platforms. Across the USA, use of contactless smart cards for transit payments is well established, with Chicago and Utah ready to be the first to use smartphone payments. In Japan and South Korea, mobile payments are way ahead of the US, with approximately one contactless terminal per 130 population in Japan, one per 100 in South Korea compared with one per 600 in the US and one per 333 in the UK.

“Buying local will beat online. “

“The technology trends will move us back to brick and mortar—but with a difference. In the future, retailers will layer increasing levels of engagement and personalization on top of the shopping experience, ultimately merging the instant gratification of physical shopping with the richness of online shopping and making same-day delivery a snap.” IBM Research predictions for 2015-2020.

Consumer expectations of the multi-channel experience vary according to demographic segments. But it’s fair to say that the modern UK High Street experience for the majority of consumers now usually involves a mix of both physical and virtual activity. A typical customer journey will involve planning and use of laptop-PC or mobile device, outward travel with a mobile device, interaction in the public spaces around the High Street, in-store customer service and “filling the basket”, and possibly sociable interaction at hospitality businesses and via social media. More consumers now use more than one device in their customer journey and High Street visits than ever before.

This report catalogues significant solutions, projects and pilots from around the UK, and groups the content by categories, explaining the relevance of each category. The report profiles existing solutions and applications from established major providers as well as digital start-ups, projects and pilots such as the twenty one Innovate UK / Re-Imagining the High Street projects.

Each category has a narrative that explains its context and significance to the High Street and the consumer experience of it. The categories reflect both the stages within the “customer journey” as well as the major groupings of digital services.

E-commerce platforms: E-commerce platforms are online shopping portals or market places, and are currently widely accessible via laptop/PC and also in mobile formats. They feature at a number of points along the customer journey, from information, product and service discovery to comparison, peer review and a variety of fulfilment options.
These widely used platforms support a business having an online channel, and fulfil a functional need for consumers. More recently, there has been a move towards social media integration, so e-commerce platforms can be linked to other digital services including mobile payments, loyalty and rewards, as well as providing a mobile/location-specific data flow for customer insight purposes.

Examples of e-commerce platforms:

| Magento / eBay | Magento, owned by eBay, is an open-source content management system for e-commerce web sites. Magento is used by 25.6 % of all e-commerce websites. |
| Boxpark Marketplace | Boxpark Shoreditch, the world’s first pop-up mall, has teamed up with Magento and PayPal, both eBay companies to offer omnichannel commerce experience for its retailers and consumers. [http://www.boxpark.co.uk/marketplace/] |
| Shopify | Shopify is a fully managed commerce platform with the capability to sell both online and in retail point-of-sale. It has a 7.6% share of all e-commerce platforms. There are currently over 600 different free and paid apps that add further functions to Shopify e-store owners. |
| Amazon Marketplace | Businesses and sole traders can list their products directly on the Amazon website. British businesses are able to offer their products to customers on all of Amazon’s European websites from a single seller account. |
| Alibaba UK | Alibaba is a Chinese global B2B platform; the system allows a business in the UK to find a manufacturer in China and have a range of goods produced and shipped. |
| Rakuten (formerly Play.com) | Rakuten has a direct focus on empowering more independent retailers to sell online in the UK. The new Rakuten.co.uk marketplace offers shoppers the ability to buy from independent retailers in the UK and includes a broad range of products across multiple categories |
| MyHigh Street | An independent retail marketplace offering town based web portals and retailer sales through e-commerce and in-store footfall; the back-end is integrated into Rakuten.co.uk. [http://frome.myhigh.st/][http://perth.myhigh.st/] |

However, as commerce platforms they are mainly focused on products, retailers and retail transactions rather than enhancing the broader consumer experience of their local town centre.

By having an local online-mobile source of town centre information, consumers can better understand the offer and are more likely to stay longer. This will require more town centre businesses getting their offer online. “Town centre management has a role to play in the new digital era, so that the internet can support - rather than replace - the town centre experience. However there is a need for individual stakeholders (retailers, service providers, local government) to operate as a ‘network’ rather than individually, in order for the internet to be used as a tool to enhance the vitality of town centres.” University of Southampton 2014 report for Future High Street Forum.

As online commerce integrates further into social media platforms, the consumer is starting to experience an increasingly seamless journey, with a high degree of personalisation and real-time delivery. This will become the normal consumer expectation and poses something of a challenge to businesses with low digital maturity.
Parking / public transport: During the travel phase of the customer journey, the consumer has many options for information, ranging from online or mobile public transport timetables and ticketing, delays and traffic updates as well as parking space availability. The opportunity for High Street management is to influence effective delivery of travel and parking information to make the physical journey into the centre of a town as frictionless as possible. A number of new applications and services are emerging.

With these applications there is also the opportunity to anticipate a consumer’s needs based on known preferences and geo-location. The travel phase of the customer journey is important in the overall meeting of consumer expectations, and often has both the initial and concluding actions of an individual’s visit to a town centre, which as such can have a significant impact on perception. Therefore, adoption of new technology and applications by local transport authorities, parking providers and operators is crucial to the successful modern High Street.

<table>
<thead>
<tr>
<th>Transport for London</th>
<th>TfL has implemented contactless credit and debit payment on its bus, tube and train network. By deducting fares directly from a bank account, contactless payment means riders don’t need to buy a ticket at all.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelogress</td>
<td>Accelogress’ Smart Personal Parking eXperience (SPPeX) aims to give shoppers smartphone access to a constantly updated town-wide parking availability and demand model.</td>
</tr>
<tr>
<td>rTown</td>
<td>AMS Consulting’s rTown project envisages a small community such as Ross-on-Way taking devolved powers for traffic management and parking from its county council.</td>
</tr>
<tr>
<td>iGeolise- TravelTime</td>
<td>iGeolise will enable shoppers to set a travel time to reach a shop or service and compare transport modes to get there.</td>
</tr>
<tr>
<td>Ethos VO</td>
<td>Ethos VO’s Collaborative High Street Platform will combine customers’ known travel intentions and/or patterns (eg parking bookings) and retail/service preferences, relayed by mobile phones, to alert retailers to respond with timely and relevant offers.</td>
</tr>
</tbody>
</table>

Public realm engagement: Often as part of the travel phase of the customer journey, and then within the pedestrian navigation of the High Street or public realm places, people have become familiar with poster sites, bus shelter and kiosk based information, local maps and way-finding signage. The latest mobile-contactless technologies have revolutionised this experience, and will continue to do so for some time to come.

<table>
<thead>
<tr>
<th>Beacons</th>
<th>Brands including Hamleys, Armani, Longchamp and Hackett have installed iBeacons in their Regent Street stores with the aim of pushing exclusive and personalised marketing messages to shoppers via a mobile phone app.</th>
</tr>
</thead>
<tbody>
<tr>
<td>NFC</td>
<td>Argos rolled out near field communication (NFC) capabilities into 40 of its national stores, so now shoppers will be able to engage, through their smartphones and the Argos mobile app, with store staff wearing NFC-enabled lanyards to discover the latest offers and make purchases with them on-the-go.</td>
</tr>
<tr>
<td>City Dressing</td>
<td>In South Shields, City Dressing and the local council created a digital shopping wall in an empty premises, allowing independent retailers to have a highly visible presence via QR codes.</td>
</tr>
<tr>
<td>TiCL</td>
<td>TiCL is a location-based app that allows the user to see what’s going on right where they are, in real-time. <a href="https://ticl.me/">https://ticl.me/</a></td>
</tr>
</tbody>
</table>
iGuides

iGuide is a mobile app which provides real-time information relating to a specific location, enabling the user to search for, find, locate promotions and loyalty schemes offered by the local businesses. [http://visitbath.co.uk/](http://visitbath.co.uk/) [http://www.bayswater-village.com/village/](http://www.bayswater-village.com/village/)

Mobileweb Co

Winchester BID has worked in partnership with the Mobileweb Company to launch a mobile site [http://viewwinchester.com](http://viewwinchester.com) accessible from all mobile devices. Every business has a personalised, free listing creating the official business directory of Winchester. The site is evolving with district information, reciprocal links to tourism information, events listings and social networks and advanced features such as QR codes.

**Mobile platforms:** Mobile platforms are not yet widely available, but they are likely to become a major innovation in consumer engagement; previously described as a “mobile wallet”, these wallet-like platforms would be the personalised interface that a consumer would use on their mobile device to interact with their local High Street offer. No consumer-friendly, generally-adopted standard format exists yet, but a number of initiatives in this category are underway. A number of major associations are collaborating on the creation of a specification that could be the generally adopted format.

St.Pancras, London

Javelin Group and PayThru – deploying the mHighStreet platform, badged as the St.P mobile app. Also under pilot in Germany.

The mHST vision is for re-invigorated town centres, where merchants and customers seamlessly mix digital and real world commerce channels, and small independent retailers can compete for local customers with retail giants in both online and offline markets. It is a platform for local contextual mobile marketing and payments, which integrates proven technologies in geo-location, message optimisation and mobile payment; Ignite delivers the right local message, to the right customers, in the right place, at the right time. [http://www.paythru.com/news/2015/01/st-pancras-launch-new-retail-and-consumer-app-stp-with-targeted-offers.php#.VMd6EdKsVzY](http://www.paythru.com/news/2015/01/st-pancras-launch-new-retail-and-consumer-app-stp-with-targeted-offers.php#.VMd6EdKsVzY)

iNSIGHT by Red Ninja Studios

The aim of Red Ninja’s iNSIGHT project (funded by Innovate UK as part of the Re-Imagining the High Street competition) is to research/assess the feasibility of a ‘holistic mobile commerce proposition’. Currently, visitors of high streets often find themselves having to download multiple apps and browse multiple websites to collate information about the local high street offering. There is the opportunity to combine all of the services that a consumer needs (e.g. travel management, parking, voucher redemption, restaurant and entertainment guide, loyalty cards etc.) into one single accessible and consumer-focused mobile application. This all-in-one app, described by Red Ninja as a ‘holistic mobile commerce proposition’, is precisely what Red Ninja intends to achieve.

Norwich Business Improvement District (BID) and Proxima – LOKA app

The Connected High Street project will use popular mobile proximity technologies such as Bluetooth beacons, NFC and QR codes to create a personalised and relevant shopping experience by connecting consumers with participating merchants via their mobile. It is also the first of its kind to use beacon technology on buses. Passengers travelling into the city centre on First buses can choose to receive notifications while on the move to better plan their trip and take advantage of events taking place in Winchester.
Mobile platforms will integrate many of the current functionalities available to the consumer into a single personalised view of a local High Street. The consumer would have complete control over preferences and opt-ins, and would be able to access information, retailers and services through omni-channel choices.

**Loyalty/rewards/couponing:** Loyalty and rewards are well established ways of retaining existing customers and strengthening the relationship with them through use of rewards and couponing offers. The omni-channel evolution has also had a corresponding effect on the way loyalty programmes work, primarily through using mobile devices as the delivery platform. Well-known schemes such as Nectar, Tesco Clubcard, Boots Advantage have the advantage of scale; loyalty schemes at a local level, which are accessible to local businesses are slowly starting to gather momentum. With more and more towns investing in local marketing apps, it is more realistic that local loyalty programmes will move from the stamp-on-a-card version to a fully integrated mobile marketing feature.

| **Escher Interactive – Bopzy iD** | The Bopzy iD is a digital identity which allows consumers to do simple, fast and secure transactions like make payments, buy tickets and get them loaded to their account account instantly, use it for door access and as a one for all rewards card. The Bopzy iD comes in many forms like a plastic card, key ring, sticker or in an NFC phone. [https://www.bopzy.com/inner/about-the-bopzy-card](https://www.bopzy.com/inner/about-the-bopzy-card) |
| Miconex | Miconex work in partnership with Local Authorities and Business Improvement Districts to proactively promote local businesses using digital channels. [http://www.mi-cnx.com/mi-regions/](http://www.mi-cnx.com/mi-regions/) |
| Bristol Pound | A locally branded currency that will act as a strong marketing and loyalty tool for local shops and services, making it easier for customers to fulfil their desire to buy local. The Town Pound team will create a suite of products based on local currency concepts that offer additional benefits for high street traders: one stop online shop for each high street; click and collect service bringing people into high streets; collective loyalty schemes; business networking and brokering; granular retail management data. |
| Reward Your World | Reward Your World is about mobilising engagement to combine the community-improving efforts of the business community, the public sector, retailers, the third sector and people living locally, and then offer rewards accordingly. “Earn mini perks for completing positive actions within your community, which add up over time and be used for you or something you care about. Use Reward Your World to motivate yourself to do the right thing, benefitting you or the local community.” [https://www.rewardyourworld.com/page/about](https://www.rewardyourworld.com/page/about) |
the food retailers’ customers are able to top-up their accounts, which can then be used to pay swiftly for their purchases in-store. This is the first entirely digital loyalty programme in the UK, which records all customer purchases and rewards them with exclusive offers and treats. The solution combines cash-less payment with a loyalty dynamic that suits the high frequency of visits prevalent among many of Greggs’ customers.

StreetLike

StreetLike is a simple mobile browser based application, that engages with consumers via QR code or NFC tags, via Facebook or online; it has the advantage of being web-based, with no app to download, no form to fill out. 

[ INSERT MINI-CASE STUDY EXAMPLES OF MICONEX AND REWARD YOUR WORLD– SEE LINKS ABOVE ]

From the consumer perspective, loyalty programmes offer potential tangible benefits and rewards; for retailers, service providers and High Street management, they offer a stream of consumer behaviour data that helps shape a more relevant offer to that customer. The challenge for future loyalty programmes is to retain consumer interest and trust. Consumers have a low tolerance of loyalty programmes that do not give rapid or tangible benefits, and will delete unsatisfactory items, resulting in a loss of data flow.

In-store consumer engagement:

Technology in-store that offers an immersive customer experience is still a relatively new aspect of the retail environment. The services and systems are aimed at top brands and retailers, and are indeed impressive in their presentation. However, there are certain main items that are being more rapidly adopted, such as tablets for store staff, giving them the ability to engage with customers with real-time product and inventory information. Customers are also being given the opportunity to use tablets in-store, or to interact with the retailer on their smartphones via in-store beacons.

Smaller retailers are more limited with the choices for in-store experience, but not for long. At a recent Samsung Retail Futurescape demonstration, ruggedized enterprise tablets with a variety of applications were available for less than the cost of the similar consumer versions. The latest generation of small tablets and “phablets” – large-screened smartphones – are now starting to allow small independent high street retailers to manage their online business without having to leaving their shop unattended. The reducing cost associated with providing customer Wi-Fi also enable smaller premises to build that all important online relationship with their customers.

Argos digital stores

Argos took a radical leap forward when it opened its first digital stores before Christmas 2013 that introduced a variety of digital initiatives. Among them was the replacement of its paper-based catalogues with tablets and iPads with the option for customers to order and pay at this point and thereby pass directly through to FastTrack desks. Free Wi-Fi is also provided as part of a total upgrade of the stores where the design is now super sleek and features large
| **Dot Marketing** | dynamic displays that show real-time information such as weather updates and social media. Argos is also installing NFC capability into some of its outlets that will give customers access to special offers on their mobile devices. The retailer is also planning to open smaller format stores to take advantage of its click & collect capability that leverages delivery-from-store. |
| **McDonalds** | The front-of-house area is the subject of a variety of ongoing pilots at a number of UK outlets of the burger chain. Kiosks are one area of experimentation as the company is keen to offer customers choice in how they use McDonald’s. Orders are transferred onto a visible order board at the front counter that shows if a customer’s food is ready or being prepared. Free Wi-Fi and contactless payment platforms are already in place in all McDonald’s UK stores and there is the potential for handheld ordering technologies to be implemented for queue-busting. iPads have also been installed for keeping children entertained. |
| **Starbucks** | Meeting the requests of customers looking to reduce the amount of time they spend queuing for their coffee in Starbucks outlets the company has trialling an app to allow pre-ordering of food and drink. Customers can order when in-line or before visiting one of the cafés. Such initiatives compliment Starbucks’s other app functionality that has helped store transactions handled by mobile devices grow to account for as much as 11% of US store sales and predictions are that it will double over the next 12 months. |
| **Burberry Beauty Box** | Burberry continues to position itself at the forefront of digital innovation in-store with its flagship outlets using interactive mirrors that react to microchips in the clothes and show wearers product information, as well as videos of the look-on-the-catwalk. Its new incarnation the Beauty Box store was designed to further blur the physical and digital boundaries with digital screens, a 16ft ‘digital chandelier’ showcasing monthly beauty content over multiple screens, and no tills. There is also a Digital Runway Nail Bar, where customers place a Burberry nail polish onto an RFID-enabled platform and choose their skin-tone in order to virtually experience the selected nail shade. |
| **Uniqlo magic mirrors** | Uniqlo has implemented ‘Magic Mirror’ technology in a number of its stores in partnership with Sharp and DNP technologies, which allows customers to try on garments in different colours without having to physically change clothes. From an iPad app, customers can select various styles and colours and when they look in the mirror, whatever colour or style they have picked it is instantly transformed onto the image in the mirror. A picture can also be taken from the app that can then be emailed or posted onto social media platforms. There are ambitions to roll out the technology across Uniqlo stores in what is the first step on the road to a completely virtual fitting room for the clothing retailers. |
The term “Big Data” refers to the now massive data sets gathered from mobile devices, remote sensing units such as traffic and transport readers, software databases, network servers, all sorts of cameras, radio-frequency identification readers, and wireless sensor networks. Much of the data that is generated by the use of connected devices in city centres should be contributing large datasets from which “Smart City” decision-making happens in the management of urban systems; without the immediacy of this mobile data, the decision making is lacking a vital perspective; there is still a way to go in connecting mobile device data into this process. The sheer “petabyte” (PB=1000 x Terabyte) scale of this raw data suggests that it is not about intrusion on the individual, but more about observing the aggregated flow and demand.

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**Data capture and analytics:**

Definition of data capture
Input of data, not as a direct result of data entry but instead as a result of performing a different but related activity. Barcode reader equipped supermarket checkout counters, for example, capture inventory related data while recording a sale. (BusinessDictionary.com)

“Imagine everything being known about you the minute you walk in to a department store - your name, measurements, purchase history in-store and online, even your views on life, the universe and everything…... historic sales data is being supplemented by a whole range of new data sets, such as weather, (crucial for knowing how many barbecues, beers, or brollies to stock up on, for example) social media content, and location from mobile devices. And the ability to analyse all this data in real-time is giving retailers and their staff an unprecedented opportunity to offer us tailor-made services, online and offline.” BBC News- March 2014
Mobile wallets, offering payments and other services:

“Individuals increasingly interact with digital commerce services from many different providers and in many different ways. To reduce this complexity, consumers need a straightforward and consistent approach to organising digital vouchers, loyalty programmes, payment cards, tickets and other items. A mobile wallet can meet that need. Essentially a digital container running on a mobile device, a mobile wallet is designed to aggregate and manage mobile commerce services, supporting payment cards, tickets, loyalty cards, receipts, vouchers and other items that might be found in a conventional wallet (or purse).” GSMA – Digital Commerce programme

“Openness to using specific mobile wallet services Contrary to what some might think, interest is not being driven by mobile payments but by the lure of digitised loyalty cards and vouchers. Consumers can easily imagine the benefit of freeing up space in the purse or wallet by leaving all those loyalty cards and paper vouchers at home.

The loyalty card feature is also appealing because there is little or no perceived risk from using mobile wallet in this way – it’s ‘win win’. And these two features have the best chance of helping mobile wallet with crossing the chasm from niche to mainstream as they appeal to a much wider group than mobile payments.” Marketing-Sciences.com – July 2014

<table>
<thead>
<tr>
<th>Stocard</th>
<th>An app that lets you get rid of all your reward and membership cards out of your wallet or handbag and onto your phone.</th>
</tr>
</thead>
<tbody>
<tr>
<td>eReceipts</td>
<td>Customers receive digital receipts via email, the retailer’s website and/or mobile app. Research data on the benefits of e-receipts is now emerging. A quarterly email benchmark survey from Experian Marketing Services has put a spotlight on e-receipts, highlighting: Basic emailed e-receipts’ unique open rates are 108% higher than for bulk emails, 33.7% to 16.2%, respectively. A useful new data capture tool.</td>
</tr>
<tr>
<td>Zapp mobile payments</td>
<td>Among the myriad mobile payment solutions and digital wallets being launched, Zapp is regarded as one of the most likely to succeed as it already has the support of some major banking groups including HSBC, First Direct and nationwide. Zapp utilises the Faster Payments infrastructure that has to date been mainly used to transfer money between banks – for the likes of standing orders – on a business-to-business basis. Zapp brings it into the business-to-consumer territory and will enable swift payments to be made from mobile devices (initially for online payments) at a competitive price for merchants compared with them using the card schemes.</td>
</tr>
</tbody>
</table>
| Apple Pay | Apple Pay is a mobile payment and digital wallet service by Apple Inc. that lets users make payments using certain Apple devices. Apple Pay does not
| Service          | Description                                                                                                                                                                                                                                                                                                                                
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
| Google Wallet    | Google Wallet is a mobile payment system developed by Google that allows its users to store debit cards, credit cards, loyalty cards, and gift cards among other things, as well as redeeming sales promotions on their mobile phone. Google Wallet can use near field communication (NFC) to make secure payments fast and convenient by simply tapping the phone on any PayPass-enabled terminal at checkout. At this time, Google Wallet does not support devices purchased outside the US. |
| PayPal           | For PayPal, it is not just about the shift from the leather wallet to the digital wallet on a mobile phone. In many cases, it is about no wallet at all. For PayPal, mobile payments or payments on the move are often not about the ability of the mobile phone to conduct a payment, but about the ability for consumers to make payments without having to rely on cash or plastic cards while mobile themselves. |
| WorldPay Zinc and iZettle | Designed for small businesses, and using everyday Wi-Fi and Bluetooth connectivity, these SME services have a Chip & PIN keypad and an app allows them to take secure card payments using their smartphone or, tablet, so they never have to miss a sale because the customer doesn't have enough cash. |

**Social media marketing:** there has been a huge shift of business and other advertisers away from traditional paid media, often now called “push advertising”, to a mix of digital media, with brands, retailers and service providers moving to develop consumer online conversations and relationships. Use of Local Search Engine Optimisation, social media content generation and Pay-Per-Click online advertising are all part of the modern media mix.

**Social iStreet and Miconex, working in tandem across Perth City Centre.**

<p>| Managed by experienced PR experts, SOCIALiSTREET disseminates information, collected by deploying ‘Brand Makers’– or PR staff with iPads- at each location, through responsive digital, social media and PR channels. The local content is then used to engage with local customers – interacting 365 days of the year. SOCIALiSTREET supports an entire town or city, promoting all retail, hospitality, tourism and leisure – seven days-a-week. | <a href="http://giraffesocialmedia.co.uk/">http://giraffesocialmedia.co.uk/</a> |</p>
<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
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<tr>
<td>CollectPlus</td>
<td>90% of people who live in the UK’s towns and cities are within one mile of a CollectPlus store. Jointly owned by PayPoint, a leading retail payment network and Yodel, the parcel carrier, their store network is made up of over 5,500 newsagents, convenience stores, supermarkets and petrol stations, allowing merchants and customers to send, collect and return parcels outside of normal 9-5 opening hours.</td>
</tr>
<tr>
<td>DPD “Follow My Parcel”</td>
<td>Asos is taking advantage of the various leading-edge DPD home delivery options, including its Predict service that notifies customers of parcel delivery within one hour thereby ensuring they do not have to wait in all day. This has been supplemented by the My Parcel service that allows the visual tracking of the parcel on a real-time map – down to a final 15-minute time-slot. The latest addition is access to five ‘in-flight’ options that can be taken the night before delivery and which allow customers to make a change to their delivery schedule that can now include deliver-to-safe-place, and collect-from-nearest-depot. Sunday deliveries have also recently been added.</td>
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<tr>
<td>InStore / London Underground lockers</td>
<td>Asda, Tesco and Waitrose are the first retailers to utilise online collection points at various London Underground stations that involve specially created lockers from parcel delivery firm InPost. The idea is for online-ordered goods to be collected by consumers when they are travelling through the tube station, in what it the latest example of click &amp; collect lockers being placed in convenient locations where high levels of footfall are guaranteed.</td>
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<tr>
<td>Open High Street</td>
<td>Open High Street is a support service to independent retailers that adds an online capability to existing stores and presents their products alongside others in the area. A pilot has been running in Hereford.</td>
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E. Digital Lab Proposal
### Executive summary

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<td>Customer journey and engagement</td>
<td>1. Establish a High Street standard for familiar, ubiquitous online-mobile-digital services</td>
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<td>Local High Street “super-apps”</td>
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<td>2. Establish a single (Hub) centre of excellence in digital high street tools, technologies and techniques</td>
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<td>Collective marketing</td>
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<td>Click-and-Collect choices</td>
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<td>Mobile payments</td>
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<td>In-store mobile engagement</td>
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<td>Mobile assisted travel/parking</td>
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<td>Consumer trust and data flow</td>
<td>Digital support &amp; enabling services</td>
<td>3. Support investment in access technologies and soft infrastructure services</td>
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<td>Physical and virtual access are inter-dependent</td>
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<td>4. Establish bench marking of digital capability</td>
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<td>Geo-location of mobile devices</td>
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<td>Digital investment incentives</td>
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<td>New High Street occupiers</td>
<td>High Street strategic issues</td>
<td>5. Implement appropriate skills training to build digital maturity in High Street management and smaller High Street businesses</td>
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<td>Sustaining High Street partnerships</td>
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## Emerging thinking

<table>
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<tr>
<th>Consumer &amp; digital trends</th>
<th>Trend implications</th>
<th>Trend examples</th>
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| **Discoverability** of High Street offer using digital channels, driven by social media and proliferation of mobile devices. | Growing awareness by town centres to aggregate their local offer & make it “discoverable” via online and mobile, using a collective marketing methodology. SMEs still in early stages of digital skills and maturity, less able to be discovered; skills investment needed. | http://visitbath.co.uk/  
This Visit Bath App includes a GEO located directory, providing comprehensive listings of business, services & amenities within the district. |
| **Local online-mobile platforms (super-apps)** are needed now but are still in early stages of development; recent research reports came to the same conclusion. | Alongside collective marketing, new locally configurable platforms are needed to enable uniform & integrated consumer interface. Local offer is optimised by having big multiples AND SMEs/local community information on the same mobile platform. | Ignite – by Javelin Group & Paythru - marketing and payments on the move- delivers the right message to the right customers, at the right place& time. |
| **Collective marketing:** digital content from High Street must be aggregated to form the overall offer. | With growth of social media, online and mobile channels, it will be vital for SMEs and local community to be capable of generating digital content & sharing it with local population. | http://myhigh.st/  
An extensive online marketplace that features hundreds of shops from 160 towns, with back-end integrated into Rakuten’s Play.com. |
| **Consumer trust & data flow subject to a “value vs intrusion” perception.** | Data from consumers enables improved High Street offer. Trust by consumers is vital in order for data to keep flowing. Better and more accurate understanding of anonymised & aggregated “Big Data” is needed. | http://www.ibmbigdatahub.com/industry/retail |
| **Geo-location** of mobile devices makes High Street into a real-time experience. | Location-based mobile services to consumers add personal, relevant and real-time factors into their digital experience of a High Street visit. Geo-location is used extensively in digital marketing. Google Maps, Foursquare, Yelp and Facebook Places are popular applications. | https://ticl.me/ticlapp.html  
TiCL is a new App to find out about, share and discuss what’s going on right where you are right now with everybody around you straight from your mobile phone. |
<p>| <strong>Physical and virtual access are inter-</strong> | Perennial physical access issues with parking and public transport require new digital solutions.                                                                                                                       | Accelogress’ Smart Personal Parking eXperience (SPPeX) aims to give shoppers smartphone access to a |</p>
<table>
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<tr>
<th><strong>Click-and-Collect choices</strong></th>
<th><strong>New High Street occupiers</strong> will include online businesses, pop-up shops and mobile/street trading. Leisure/health facilities and community centres emerging as part of new High Street.</th>
<th><strong>InPost</strong> is a national network of automated parcel lockers allowing online shoppers and retailers to send, receive and return goods anytime of the day or night.</th>
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<tr>
<td><strong>Demographic shift and regional urban/rural variation</strong></td>
<td>Store numbers are likely to decrease by a third by 2020. Retailer trend to fewer, better located stores. Online businesses are seeking High Street presence via pop-up shops for brand engagement. Public realm spaces are attracting creative mobile/street trading as well as new cultural and community users.</td>
<td>PopUp Britain is an award-winning initiative that gives promising new retail brands access to experimental and high-profile spaces.</td>
</tr>
<tr>
<td><strong>Mobile services such as payments are still at early stages of acceptance and adoption, but information and search services, or loyalty offers are well</strong></td>
<td>Security is the key issue in the mass acceptance of mobile payments. Personal identity verification at the point of sale is still a work-in-progress, but current effort is underway to evaluate if this is a service that mobile operators could offer. There may also be separate levels of security measures for different purposes, eg buying a cup of coffee vs setting up a direct debit payment for a new TV. Security for loyalty and information search purposes is deemed to be a constantly updated town-wide parking availability and demand model. Westminster ParkRight app  <a href="http://www.localgov.co.uk/infra-red-parking-sensors-set-to-transform-borough/37506">http://www.localgov.co.uk/infra-red-parking-sensors-set-to-transform-borough/37506</a></td>
<td><a href="http://www.zapp.co.uk/">http://www.zapp.co.uk/</a> “No more plastic, long numbers, short numbers and little pieces of paper! It’s from your bank. Your card details don’t need to be shared online. No information is passed to the businesses you want to pay. Just download your bank’s mobile app and you are ready to Zapp.”</td>
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*Online & mobile access is as vital to consumers as physical access. Innovate UK’s Re-Imagining The High Street programme has funded feasibility studies that include this topic.*
| **Contactless technology**  
| such as QR codes, NFC and beacons is a rapidly growing mobile engagement channel. |
| low-level concern, and does not pose a barrier to use of contactless technologies such as QR codes, NFC and BLE beacons. |
| **Digital investment incentives**, both in soft infrastructure (knowledge/skills and Cloud-based services), as well as hard infrastructure (broadband, cellular and Wi-Fi) |
| The use of incentives should be included in local/central government policy relating to investment by SMEs in digital skills and capacity, and also to assist local authorities in working with infrastructure service providers. |
| ????????? |
| **Sustaining High Street partnerships; growing understanding of town centre management role in meeting consumer expectations of High Street visits.** |
| High Street management partnerships should lead by example in the application of digital skills in collective marketing programmes. This may require targeted upskilling of managers, as well as the provision of digital tools and templated services. |
| [http://www.kingstonfirst.co.uk/visitkingston/home.aspx](http://www.kingstonfirst.co.uk/visitkingston/home.aspx) |
| “Kingstonfirst is the brand name we use for the Business Improvement District (BID) of Kingston Town Centre, and is the branding used for the delivery of all events, services and marketing undertaken by us.” |

**Channel choices – when to shop, where to shop, how to shop.**

- **Up to 2013**
  The multi-channel mantra...in-store, online, mobile
  (Starting to become consumer driven)
- **2014 onwards**
The omni-channel mantra...as above + “personalised, relevant and real-time”
(Evidence of real consumer focus)
“Omnichannel customers display a higher level of loyalty to a brand and typically out-spend multichannel shoppers by over 20%.” Retail Bulletin’s Omni-channel Summit 2015

Omni-channel retailing has become the norm amongst multiple retailers. The exponential growth of online-mobile-digital has created a consumer engagement environment that didn’t exist even ten years ago. However, in a sense, the modern engagement between retailers and their customers is using technology to re-create the classic one-to-one relationship of days gone by.

“And the one thing that online can’t reproduce is the physical interaction between your consumer and the product. Offline gives us the opportunity to fulfil other senses that are involved in making a purchase. A physical place is somewhere to return a product, to have a conversation with someone face-to-face. It’s a place where an issue can be resolved immediately. Online customer service has a lot to live up to.” Max Eaglen, The Guardian Media Network

“With consumers continuing to value the physical interaction of shopping in town centres, positive customer service is fundamental to encouraging continued loyalty and repeat visits. A range of initiatives should be employed to improve the quality, consistency and value of customer service, including for example consumer voted town-wide customer excellence awards, and incentivising staff through training, promotions and prize rewards.” Cathy Hart, Loughborough University

However, smaller independent and specialty or service businesses often have a different view of multi/omni-channel. Many high streets still have green grocers, fish mongers and butchers; their use of channels differs greatly from the multiple retailers and supermarkets. Try buying seasonal produce or getting your hair cut online, or choosing a wedding ring or getting a shoe repaired!

Also, in multicultural Britain, many ethnic communities, as well as older people, prefer daily shopping for fresh food; shopping has always been a more social experience for many cultures. The now ubiquitous coffee shop, or tea room, even in its independent form, was not a British invention. There is more to consumer channel choices than the multiple retailer view.

**Impact of fulfilment choices on High Street**

Tina Spooner, Chief Information Officer at IMRG said: “With online shopping having become part of our everyday lives, the growth levels we are seeing in the e-retail market won’t be slowing down any time soon. We predict that the UK online retail market will achieve 17% year-on-year growth during 2014 and we also expect the £100 billion threshold will be broken, with a staggering £107 billion predicted to be spent online in the UK alone this year. Shopping has become a leisurely activity for many of us and mobile devices have fundamentally altered the way that consumers engage with brands. Often we browse on
our smartphones during our morning commute and ‘sofa surf’ in the evenings on our tablet devices. With mobile and tablets now accounting for almost 4 in 10 visits to e-retail websites and 27% of the UK online retail market, we expect growth to continue throughout 2014 with m-retail set to account for 30% of online sales during Q1.”

Next generation Click & Collect services will see retailers and retail spaces partnering in new and innovative ways, making more creative use of space available and taking advantage of economies of scale. The appearance of collection lockers in transport hubs is one example.

From a retailer perspective, collect-from-store usually means having space for town centre stock holding. But advances in fulfilment suggest potential for edge of town warehousing delivering to store for customer collection, thus reducing the need for expensive town centre space, or opening up the space to create a more immersive consumer in-store experience.

[INSERT SCREEN GRABS FROM…]

https://inpost.co.uk/

http://www.argos.co.uk/static/StaticDisplay/includeName/Reserving.htm

http://www.collectplus.co.uk/

http://www.doddle.it/about/

Loyalty programs will become more personally relevant

“A 2013 study by Maritz Loyalty Report found that “consumers on average are enrolled in 7.4 loyalty programs. However, each year 53 percent of these members stop participating in at least one loyalty program a year, citing irrelevant reward offerings (68 percent) and slow reward accumulation (50 percent) as top barriers.”.

That being said, we anticipate retailers to beef up their loyalty efforts in 2015. Loyalty cards are on their way out and will be replaced by customized rewards that incorporate social information, shopping behaviour, and more.
Relationship marketing and thought leadership will rule retailers' sales & marketing strategies. Say goodbye to pushy sales people who follow shoppers around. Retailers are learning that going for the "hard sell" isn't effective anymore.

Instead, they’ll invest in cultivating relationships and establishing thought leadership. Retailers will invest more in training their staff for this role, and they’ll also invest in arming them with the right tools. In addition, businesses will spend more resources in thought leadership and content marketing to educate and engage with consumers.”

Excerpts from Vend: Retail Trends and Predictions 2014

Retail hub towns and the hinterland.

ATCM Manifesto consultation 2014 “We have to ensure that smaller centres and smaller businesses are part of the digital revolution. While we are confident our regional city centres and larger businesses will invest, we fear gaps may appear when it comes to a coordinated, nationwide approach. We have to ensure that rural locations, smaller centres, and smaller businesses are part of the digital revolution.

ATCM recommends that the government of 2015 coordinates and encourages the investment in infrastructure for high speed broadband, 4G WiFi and future innovations in all centres, with targeted support for those locations and businesses in danger of being left behind.”

BRC 21st Century High Streets “....the average number of shopping trips per person fell by 18% between 1995 and 2009, with primary centres benefiting from the ‘destination’ effect. In 2009 about half of the population shopped in the 90 largest trading locations, compared to over 200 locations in 1971.”

BCSC Beyond Retail report 2014 “The market is polarising: dominant vs local/neighbourhood, prime vs non-prime and discount vs luxury.....Polarisation is leading to a focus on the top 40/50 towns. Those towns hit hardest lack a USP.”

Beyond Retail – the High Street as a social and leisure experience.

Leisure and hospitality: Restaurants, cafes, cinemas, fitness gyms etc are taking new space at 4X the pace of retail in large shopping centres as consumers expect a leisure offer as part of their town or city centre experience; High Streets adjacent to shopping centres benefit from this pattern too. Smaller locations tend to fare better in providing authentic “experiential” opportunities that include markets, boutique retailers and cafes/traditional pubs/restaurants.
The Evening economy (5pm-9pm) will become more important with the demographic shift to an older average age; this is as much to do with providing hospitality opportunities as it is to do with changing retail patterns. The University of Loughborough/ESRC 2014 report shows the relationship between High Street visits involving leisure and hospitality being of longer duration with greater personal spend.

**Social and economic value of high streets are linked.**

ATCM Manifesto consultation 2014 - “A key part of British life and heritage”

“Is the struggle worthwhile to ensure our town centres remain relevant and viable? Undoubtedly! The huge public response to the Portas Review should leave us in no doubt of the community role and social importance of town centres. They remain a key part of British life and heritage around which people coalesce. However, they are more than this. As diverse hubs of great complexity and density, the range of social and commercial interaction make them breeding grounds for innovation and wealth creation. It is not entirely accurate to view town centres as thriving or failing depending on the UK’s economic vitality. Instead, town centres themselves are economic drivers and socio-cultural melting pots that can dictate whether our economy thrives or fail. Furthermore, their evolution will help us meet the challenges of tomorrow with confidence by supporting a collaborative, participatory and ultimately sustainable economy, something recognised as sorely lacking in light of the global financial crisis.”

High Street advisers have stated that there should be more community use of premises, with elder-care centres and medical clinics, play crèche/cafes, government bureaus helping the public and pop-up music or art venues, essentially more than just places to shop.

BRC Future Foundation report 2014 - “Beyond 2020 Retail”

One commentator asked "Would you be more inclined to part with your cash if our High Streets were more attractive places to visit, with a wider variety of shops and array of consumer choices and activities? Is it time to ditch the clone town blueprint and upgrade to High Street 2.0?"

“Consumers, used to the immersive online shopping experience, will look for similar touch points in the physical high street environment. The future high street experience will thus become more than a retail channel – instead retailers, high street and area services will partner and creatively link to provide a one-stop shop for consumer interaction.”

“Some brands, especially those offering low-value FMCGs, will continue to derive marketplace advantage by operating on a no-thrills, maximum-value proposition. A distinct tribe of consumers will eschew all technological advances and revel in a more traditional type of high street encounter (browsing unassisted, using written shopping lists, paying an employee at the POS...).
There will be no weakening in the thrill attached to physical sale shopping (its appeal being perpetuated by the consumer’s desire to touch, participate, grab-a-bargain...). The post-Christmas or flash sale will thus retain its ability to stimulate a pilgrimage to the high street. Cornershops and similar venues will remain go-to locations for consumers in need of quick retail fixes or emergency top-ups.”

Customer engagement: Connected and informed consumers

In 2009, there were 2.5 billion connected devices, most of these were personal devices such as cell phones and PCs. In 2020, there will be up to 30 billion connected devices, most of which will be products. (Gartner, October 2013)

University of Loughborough/ESRC 2014 report on Town Centre Customer Experience

“Exploit and integrate the digital experience: Although many individual retailers and services successfully operate Omni-channel businesses, the role of digital technology in enhancing the town centre customer experience is underdeveloped. Town centres need to become virtual marketplaces so that customers have the latest details regarding the availability of stores, products, brands, services and events. A central, one-stop information point – backed by free, widely accessible wi-fi and dedicated store-finder and brand-finder apps – would ensure that the internet supports rather than supplants the town centre experience.”

The mobile wallet will continue to evolve

Cash and credit cards won’t be things of the past any time soon, but mobile wallets will evolve to offer new functionality to the consumer; the wallet system is contained on a person’s phone and can be set up with personal data such as purchase history, loyalty points and vouchers. It also uses location-based technology to steer consumers to relevant offers during their shopping or leisure experience.

“As individual consumers interact with many different merchants and brands, they need a straightforward and consistent approach to organising digital vouchers, loyalty programmes, payment cards, tickets and other items. A mobile wallet, essentially a digital container, can meet that need. The mobile wallet can also enable consumers to browse their coupons and ‘activate’ them ready for use. Much like physically walking along the high street, the mobile wallet can act as a ‘street’ that provides access to many different stores’ promotional information – the merchant and brand applications also running on the device. Ideally, the composition of the ‘street’ will change with the context, such as the consumer’s location, the time of day and whether they are working or relaxing. For example, in the morning, the wallet might highlight the apps of local cafes and coffee shops, while in the evening it might highlight the apps of local restaurants.”

GSMA whitepaper “Mobile Commerce in Retail: Loyalty and Couponing” - January 2014
Mobile operators are competing with technology companies as well as financial services groups to take the lead in mobile payments as more people become reliant on smartphones for a range of lifestyle services.

In-store experiences will get more personalized

Online retailers have been delivering a personalised shopping experience for years through “MyShop” landing pages, offers, and recommendations; brick and mortar stores are also starting to adopt technology for enhancing the customer’s in-store experience. Through BLE beacons that communicate with smartphones, retailers can send personalised notifications to each shopper’s mobile, depending on where they are in the store.

Through sophisticated data analytics, the customer can hop between channels in their journey, and still have a seamless experience. As long as retailers or leisure operators do not frighten their customers into turning off the flow of data, this personalised relationship works both ways.

In-store as well as high street experiences

BRC Future Foundation report 2014- “Beyond 2020 Retail”

“Create smart partnerships with retailers, service providers and community initiatives to appeal to consumers looking for entertainment, fun and experiences. Theatrification should extend far beyond the in-store environment. Escape is a key concept, as the high street experience is not all about need, but rather aspiration. Make creative use of consumer downtime, and provide spaces to reflect, pause, admire.”

Technology will be even more integrated in brick and mortar stores

2015 will be the year when stores say goodbye to boring, antiquated layouts. It has started to dawn on retailers that if they want to keep people in their stores, they need to make their locations interactive and engaging.

This can be done in a number of ways, the most basic of which is by using in-store mobile devices. Tablets and smartphones are versatile and can be used in several ways, including taking payments, demonstrating products, offering more information, and encouraging social sharing.

Use of contactless engagement technologies will enhance the in-store (and high street) experiences.
Even before arriving in the town centre, a person will experience several digital marketing channels as he or she searches for information or plans the visit. Through various social media, desk-top online content, mobile online content; social media will factor mainly into the information and search aspects of the customer journey.

“Social media is most relevant in the ‘awareness’ and ‘choice’ phases of shopping journeys (which is especially the case in fashion) but much less in ‘transaction, delivery and post-sales’. “ CapGemini report on digital consumer engagement September 2014

However, through the fast emerging use of contactless technologies such as QR codes, NFC tags and BLE beacons, a person visiting their town centre will generate data about their preferences and interactions, and instore the engagement experience is developing rapidly and integrating with the consumer’s mobile device.

**Pop-up and street-trading businesses will increase**

Thanks to mobile POS systems and other cloud applications, people can now do business from anywhere. This has paved the way for more on-the-go stores such as street food vendors and pop-up stores. This trend is also supported by online entrepreneurs seeking a High Street presence, often for purposes of brand introduction and specific marketing rather than full-time premises.

In 2014, as mobile technology continues to advance, we expect pop-up and street trading businesses to evolve with it. For instance, aside from food vendors, expect to see more fashion stores, and even hair salons; pop-up stores, once usually reserved for high fashion apparel retailers and art galleries, will diversify as well.

**Data and consumer trust**

“Don’t fear the data: In the UK, this network of people using connected devices is forecast by Weve, the consortium representing the three major UK mobile network operators, to exceed 40 million users by 2015, with 30 million of those choosing to “opt-in”, and allow their basic personal data to be used within the digital ecosystem, thus making information and service delivery less of an annoying “spam-effect” and more of a personalised and relevant exchange. To bring this to ground level, imagine how useless your smartphone would be if knowledge of your personal data allowed messaging from every single source of content, resulting in a spam-storm of epic proportions. The anonymisation and aggregation of data is what enables you to receive personalised and relevant messaging. While this is still far from being a perfect science, it is now possible to think of your smartphone as your personal portal to what interests you and to what is useful. By combining all that daily interaction data with the geo-location features on your phone, your town or city centre experience becomes one that is better informed, that allows you to see more relevant choices and is tailored according to the preferences you set for yourself. The key phrase is “opt-in”, with trust and integrity being core values in the relationship between the giver and user of data.”

Guy Douglas/ATCM: Digital-mobile thought piece- July 2014
The modern customer journey has a growing range of touch points which gather data continuously.

“In every town centre across the UK, digital factors are integrally involved in shaping the consumer experience. At each stage of the customer journey, a variety of digital touch points collect insightful data. Whether as a result of past preferences, “opted in” permissions or through social media interaction, “the smart use of multiple datasets can make a loyalty programme directly relevant to the individual consumer. With the right contextual information, a merchant [or a town centre manager] can effectively give customers a ‘VIP experience’ that makes them feel like they are receiving special treatment.”

GSMA white paper “Mobile Commerce in Retail: Loyalty and Couponing” - January 2014

Retailers may be able to address privacy concerns by educating shoppers about the benefits of Big Data analytics. They need to communicate that they’re gathering data to improve shopper experience and not to steal information or breach privacy. In addition, businesses need to build trust by being transparent and empowering users to take control of their personal information.

Retailers and Big Data

“Why the focus on Big Data? It’s because businesses have realized that in order to predict shopper behaviour and provide truly personalized experiences, they would need to gather as much information about the behaviour, history, and whereabouts of consumers. Big Data enables retailers to implement dynamic pricing, personalized recommendations, shopper-specific discounts, and more.

Via social media, histories, ecommerce, endless read/watch/play lists, smartphone GPS services and more, connected consumers are creating vast profiles and data trails that relate to everything from their music preferences to their daily movements.

Analysis of social data and the use of predictive analytics will have significant influence on retailers, but also how the High Street shapes its collective offer to consumers. “

2015-2020 predictions:
1. The technology innovations that help create and share data streams will become more mainstream (eg: wearables and contactless)
2. Consumer expectations will be further heightened by the proliferation of these innovations.

Vend: Retail Trends and Predictions 2014
F. Digital Health Index
Measuring the Value of the Digital High Street

1. Background
As set out in the other chapters of this report, the increasing digitisation of the high street throws up a number of challenges and opportunities. This digitisation forms just one part of a far wider suite of structural challenges and changes being faced by high streets and town centres.

How high streets work and how they are used is undergoing fundamental alteration. This is both driving - and being driven by - changing behaviours and preferences not just amongst high street consumers (local residents, employees, visitors and shoppers), but other stakeholders such as retail businesses and service providers, commercial property owners, local authorities and economic development bodies.

In order to manage this change, high street stakeholders need to understand what is happening and why. They need to know the options they have, and how those options can contribute to a high street’s revival, its ongoing health, and its future adaptability.

2. So what’s the problem?
Digital High Street initiatives can require significant investment of money and time – at all stages from planning, through implementation, maintenance and enhancement. Different types of stakeholder will need to make different types of business cases in order to justify this investment, and to track its impacts and return on investment.

There are cases to be made for investing in new and upgraded telecoms infrastructure. There are cases to be made by technology providers, businesses and local authorities on whether to invest in initiatives and software. Even more fundamentally, because the pace of change has been so rapid cases need to be made to persuade unconvinced businesses, local partnerships and local authorities to invest their time and effort at all.

This is no easy task – measuring the value of something new and relatively unproven never is – but it is imperative for stakeholders to do this, and do this soon. It is increasingly the case that if a business or a locality is not online, it is at a significant disadvantage to those who are digitally visible, and digitally engaged.

However there are no generally accepted principles or evaluation tools for making robust and convincing business cases for such investment in a locality. No agreed way to record, weigh, balance and contextualise the many interdependent digital opportunities, threats, trends, drivers, factors, issues, barriers, incomes and costs.

Also, as the digital high street is a seamless blend of the online and offline worlds, so must any business case consider the impacts of digital initiatives on wider town centre/high street performance. Such tools are necessary to inform planning and investment efforts to optimise high streets’ chances for a viable future in the digital age. What is clearly required is a Digital Value Model. And that model needs to align with other ways of measuring town centre performance.

There has been a lot of thinking in the arena of measuring and benchmarking high street performance, and a lot of different toolkits and models proposed or developed. But there are inconsistencies in what information is used to inform these, how (or whether) data is given context, and of course in the different stakeholders at which these are aimed. Most of the answers are out there, but need to be corralled and aligned and given a more consistent evidence base.
3. Creating a Digital Value Model

To develop principles for measuring the digital high street, and thereby create a value model useful to stakeholders, five key questions need to be answered:

- What are we measuring, and how?
- Why are we measuring it, and what does it mean?
- How do digital-specific measures and wider town centre performance relate to each other?
- Who would need this information, and why?
- How do we enable people to get the right information, in the right way, to meet their needs?

What are we measuring, and how?
Firstly, we need to identify the relevant digital-specific elements that we wish to measure. Then consider how to measure them, and where this data can be found. And then, importantly, see what’s missing.

Chapter X in this report talks about how to determine the infrastructure provision and needs of a locality, and assessing its “digital readiness”. This includes digital skills and capabilities for businesses and citizens, fixed and mobile broadband and wi-fi provision. These would all need to be considered as part of the Digital Value Model.

There are a number of possible performance indicators for the value model. Depending on the types of provision (websites/platforms/apps) one could capture unique users, traffic and user visits, users’ interactions, dwell time, social media use and perhaps their physical journeys. What devices are used to access digital services. Sales on digital platforms, information accessed. Participation by local businesses and organisations (and the related costs and benefits). Revenues from third party applications or advertising. Other “soft” measures such as customer feedback, and conversion rates from” showrooming”.
I captured, these could also all be linked to other socio-economic data.

Measuring sales and impacts on footfall are not as simple as they might sound, however. Measuring overall e-retail has previously been quite easy – sales through online channels. But this has been increasingly complicated by the pervasion of digital into all areas of retail. The lines between online, offline and all points between are becoming increasingly blurred, and the old dividing lines between sales channels are increasingly difficult to define. This is complicated by different organisations collecting and interpreting data in different ways, for example how a sale involving click & collect or an in-store tablet computer is classified. This need in-depth consideration if we are to sensibly measure the dynamics of multi- and omni-channel retail.

Where data can be found (where it exists) is quite wide ranging. Some is collected by central government, some by commercial organisations/research companies, some is held by communications and web platform providers, and some is held by retailers and other businesses. Some exists but is not yet in a form where it can be used effectively for the purposes of the value model. We need a mechanism for collecting, analysing and reporting digital data, which is unbiased, trusted, affordable and credible; one that is attractive and relevant to data holders.

However not everything can be nailed down to fully quantifiable “hard” economic and mechanical measures. There needs to be a means of capturing the qualitative features. Not just what people do, but WHY they do it. Whether they like it. What would make them do more of it. What services would they like from their digital high street.

Why are we measuring it, and what does it mean?
On their own, these indicators are interesting, but not too helpful in developing a business case, or informing the development, implementation, tracking and monitoring of strategies, activities and initiatives. They require meaningful context. There needs to be an understanding of how the different
activities and characteristics captured by these indicators interact as a holistic economic model. To be able to benchmark needs, or progress. To understand and measure – wherever possible – the line of causation between doing something new, and both seeing and proving the benefits. Put simply, to know what success looks like.

All of this needs to feed in to the development of the value model. However, whilst the digital value model can stand on its own to inform certain types of business case or post-implementation monitoring, that’s not the whole story.

**How do digital-specific measures and wider town centre performance relate to each other?**

As underlined across the work of the Digital High Streets Board, a key driver of the changes in how town centres/high streets are used has been the integration of digital technologies and techniques in retail and in how people choose to live their lives. In particular it is changing how we as consumers shop and how retailers and other enterprises interact with customers. People increasingly expect a seamless blend of the online and offline worlds. Many digital activities and platforms are not an end in themselves, but play a vital underpinning role to the physical factors, and consumer attitudes and behaviours.

So in order to map where you are, where you’re going and where you need to go, there needs to be a means of understanding not just the digital-specific measures and indicators, but how these contribute to – or are contributed to by - other aspects of a town centre’s performance.

A study published in 2014 by the University of Loughborough showed that a visit to a high street is no longer driven purely by shopping, but by a whole raft of leisure and social factors. Each visit has functional touchpoints - what people do and why, the streets they walk down, which shops they visit, how much time or money they spend. It also has experiential touchpoints – how the things they experience whilst on the visit make them feel, what provoked an emotional reaction. However these touchpoints aren’t just physical – there are digital touchpoints of whether they got what they wanted, whether it attracted or detracted from their trip, how they use their digital devices (and for what) at different parts of the trip.

A basic town website can be measured through its own traffic levels, but it is important to know the impact that it has had on visitors – whether it has driven greater physical visits, whether it has attracted people from outside the usual catchment etc. Installing a public wi-fi node will have an impact on the use of digital devices in the town centre – and increase the use of social media and perhaps some online spending - but what is important to know is how it has helped make the high street part of someone’s digital life, increasing their dwell time and thereby the amount of money they spend, or how it has increased the turnover of a café.

Footfall in itself is a useful measure – but knowing what is driving footfall is equally important. For example Click & Collect is increasingly being seen as a key footfall driver, increasing the number town centre visits, and prompting impulse purchases. Click & Collect also ties directly to measuring the total sales of shops and enterprises.

At its most advanced digital provides a hugely potent platform for consumers and operators to interact locally, knowing in real time what is going on in shops, restaurants, leisure facilities and other high street services. It can enable small businesses to trade online alongside their peers, it can help business collaboration. It can change how customers travel, where they park, how congested the streets are. All of these will need to measured, given context, and understood.

**Who would need this information - and why?**

In order to ensure that the economic models and underlying data are relevant, and of course that users can be guided towards the appropriate tools and techniques for using these models, we must identify who these users are, what they want to achieve, and the types of questions that need answers. What is their role is in the high street/digital high street? What type of investment they are interested in - time, money
or both? Are they making a case for funding, or for engagement? What sort of strategies/activities are they developing?

Different stakeholders have different objectives and different needs. Depending on the nature and scope of the business case or strategy, those developing ways forward should be in a position to consider for themselves the data and models that will help them achieve their goal. It could range from making a full cost benefit analysis for developing a bespoke transactional mobile app for a town centre – or even something so fundamental as to persuade businesses, local partnerships and local authorities to invest their time and effort in the first place to look at options for high street revival.

Some investment decisions could be made based purely on a digital value model – for example investing in new and upgraded telecoms infrastructure, whether a store should offer digital services or install public wi-fi, or for an advertiser to decide whether to pay to be part of a local digital platform. However, it is likely that the majority of stakeholders will be looking at approaches that require a more holistic understanding of economic and social performance which include the value of digital initiatives and activities.

Users could include:
- Town Teams
- Business Improvement Districts
- Town Centre Managers
- Local Authorities
- Local Enterprise Partnerships
- Regeneration Bodies
- Retailers (and other high street enterprises)
- Technology Providers
- App Developers
- Commercial Property Owners/Developers
- Tourism Bodies
- Central Government
- Planning and Place Management Consultancies
- Market Operators and Tenants

All these different types of user should be able to access what they want, in a form that is appropriate to their needs and they can use it effectively. It is likely that there will be different levels and types of data that can be sourced for free, some with a cost, some a blend of both (the “freemium” model), some that they could collect themselves. Some will only be available covering a large geographical area. But the important thing is to find what it is users will need, either provide it or signpost to where it can be found, and help them understand how to use this to support the revival, ongoing health and future adaptability of the high street.

**How do we enable people to get the right information, in the right way, to meet their needs?**

Government, Industry and Research Base Stakeholders are in the process of setting up a Town Centres & High Streets Data Project to guide development of robust and meaningful statistical and analytical models for the measurement and monitoring of UK’s digital high street capabilities, and impacts of new provision or initiatives. This will aim to understand and to align various town centre/high street economic and social indicators, see where there are commonalities, and where there are gaps see how best to fill them. It will also seek to align, and potentially integrate, existing value models and toolkits and catalyse development of new models and user-friendly applications.

This will help users find the right tools or combinations of tools that are relevant both to their individual locality, and the strategies and initiatives they wish to implement.
Recommendation: We propose that a specific Digital High Street Data Panel be created. The panel would develop the Digital Value Model, whilst informing – and being informed by - the work of the wider Town Centres/High Streets Data Project. The Digital Value Model could be the foundation for developing bespoke online tools such as an Online ‘Digital Readiness’ Calculator. The Calculator would lead users through a process to assess their own high street and model the effect of investment options, and perhaps over time could inform a national ‘heat map’ of high street digital readiness. This could be linked to the [Telefonica tool in chapter X]
# Digital High Street Board WS3

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Digital High Street Board WS3

Executive Summary

Delivering the digital high street – technologies enabling transformation

Introduction

High street retailers and service providers have seen a significant shift in buying behaviour since online retailing arrived in the UK around fifteen years ago. Music and films are mostly delivered digitally - leading to the collapse of HMV and Blockbuster - and retailers such as Argos, John Lewis and House of Fraser are offering fully multi-channel retail services. Consumer buying patterns, expectations and experiences have changed dramatically.

Retailers who are digitally adept will take business from those who are not. Research commissioned by Telefonica in late 2013 indicated that retailers with digital services that failed to meet customers’ expectations risk losing more than £12bn of sales a year (just under 10% of the total of £150bn+ influenced by digital interactions) – often to online-only retailers, in many cases operating from outside the UK.¹

Retailers who can attract, retain and build relationships with digitally engaged customers can tap into their social network connectivity. These consumers tweet, comment and recommend far more than the average, sharing experiences – good and bad – across groups of like-minded and constantly connected individuals.

Understanding the expectations of this digitally engaged customer group, and how current technology platforms, services and offerings meet (or fail to meet) those expectations, is critical in understanding the future for the UK’s high streets and the retailers and service providers who operate there.

Who are the digitally engaged?

Digitally engaged consumers have access to the greatest range of retail channels. They are tech-savvy, digitally literate and take advantage of online bargains, show-rooming and comparison shopping. Given their propensity to interact online, their presence in physical retail centres is a sign of a healthy high street.

**Affluence**

Digitally engaged consumers are more affluent than the average shopper on all the high streets surveyed. This difference is most pronounced in major cities but also exists in small towns. The majority are in well-paid, full-time employment.

**Preferences**

Digitally engaged consumers are more likely to engage with businesses via a mobile device than other shoppers. This level of engagement is highest in major cities and significantly higher than average across all types of high street. They show more interest in digital interactions in leisure pursuits - engaging with restaurants, health clubs, hairdressers and taxi services via their mobile device. Outside major cities they are more likely to interact via mobile devices with government services such as schools and local government. They are social networkers and the vast majority use Facebook and Twitter.

¹ The O2 Digital Shopping Report, November 2013
Device Choice
Around 80% of digitally engaged consumers own a smartphone, usually an Apple iPhone. For many, their mobile is the first thing they look at when they wake up. They also use a wide range of other devices such as laptops, tablets and games consoles and are likely to have superfast broadband and subscribe to digital film and music services.

Age
A large proportion of digitally engaged consumers are 20-29. These younger consumers are most concentrated in cities while a slightly older group is found in towns. From our understanding of the attributes of these groups and how the healthy digital high street can attract them, we can make a number of technology and infrastructure recommendations to ensure UK high streets are fit for the future.

What is the current state of infrastructure and policy?

International comparisons
Today the UK ranks top out of EU5 in terms of broadband coverage, take-up and usage, speed and choice.²

Timelines and Standards
The Government has identified broadband as key national infrastructure³ and is investing over £1 billion in improving broadband and mobile infrastructure to:

- Provide superfast broadband coverage to 90% of the UK by 2016
- Provide basic broadband (2Mbps) for all by 2016
- Provide superfast broadband to 95% of the UK by 2017
- Explore options to get near universal superfast broadband coverage across the UK by 2018
- Create 22 ‘SuperConnected Cities’ across the UK by 2015
- Improve mobile coverage in remote areas by 2016

Superfast Broadband Programme
The ambition is to provide superfast broadband (speeds of 24Mbps or more) for at least 95% of UK premises, and universal access to basic broadband (speeds of at least 2Mbps). Government funding is stimulating private sector investment in broadband to ensure that the benefits are available to all.

SuperConnected Cities Programme
The Government is investing up to £150 million to support UK cities to develop the digital infrastructure capability to remain internationally competitive and attractive for investors, business and visitors.

Mobile Infrastructure Project
The Government is investing up to £150 million in mobile infrastructure to improve coverage for voice calls and text messages for the final 0.3-0.4% of UK premises that don’t currently have it. Telefonica UK Ltd (O2) is obliged to provide indoor reception to at least 98% of the UK population⁴, as a requirement of the 4G mobile spectrum auction.

² Ofcom, European Broadband Scorecard 2014: http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/bbresearch/scorecard-14
³ Broadband Delivery UK (BDUK), part of the Department for Culture, Media & Sport: https://www.gov.uk/broadband-delivery-uk
Challenges

18% of the shoppers in this study visit high streets which are unable to roll out large numbers of WiFi hotspots. Current minimum standards are predominantly based on residential needs. Our analysis of 100 high streets in this report indicate that these minimum standards, even with superfast broadband, do not comprehensively support enabling technologies such as public access WiFi.

Methodology

Smart Steps from Telefonica Dynamic Insights (TDI) provides powerful insight into the movement, behaviour and socio-demographic trends of consumers in the UK. Based on aggregated and completely anonymous data generated by mobile network operators within the Telefonica Group, Smart Steps can model how groups of consumers use mobile technology, where they use it and what they use it for. The UK dataset is based on more than 1.5bn network events happening every single day, generated by more than 20m users.

The Digitally Engaged Consumer

- Digitally engaged consumers are generally younger, more affluent shoppers with a keen interest in technology.
- They are most likely to have the latest smartphone and naturally engage with businesses through this channel.
- They are likely to be found on the high streets of major cities as well as smaller retail centres.
- They show the strongest preference towards leisure pursuits in cities and are also likely to engage with government services via mobile in towns.
- They can be found in urban centres all across the UK – there is no North/South divide

The Digital high street Index – primary segment average scores

<table>
<thead>
<tr>
<th></th>
<th>Digital Engagement Score</th>
<th>WiFi Score</th>
<th>Broadband Score</th>
<th>3G Score</th>
</tr>
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<tr>
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<tr>
<td>City/Urban</td>
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<td>Large Towns</td>
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<td>101</td>
<td>112</td>
<td>89</td>
</tr>
<tr>
<td>Small Towns</td>
<td>164</td>
<td>34</td>
<td>23</td>
<td>23</td>
</tr>
</tbody>
</table>
What infrastructure investments support the high street?

WiFi
Major cities show a clear relationship between the number of WiFi Hotspots and the number of digitally engaged consumers on their high streets. Stronger high streets in urban areas have invested in WiFi connectivity, boosting their appeal to this group, and enabling retailers and service providers to offer digital services in store. This trend also appears in the smallest towns in our study where, for those with more than one WiFi hotspot, there is a relationship between the level of WiFi access and the presence of digitally engaged consumers.

3G Coverage
3G coverage and broadband speeds are universally high in major cities. In large towns with better coverage there is a correlation between the number of digitally engaged consumers on the high street and the availability of 3G coverage. Large towns without high-quality 3G coverage can access digital services over alternative technologies such as WiFi. Towns with neither face significant challenges in delivering services that meet the expectations of digitally engaged consumers.

Underlying Fixed Infrastructure
The quality of underlying broadband infrastructure influences the number of WiFi hotspots on the high street. Higher broadband speeds indicate the potential for more WiFi hotspots. Many smaller high streets can boost their appeal to digitally engaged consumers by deploying WiFi because their fixed infrastructure is currently under-exploited, while a number of others – representing 18% of the shopper population analysed in our study - are constrained by under-provision of fixed connectivity.

Recommendations

We have the following recommendations for UK Government, technology suppliers, retailers and service providers:

Define and work towards consistent baseline connectivity for the high street
To attract and retain digitally engaged consumers UK high streets, retailers and service providers must be able to access the right level of connectivity. The wider provision of public-access WiFi is one way to meet these connectivity needs. There are two main considerations:

- To be viable public WiFi depends on the quality of the underlying broadband infrastructure and there is some evidence that lower data speeds in some areas would not be able to support the infrastructure for a large number of digitally engaged consumers. We recommend that more consideration be given to the requirements of commercial premises on the high street so that minimum standards can accommodate the provision of public access WiFi.
- Alternative data service provision, such as 4G, is currently less accessible and generally requires the consumer to pay. It is also limited to a subset even of the digitally engaged as some users may choose a 4G-enabled smartphone with only a 3G SIM.

5 Strength of a high street’s trading performance is taken from the Geolytix dataset of more than 10,000 UK high street locations, their retail mix, footfall and occupancy rates over time
Establish clear, interoperable public access WiFi standards

For WiFi to succeed as the underpinning connectivity model across UK high streets, the experience for the consumer needs to be seamless, easy and free. But the model for WiFi suppliers needs to offer commercial return. Balancing these dynamics will require clear frameworks that operators and consumers can both benefit from:

- Public WiFi should offer a seamless experience to the user. Digitally engaged consumers use their mobile devices for multiple interactions and may be deterred by a complicated registration process. A public access WiFi framework should support single sign-on standards.
- WiFi providers and retailers on the high street can reach shoppers via landing pages and banner ads to offer them a more personalised experience. Retailers can use data generated by digitally engaged consumers (with their permission) to gain insights that enhance the shopping experience by optimising their physical and digital footprints. A “good practice” standard here would build consumer confidence and help operators secure this revenue stream.

Build consumer digital confidence to ensure all groups benefit from relevant, engaging experiences

Building digital confidence with shoppers and citizens is fundamental to unlocking the true potential of the high street. In order to offer truly relevant, engaging, experiences based on customer data high streets must build trust. To do this they must:

- Be transparent about the collection and holding of customers’ data. A clear statement of principles is more effective than lengthy terms and conditions.
- Provide consumers with options to control their data such as a clear opt-in for certain services.
- Demonstrate a clear value exchange for using data, for example customers could be offered a more personalised and relevant experience.

Based on this trust retailers should consider digital engagement methods such as mobile apps, mobile optimised web content and geo-targeted mobile display advertising. Those without smartphones can still be engaged via interactive SMS messaging. Local authorities can use this channel to build citizen engagement by providing relevant information. This segment may also benefit from advice and support to ensure that they are able to enjoy all of the possibilities that digital technology has to offer.

Building trusted, personal relationships with consumers has long been the cornerstone of traditional local retail. These principles are equally applicable to retailers and service providers in the digital space and will ensure that digital consumers build two-way relationships with digital high streets.

Conclusion

Retailers and local authorities who understand more about visitors to the high street can attract and engage shoppers who are most likely to use online competitors, and improve the experience of less digital groups. Smaller high streets with better provision of access technologies can create the kind of virtuous cycle of high connectivity and high numbers of digitally engaged consumers seen in the top 10 digital high streets, resulting in improved commercial performance, greater engagement, and healthier digital high streets.
A note on methodology

For the Digital High Street Board, Telefonica UK commissioned the TDI data analysts to combine **Smart Steps** data with a number of other datasets – some open-source, some proprietary and used under licence. These included:

- Geographic boundary analysis of more than 10,000 high street locations and their relative retail strength - Geolytix
- Trend analysis of high street growth and performance factors 2013-2014 - Springboard
- Analysis of the density of provision of transport links into relevant locations, Naptan Stops – Department of Transport
- 3G coverage: 3G premises signal from all operators – Ofcom
- Broadband speed: BB average sync speed (Mbit/s) – Ofcom
- WiFi: Count of WiFi hotspots on the high street from the UK’s leading provider of public access WiFi – O2 WiFi

Introducing the Index

TDI undertook an iterative working process to weight all the contributing data variables in accordance with their potential impact on the high street.

The team then undertook multivariate correlation analysis to identify patterns within the data that clustered high streets together based on common themes.
How can Smart Steps support the Digital High Street?

Smart Steps is an Insights solution created by Telefonica Dynamic Insights (TDI) that uses anonymous and aggregated mobile data to enable organizations to make more informed business decisions based on actual consumer behaviour.

What are the Insights?

TDI processes the “Big Data” created by the mobile network then analyses trends and patterns within the data to help understand more about consumer behaviour including:

- **Who**
  - Demography Segmentation
- **Where**
  - Catchment
  - Origin/Destination
  - Home/Work
- **When**
  - Point in time
  - Seasonal trend
- **Why**
  - Frequency
  - Trip purpose
- **How**
  - Route
  - Mode of transport

TDI’s consultants work with clients to solve specific business problems using these insights. Examples across a number of sectors include:

- **Retail**: Where to locate a new store based on the actual population flows of potential customers
- **Transport**: Market share vs. other modes of transport on any given day / week / month etc.
- **Transit Retail**: Petrol pricing optimisation based on the origins, destinations and demography of people travelling past a site

Dynamic data to create valuable Insights

Smart Steps uses anonymised and aggregated mobile network data from our operating brands across a number of territories. This includes 315.7 million customer worldwide and 21 billion events per day, among which:

- UK – O2: 24 million mobile customers and 1.5 billion events per day
- Spain – Movistar: 17 million mobile customers and 1.1 billion events per day
- Brazil – Vivo: 79 million mobile customers and 5.2 billion events per day

Unlike traditional data capture methods based on occasional samples, modelled or claimed behaviour, Smart Steps observes real behaviour based on billions of mobile events that occur on Telefonica mobile networks 24/7 365 days a year. The data is extrapolated to provide a true representation of the total population in each area. Smart Steps has over one year of data stored, allowing trends and patterns to be identified over time.

The movement data is enriched with demographic and behaviour information derived from mobile calling, App and Web browsing behaviour and includes socio-demographic type, home and work location, visitor reasons information, mode of transport, affluence, life stage and other attributes allowing sophisticated profiling and segmentation. This enables businesses to segment the data to evaluate the movement of their target populations and to add valuable attributes to the Insights.

How can TDI and Smart Steps support the Digital High Street?

Smart Steps is a managed service solution, which is tailored to every business need. Our experienced team of highly skilled analysts work with clients to solve specific business problems using Smart Steps Insight to create value for their business, providing dynamic analysis and reports.

Smart Steps can help High Street decision makers track performance against the attributes identified for successful High Streets:

**Employment and Skills**

- Affluence of visitors to the High Street and local residents
- Demographic segmentation
- Device type, OS and usage profiles
Convenience
- Analyse catchments & journey times for different types of visitors
- Determine visit type/purpose e.g. work/leisure and dwell time
- Footfall analysis by segment

Engagement
- Measure the digital interactions e.g. web/app usage to determine best digital engagement strategy

Relevance
- Consumer preferences segmentation based on observed behaviour
- Determine cross-visit rates between retail centres to determine which features different groups find most attractive

Adaptive
- Smart Steps is a dynamic data set which can measure changes in presence of different groups by time of day/day of week for example to better understand night time economy.
- Week on week and seasonal trends can also be measured to analyse e.g. the impact of adjacent events on the High Street such as sporting events or music festivals
- Inform future infrastructure planning decisions based on footfall/traffic analysis

Authenticity & Diversity
- Measure engagement with High Street apps or via social media

Experiential
- Visitor/shopper conversion rates
- In store behaviour analysis to optimise layout and operations

Other Use Cases:
Smart Steps has already helped a wide range of companies in various sectors. This includes supporting retailers and the Public Sector with a number of key decisions in the following areas:

Branch openings and closures
- Using dynamic data to understand optimal sites for location or identifying sites that will have the least impact upon closure

Opening hour analysis and staff optimisation
- Arrival and departure of target audience (s) by time of day and day of week to enable banks to drive operational efficiency and seek opportunities to serve their customers more effectively

Catchment optimisation
- Understanding where your customers and prospects and their regular travel habits to enable more effective territory management based on customer behaviour not models (e.g. Drive times)

Local marketing
- Understanding the best locations for targeted promotions and marketing activity including trains, stations, billboards and direct marketing

Performance benchmarking
- Comparing retail performance to ambient population. TDI can work with retail banks to implement in-branch analysis, coupled with analysis of the local area to better understand the branch’s performance in comparison to the available target market.

Journey analysis
- Supporting infrastructure and planning decisions by using proprietary routing techniques to determine trip type and purpose, identify regular commuters and visitors, count journeys past a point segmented by affluence, segment, etc.

Towards a future commercial model:
A clearly defined commercial case will need to be agreed to ensure that retailers, local authorities and service providers are able to benefit from the rich insights provided by Smart Steps data that will enable them to track and measure their performance against the key attributes identified for successful High Streets.
Appendix 1:

Smart Steps Methodology

General background on data

1. Data Selection

Capture a sample of network event data representative of potential customers to the chosen sites. This shall include:

- *customers thought to be moving through (or very close to) the site*
- *and customers dwelling near the site (such as workers)*

Process the dataset to understand the population, and movement of population associated with that site to create an ‘average’ site profile.

The study period for each site considers 1 month of data.

2. Data Processing and Modelling

With the potential population captured, TDI analysts will process and explore data to provide insight into:

- *Timing of visit*
- *Demographic information associated with visitors – age/gender*
- *Segment of visitors – Digital/O2 calling segmentation*

Any output and insight provided to the customer shall be aggregated in line with information privacy requirements and extrapolated to UK population.

3. Digital High Street scoring

Smart steps will work to develop an algorithm mapping key variables to the O2 mobile user population.

This approach shall consider up to 6 variables and analysts within the project shall agree a best fit mapping. The mapping shall be nationwide (i.e. not per site).

Mapping of demographic to create a target customer segment(s) in turn empowers the creation of a scoring mechanism for each site considered.

The scoring mechanism shall allow for adjustable weighting of each contributing variable to be adjusted as required.
The Index in full

Ranked by size of High Street

Recommendation: Deploy a wider range of apps and digital services to fully leverage existing connectivity infrastructure and deliver enhanced, relevant experiences to Digitally-Engaged shoppers.

Recommendation: Improve connectivity provision. Focus on giving Digitally-Engaged consumers confidence to carry out more interactions via mobile devices.

Recommendation: Enhance connectivity, especially WiFi provision to provide a means to interact with Digitally-Engaged consumers and highlight unique aspects of the High Street and services on offer.

Recommendation: Connectivity can be improved in most areas, especially in areas where the underlying fixed infrastructure will support multiple WiFi hotspots. Focus on providing help and advice to consumers to improve confidence and drive digital engagement.
High Streets ranked by Quartile

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Key attributes for a successful High Street: Quantifying the findings of WS1

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Deploy a wider range of apps and digital services to fully leverage existing connectivity infrastructure and deliver enhanced, relevant experiences to Digitally-Engaged shoppers.

Deploy a wider range of apps and digital services to fully leverage existing connectivity infrastructure and deliver enhanced, relevant experiences to Digitally-Engaged shoppers.

Enhance connectivity, especially WiFi provision to provide a means to interact with Digitally-Engaged consumers and highlight unique aspects of the High Street and services on offer.

Connectivity can be improved in most areas, especially in areas where the underlying fixed infrastructure will support multiple WiFi hotspots. Focus on providing help and advice to consumers to improve confidence and drive digital engagement.

Employment & skills

As noted in WS1, the presence of consumers with a high level of disposable income and digital skills are required for a High Street to thrive. Telefonica Dynamic Insights Smart Steps data are able to identify groups of consumers with these attributes and measure their interactions with the High Street.

Affluence

Based on an analysis of digital attributes, the most Digitally-Engaged consumers fit the target profile of digital behaviours and affluence. They are amongst the most affluent consumers in Major Cities and still comfortably above average in Small Towns. The majority are in fulltime employment earn a good wage.
As this group of consumers is most at risk of being lost to time-efficient online channels their presence is a leading indicator of a healthy High Street

Device ownership
Digitally-Engaged consumers have the means and the skills to fully benefit from the possibilities of technology. They are most likely to have the latest technology and are particularly drawn to high-end smartphones, especially the iPhone.

Demographics
Digitally-Engaged shoppers are younger than average. Youngest in Major Cities and older in Small Towns.

Convenience
Accessibility, both physical and digital, is vital to the convenience of a high street. Smart Steps data reveals that, for Digitally-Engaged consumers, digital access technologies such as WiFi and 3G are more closely linked to the health of a High Street than physical accessibility such as public transport stops.

WiFi
In Major cities there is a clear link between the number of WiFi hotspots and an above average proportion of Digitally-Engaged shoppers. Even in Small Towns multiple WiFi hotspots signal higher numbers of Digitally-Engaged consumers. Offering high data rates, consistent signal and opportunities for insights and engagement WiFi is a foundation technology on which service providers can build their digital strategies.

For WiFi to provide the optimum user-experience it must provide seamless connectivity. Complex registration processes and having to manually log-in each time are currently barriers to mass adoption of many public WiFi hotspots. Establishing a common standard for managing user credentials and permissions and offering single sign on would take the hassle out of using public WiFi and enable the venues to capture valuable customer insights.

3G
As 3G coverage and Broadband speeds are universally high on these High Streets there is little to differentiate between Major Cities in terms of connectivity. However there is evidence that the few Major Cities that do not have full coverage across all mobile networks capture a lower proportion of Digitally-Engaged consumers than their better connected peers.

In Large Towns, the availability of a reliable mobile signal appears to be more of a pull factor for Digitally-Engaged shoppers than any other group.

In Small Towns, reliable indoor 3G coverage across all operators is also linked to the presence of Digitally-Engaged shoppers. Mobile access technology is an apparently significant factor amongst this group and it would appear that above average provision of either mobile or WiFi, even in isolation, is beneficial. There are plenty of small towns that have strong 3G coverage and a higher than average penetration of Digitally-Engaged consumers despite not having any WiFi hotspots.

Fixed Broadband
Whilst not significant in isolation, Fixed Broadband is an enabler of access services such as WiFi that are delivered over the top.

Many larger High Streets appear to have a level of underlying infrastructure that would support higher numbers of WiFi hotspots than are currently provided. Conversely, a number of small towns appear to lack the quality of Broadband that would support a greater number of hotspots. Addressing this disparity in broadband coverage is a key focus of the Digital Communications Infrastructure Strategy Report. However, specific consideration should be given to the minimum standards required by commercial users on the High Street which will differ to those defined for residential premises.
Transport Links
Transport links are also strong across the board in Major Cities and as such do not appear to be a major factor in attracting proportionally more Digitally-Engaged consumers to the High Street.

Case Study:
Portsmouth has the highest share of Digitally-Engaged consumers on city High Streets. Portsmouth stands out for its excellent 3G availability score and high average Broadband speed, both of which may factor into it appearing as a destination for the Digitally-Engaged shopper. However, Portsmouth has amongst the fewest transport stops out of the cities we studied. This indicates that physical accessibility may not be as much of a barrier to the Digitally-Engaged as other, less digital groups. Indeed, Portsmouth, with only 26% non-digital shoppers, may even by losing out on its fair share of non-digital shoppers which make up 32% of footfall in the average city.

Engagement
Digital provides retailers and local authorities with a new channel to engage with consumers and citizens. For both parties to get the most out of these interactions planners need to be aware of the specifics of the local area in terms of the devices and skills on the High Street. This will ensure appropriate engagement methods are used as and allow High Street bodies to build trust and Digital Confidence with users.

An overview of Digital Engagement Tools:

Mobile apps provide an immediate way of delivering rich content to the smartphone-wielding Digitally-Engaged shopper and offer plenty of possibility for personalisation. Apps can also be used to push notifications and offers to opted-in shoppers based on preferences or location which can help drive engagement. Apps, however, have the slight barrier of needing to be specifically downloaded and opened. This can be overcome to some extent by integrating digital prompts into physical experiences via QR codes or NFC than can trigger certain interactions or direct a shopper to an app store.

Mobile display advertising is still in its infancy in the UK but set to grow as media spend shifts towards digital channels. It offers a high degree of personalisation and can be liked to location to provide locally relevant content. The short format, relatively low cost and ability to target make it well suited to any size or type of retailer looking to engage with specific segments on the High Street in a personalised way. In the short term, retailers should be cautious not to overload less Digitally-Engaged consumers with messages via this channel due to the newness of the media. They should instead focus on building trust via more explicitly opt-in services such as WiFi.

WiFi landing pages offer similar benefits to mobile display but comes with the advantage that the underlying technology ensures high quality connectivity to complete any digital interaction. Furthermore, all content is proximity-based and can therefore be highly venue-specific. It can also leverage the trust of the associated brand that can give shoppers the confidence to connect via social media and build a two-way relationship in a way that simply pushing messages cannot.

SMS is a well-established media by comparison to instant messaging and social media but offers many exciting possibilities to the High Street. Firstly, it is ubiquitous media which ensures accessibility regardless of a consumer’s digital skills. More advanced features such as Geo-fencing allows messages to be triggered in certain locations ensuring a high degree of relevance. It is also possible to embed images and web links, greatly increasing the rage of options beyond text alone. Interactive SMS also offers consumers the chance to give spontaneous feedback on a physical interaction and can be used by public sector bodies as part of a local consultation process or for distributing information to visitors.

Building Trust and Digital Confidence:
According to data collected by Populous on behalf of O2, the most Digitally-Engaged consumers are the least concerned about organisations holding their personal data but they are also most likely to read terms and conditions and understand how to control privacy settings online. This group are open to their data being used in ways that benefit them but other groups of the population are either more sceptical or less well informed.6

We would advise the following principles are adhered to to ensure that retailers can build trusted relations based on customer data:

- Be transparent about what data is collected and held
- Offer meaningful options for control over data
- Demonstrate a clear value exchange for using data e.g. more personalised, more relevant experience

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6 Reference to Data Dialogue research
Less Digitally-Engaged consumers who have not grown up in a mobile-first world like many young, digital urbanites are more wary of fully embracing digital interactions with the High Street. Whilst clearly beneficial to all consumers, this group would be most likely to benefit from clear guidelines and permissions giving them control over how retailers and services providers can engage with them through their mobile device.

Embedding digital technology, such as connected tablets, in stores can help demonstrate the benefits to those shoppers who are less willing to engage pro-actively. The ability to digitally showcase and seamlessly order from a brand’s entire range in even the smallest of stores provides a clear benefit to both shopper and retailer. And can help encourage consumers to independently access online and mobile content once they have been shown the possibilities.

Leverage Local and personalise:
Building trusted, personal relationships with local consumers has traditionally been an area of strength for retailers in towns. It is important that they are able to replicate this trust in the digital space. By following these principles and combining the trust and consistency of a physical local presence with the opportunities for instant engagement and interaction provided by digital, High Streets will ensure they stay relevant and can compete in the digital age.

Addressing the Digital Divide:
The gap between the most and the least Digitally-Engaged consumers, combined with the older demographic profile of towns, indicates that retailers, service providers and local authorities in small towns should consider how to lessen this digital divide. As well as universally accessible SMS, drop in digital support and coaching sessions in council buildings would provide a relevant way of reaching out to these groups. Retailers, of all types, should also consider their roles as trusted advisors in Small Towns by offering advice and support to help less Digitally-Engaged groups benefit from the possibilities of technology.

Relevance
The High Street needs to showcase its uniqueness of place, present itself as personally relevant to consumers and engage them accordingly. To achieve this, High Streets will need rich insights into consumers.

Using customer preference information to determine current interests & relevant services:
The Smart Steps data can provide rich insight into the preferences of different groups on the High Street which can be used to measure their ‘digital engagement’ with different services and determine the suitability of different media.

In Major Cities Digitally-Engaged shoppers are the most likely to be interested in leisure pursuits, engaging regularly with restaurants, health clubs, hairdressers and taxis. These High Streets have the highest average Geolytix strength score indicating that they have a wide ranging and attractive mix of retail and leisure facilities on their High Streets. Whilst some categories show strong levels of mobile interaction today, other retail and leisure venues could boost their engagement with Digitally-Engaged visitors by enhancing their mobile presence. This would benefit the day and night time economy of major cities alike and allow a broader range of service providers to build omni-channel relationships with their customers.

City High Streets also benefit from strong transport links and an attractive mix of amenities. As such, local attractions and events, for example, could market themselves to Digitally-Engaged shoppers via mobile, making use of digital media to promote and highlight the uniqueness of the individual High Street and ensure that shoppers get the most out of their visit.

Outside of Major Cities, Digitally-Engaged consumers are more likely to interact with Government Services such as schools and local government via their mobile device. From the range of options available to them, Government services should explore how SMS can help them increase levels of digital engagement. SMS has the benefit of being accessible to all as well as having a very low cost to roll out. SMS can be used to help direct visitors and local residents towards relevant information thereby reducing the demand for phone and face to face interactions and reducing the cost to serve. SMS can also be used to rapidly disseminate information to large groups in the event of road closures or adverse weather for example.

Overall digital ‘engagement’ to measure suitability of channel:
The Smart Steps data on device type and preferences can give a good indication of the relevance of different engagement methods to each segment:

- **Major cities:** highest smartphone penetration, iOS and Android dominant operating systems
- **Cities:** Relatively more Android & BlackBerry devices and higher numbers of less Digitally-Engaged shoppers,
- **Large Towns:** Relatively more Android & BlackBerry devices and higher numbers of less Digitally-Engaged shoppers, some of whom have feature phones
Small Towns: Highest share of Non-Digital shoppers. The bottom 10% of non-digital shoppers in small towns are least likely to engage with business via their mobile (c.35% do not have any interaction vs 19% of Digitally-Engaged consumers. Almost two thirds use a feature phone and smartphones, where they do appear, are likely to be lower-end Android devices.

Location-based insights to reveal High Street USPs:
Smart Steps data has the unique ability to measure cross visit rates which enables retailers and planners to see which visitors also visit other High Streets, when, how frequently and for how long. Analysing cross-visit patterns can help High Streets identify what their most relevant and appealing features are so that they can market and promote these to specific groups of shoppers.

Case Study:
Although there is a weaker correlation between WiFi and Digitally Engaged shoppers in large towns, Maidstone provides a class leading example in attracting this group. Maidstone has the second highest number of WiFi hotspots of all large towns, however, its 3G coverage and fixed broadband speeds are close to the group average. Digital consumers in Maidstone are much younger than the average for Large Towns and more drawn to socialising than other shoppers on Maidstone’s High Street. It may be that the availability of WiFi in cafes and other leisure venues is a key draw for this group by allowing them to augment social interactions by digitally sharing experiences.

Adaptive

The following metrics are out of scope for the current data set but Smart Steps could measure:

- Dynamic footfall by segment – e.g. Analysing visitor patterns by time of day to optimise opening hours, picking locations and times for pop-up retail venues and understanding the night time economy
- The impact of adjacent events
- Infrastructure planning
- Social media interactions on high st – future use case

Experiential

Whilst Cities are physically highly accessible, technology also has a role to play in enhancing the digital experience of the High Street. Given the high levels of Smartphone penetration, location and context aware apps and services that harness a device’s GPS and other sensors can help visitors uncover another side of the High Street whilst augmented reality apps can enrich the physical experience by overlaying rich information.

Many of the innovative technologies that can be deployed in stores require reliable connectivity and will rely on the use of customer data so it is important the underlying infrastructure is in place and the High Street has taken steps to build Digital Confidence. By leveraging the rich data captured via these technologies and using it to enhance and combine physical and digital engagement methods, High Street retailers are in a strong position to offer unique experiences to their customers.

New cross-channel experiences such as Click & Collect allow physical retailers to tap into the immediacy of online transactions and leverage the convenience of fulfilment via their physical estate. SMS can enhance these interactions by providing shoppers with information on the status of their order and nearest collection point.

The ability to combine channels in this way will encourage retailers to offer shoppers a new experience founded on connectivity and fair value exchange.

CONCLUSION

The blurring of physical and digital channels and the new ways that digital can enhance physical interactions mean that High Streets will need a greater level of insight into their visitors than ever before. In order to embrace to possibilities of technology and create brilliant digital experiences for shoppers and citizens, High Streets must have a clear understanding of:

- Type of visitor to their high street
- The state of digital accessibility
- The most appropriate method of digital engagement for different groups
- The preferences of consumers to curate the most relevant content for them
- Policies to give consumers Digital Confidence that data will be used to give them fair value exchange

Building relationships based on Convenience, Engagement, Relevance and Experience High Streets will ensure their future success.
Policy Recommendations

As we move towards an omni-channel world in which the High Street is just one point of interaction in an online and digital mix it is increasingly important for retailers, service providers and local authorities and understand the preferences and behaviours of consumers. Where metrics are readily available for online behaviour, it is increasingly challenging to understand physical interactions and what draws people to the High Street. We have demonstrated how digital engagement, underpinned by the provision of access technology, can drive positive engagement on the High Street from those consumers who are most likely to prefer more time-efficient and convenient digital channels over physical interactions. Indeed, there appears to be a virtuous cycle of highly digitally accessible High Streets attracting the highest levels of Digitally-Engaged consumers.

To ensure High Streets are able to benefit from this trend and enhance their relationships with Digitally-Engaged consumers we identify the following three factors that we believe will help lay the foundations for healthier Digital High Streets:

**Define, and work to achieve, consistent baseline connectivity standards**

In order to succeed in attracting and retaining Digitally-Engaged consumers, UK High Streets, retailers and service providers must be able to access the right level of connectivity. The wider provision of public access WiFi is one way to meet these connectivity needs. There are two main considerations:

- Firstly, to be viable, public WiFi is dependent on the quality of the underlying broadband infrastructure and, based on the High Streets studied, there is evidence that lower data speeds mean that certain areas would not be able to support the infrastructure for a large number of digitally engaged consumers. Other High Streets already have the necessary infrastructure in place and should consider investing in WiFi to match the leading levels of provision.

- Alternative data service provision, like 4G, is currently less comprehensively geographically accessible, and generally incurs a service charge to the consumer. It is also limited to a subset even of the Digitally-Engaged, as users can still choose to take 4G-enabled smartphones without a 4G-SIM, leaving them reliant on 3G coverage.

- In the future, as operators achieve national 4G coverage, fast, seamless, mobile connectivity will provide a solid foundation on which to deliver digital experiences on the High Street. However, more localised connectivity solutions, such as WiFi, will always have a unique role in providing location-based, real-time interactions with consumers.

**Establish clear, interoperable public access WiFi standards**

For WiFi to succeed as the underpinning connectivity model across UK High Streets, the experience for the consumer needs to be seamless, easy and free. But the model for WiFi suppliers needs to offer commercial return. Balancing these dynamics will require clear frameworks that operators and consumers can both benefit from:

- Public WiFi should offer a seamless experience to the user. Digitally-Engaged consumers use their mobile devices for multiple interactions and may be deterred by a complicated registration process. A public access WiFi framework should support single sign-on standards.

- WiFi providers and retailers on the High Street have the possibility of reaching shoppers via landing pages and banner ads to offer them a more personalised experience. With the right permissions, the data generated by Digitally-Engaged consumers can provide retailers with insights that allow them to enhance the shopping experience by optimising their physical and digital footprints. An operator “good practice” standard here would help consumers to feel confident, and operators to secure this revenue-stream.

**Build Digital Confidence with consumers to ensure all groups benefit from relevant, engaging experiences**

Building Digital Confidence with shoppers and Citizens is fundamental to unlocking the true potential of the High Street. In order to offer truly relevant, engaging, experiences based on customer data High Streets must build trust with their visitors. There are three main stages to achieving this:

- Offer transparency around what data is collected and held. A clear statement of principles is often more effective than lengthy terms and conditions.
• Provide consumers with meaningful options to control their data. For example a clear opt-in for certain services.

• Demonstrate a clear value exchange for using data. This could be in the form of a better curated, more personalised and relevant experience.

Based on this trust retailers should consider which digital engagement method will best meet the needs of their target audience. Mobile apps, mobile optimised web content and geo-targeted mobile display advertising will engage more Digitally-Engaged shoppers but, they would also be wise to not discount less digitally savvy shoppers. Those without smartphones can still be engaged via SMS messaging. This channel is also well suited to driving citizen engagement for local authorities by pro-actively providing relevant information. Furthermore, this segment may also benefit from advice and support to ensure that they are able to enjoy all of the possibilities that digital technology has to offer.

Conclusion
By better understanding the types of shoppers visiting the High Street, retailers and local authorities have the ability to attract and engage those shoppers that are most at risk of being lost to online-only competitors and enhance the experience of less digital groups. By enhancing the provision of access technologies smaller High Streets have the opportunity to create the same type of virtuous cycle of high connectivity and high numbers of Digitally-Engaged consumers that is seen in the Top 10 Digital High Streets, resulting in improved commercial performance, greater engagement, and healthier Digital High Streets.
Appendix 2: Detailed High Street Profiles

A. Major City High Streets
e.g. Bristol, London West End, Edinburgh, Newcastle

Recommendation:
Deploy a wider range of apps and digital services to fully leverage existing connectivity infrastructure and deliver enhanced, relevant experiences to Digitally-Engaged shoppers.

<table>
<thead>
<tr>
<th>[Or use score]</th>
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</thead>
<tbody>
<tr>
<td>Average WiFi Hotspots</td>
<td>19</td>
</tr>
<tr>
<td>Av 3G coverage from all operators</td>
<td>98%</td>
</tr>
<tr>
<td>Av Fixed Broadband Speed (Mbit/s)</td>
<td>20.5</td>
</tr>
<tr>
<td>Av Transport Links</td>
<td>70</td>
</tr>
</tbody>
</table>

What do Digitally-Engaged consumers look like in my kind of town (major cities, cities, large towns, small towns)

Major cities have the highest penetration of Digitally-Engaged consumers. They express a strong preference for the latest smartphones, especially the iPhone. On the whole they are younger and more affluent than other shoppers on the High Streets of Major Cities. They are more likely to express an interest in leisure pursuits engaging with restaurants, health clubs, hairdressers and taxi services via their mobile device. They use their mobiles to engage with Govt. Svcs but to a lesser extent that those on smaller High Streets.

What kind of services should I offer them?

As this group are Smartphone lovers the vast majority are best reached via digital means such as apps and mobile optimised web content. More traditional methods such as SMS still have a role to play in reaching less digitally-engaged groups in major cities but this a far smaller proportion of the population than in towns.

Major Cities have the highest average Geolytix strength score indicating that they have a wide ranging and attractive mix of retail and leisure facilities on their High Streets. Whilst some categories show strong levels of mobile interaction today, other retail and leisure venues could boost their engagement with Digitally-Engaged visitors by enhancing their mobile presence. This would benefit the day and night time economy of major cities alike and allow a broader range of service providers to build omni-channel relationships with their customers.

What infrastructure (technology) investment decisions make a difference to number of digital consumers?

Major cities that have a high number of WiFi hotspots attract the highest proportion of Digitally-Engaged shoppers. As 3G coverage and Broadband speeds are universally high on these High Streets there is little to differentiate between Major Cities in terms of connectivity. However there is evidence that the few Major Cities that do not have full coverage across all mobile networks capture a lower proportion of Digitally-Engaged consumers than their better connected peers.

Transport links are also strong across the board in Major Cities and as such do not appear to be a major factor in attracting proportionally more Digitally-Engaged consumers to the High Street. Whilst Cities are physically highly accessible technology also has a role to play in enhancing the digital accessibility of the High Street. Given the high levels of Smartphone penetration, location and context aware apps and services that harness a device’s GPS and other sensors can help visitors uncover another side of the High Street and direct footfall to areas off the main thoroughfares. In this way Major Cities can harness digital technology and build on their ubiquitous connectivity to promote offline services and experiences.

How much difference do technology investments make?

Manchester is a standout example of a connected city. It attracts a higher proportion of Digitally-Engaged consumers than any other High Street in our study. In line with the correlation we observe, it is perhaps no surprise that Manchester benefits from the highest number of WiFi hotspots in England outside of the West End and also has leading mobile connectivity.

On the other end of the scale, cities such as Walthamstow attract comparatively less Digitally-Engaged shoppers to their centres. They score highly in mobile coverage and fixed broadband speeds yet appear comparatively underweight in WiFi provision. They would, therefore, appear to have the potential to attract more digital consumers to their centres by investing in this technology.
B. City/Urban High Streets

e.g. York, Portsmouth, Ipswich, Cambridge

**Recommendation:**
Enhance connectivity, especially WiFi provision to provide a means to interact with Digitally-Engaged consumers and highlight unique aspects of the High Street and services on offer.

<table>
<thead>
<tr>
<th>Average WiFi Hotspots</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Av 3G coverage from all operators</td>
<td>84%</td>
</tr>
<tr>
<td>Av Fixed Broadband Speed (Mbit/s)</td>
<td>17.6</td>
</tr>
<tr>
<td>Av Transport Links</td>
<td>42</td>
</tr>
</tbody>
</table>

**What do Digitally-Engaged consumers look like in my kind of town (major cities, cities, large towns, small towns)**

Cities have the second highest presence of Digitally-Engaged shoppers out of the High Streets in our study. As in Major Cities this group are more likely to be affluent, upmarket consumers. A greater than average number own iPhones and other smartphones. Like their peers in the larger cities, they express a strong preference for social and leisure pursuits.

In contrast to Major Cities, this group of High Streets have a higher share of less Digitally-Engaged consumers. They are a less affluent segment which expresses a stronger preference for interacting with Government Services via their mobiles than any other category. They are about as likely to own a smartphone as other City High Street visitor, however, this group is much more likely to be using an Android or BlackBerry device.

**What kind of services should I offer them?**

Similarly to in Major Cities, Retail and High Street Apps would be an ideal means of reaching the Digitally-Engaged. Today, leisure pursuits have the highest levels of engagement but other types of service could also leverage this channel. City High Streets also benefit from strong transport links and an attractive mix of amenities. As such, local attractions and events, for example, could market themselves to this group via mobile, making use of digital engagement to promote and highlight the uniqueness of the individual High Street and ensure that shoppers get the most out of their visit.

Another City-specific consideration is to ensure that mobile apps are compatible across a wider range of device types to reflect the greater diversity of operating systems present on their High Streets. Alternatively, or in parallel, interactive SMS can be used to ensure that less digital groups of consumers are able to benefit from mobile engagement.

**What infrastructure (technology) investment decisions make a difference to number of digital consumers?**

As in the Major Cities, there are plenty of examples of Cities with a high number of wifi hotspots attracting a higher than average share of Digitally-Engaged shoppers. WiFi also appears to be linked to the presence of the most affluent consumers, a group of 30-50yr old, iPhone users, with a strong male bias and a preference for taxis and professional services.

**How much difference do technology investments make?**

Portsmouth has the highest share of digitally engaged consumers on city High Streets. Portsmouth stands out for its excellent 3G availability score and high average Broadband speed, both of which may factor into it appearing as a destination for the Digitally-Engaged shopper. However, Portsmouth has amongst the fewest transport stops out of the cities we studied. This indicates that physical accessibility may not be as much of a barrier to the Digitally-Engaged as other, less digital groups. Indeed, Portsmouth, with only 26% non-digital shoppers, may even by losing out on its fair share of non-digital shoppers which make up 32% of footfall in the average city.
C. Large Town High Streets

e.g. Swindon, Bedford, Hastings, Taunton

**Recommendation:**
Improve connectivity provision. Focus on giving Digitally-Engaged consumers the confidence to carry out more interactions via mobile devices.

**What do Digitally-Engaged consumers look like in my kind of town (major cities, cities, large towns, small towns)**

Digitally-Engaged consumers have a strong presence in large towns, albeit to a slightly lesser extent than in larger metropolitan areas. They are closer in affluence to other shoppers on the High Street than their urban peers yet still show the same preference for smartphones, especially the iPhone. They have a similar but marginally lower propensity to interact with business via their mobile than Digitally-Engaged consumers in cities and, whilst the same preferences towards leisure and socialising are present, they appear to have a wider range of interactions which include categories such as automotive businesses. This shift may indicate a higher level of car ownership outside of urban areas which could go some way to explaining the lack of relationship between public transport stops and the presence of Digitally-Engaged shoppers on the high streets of Large Towns.

**What kind of services should I offer them?**

Large Towns need to be accommodating of the wider range of Digital and non-Digital consumers on their High Streets and would do well to incorporate a range of digital engagement methods in their offering from iPhone apps directed at the most digital consumers to mobile-enabled web content and interactive SMS to reach less-digital shoppers.

Older demographics are more prevalent outside of urban centres. This is true of Digitally-Engaged consumers too, many of whom are over 40 in Large Towns. This group clearly see the benefits of technology, as evidenced by high smartphone adoption, but have not grown up in a mobile-first world like many young, digital urbanites. As a result, they appear to be more wary of fully embracing digital interactions with the High Street. Whilst clearly beneficial to all consumers, this group would be most likely to benefit from clear guidelines and permissions giving them control over how retailers and services providers can engage with them through their mobile device. Building trusted, personal relationships with local consumers has traditionally been an area of strength for retailers in towns and it is important that they are able to replicate this trust in the digital space.

Combining the trust and consistency of a physical local presence with the opportunities for instant engagement and interaction provided by digital engagement is one of the ways in which Large Town High Streets can broaden their appeal and compete in the digital age.

**What infrastructure (technology) investment decisions make a difference to number of digital consumers?**

Whilst WiFi does not appear to be as strongly correlated with the presence of Digitally-Engaged consumers as it is in Cities there does appear to be a relationship between the availability of 3G from all operators. As the most digitally engaged group, the availability of a reliable mobile signal appears to be more of a pull factor for this group than for less digital shoppers.

**How much difference do technology investments make?**

Although there is a weaker correlation between WiFi and Digitally Engaged shoppers in large towns, Maidstone provides a class leading example in attracting this group. Maidstone has the second highest number of WiFi hotspots of all large towns, however, its 3G coverage and fixed broadband speeds are close to the group average. Digital consumers in Maidstone are much younger than the average for Large Towns and more drawn to socialising than other shoppers on Maidstone’s High Street. It may be that the availability of WiFi in cafes and other leisure venues is a key draw for this group by allowing them to augment social interactions by digitally sharing experiences.
D. Small Town High Streets

e.g. Huntingdon, Dartford, Clacton, Antrim

Recommendation:
Connectivity can be improved in most areas, especially in areas where the underlying fixed infrastructure will support multiple WiFi hotspots. Focus on providing help and advice to consumers to improve confidence and drive digital engagement.

What do Digitally-Engaged consumers look like in my kind of town (major cities, cities, large towns, small towns)

The smallest towns in our study have a similar proportion of Digitally-Engaged shoppers on their High Streets to those in larger towns. They nevertheless remain a significant group. As in larger towns, they are closer in affluence to other small town shoppers but still comfortably above average. They too are committed smartphone uses but are less likely to have the latest models. They are also the oldest group of Digitally-Engaged consumers in our sample with a large proportion over 40. They are more likely to interact with Govt Svcs than any other type of business via their mobile which may indicate a more traditional attitude towards using voice channels rather than self-serving online.

Small towns have the highest share of shoppers that we identify as being non-digital. This group make up a third of all shoppers and are characterised by their lack of digital engagement. The bottom 10% of non-digital shoppers in small towns are least likely to engage with business via their mobile (c.35% do not have any interaction vs 19% of Digitally-Engaged consumers). This could be down to a lack of will, skill or device. Almost two thirds of the least Digitally-Engaged consumers use a feature phone and smartphones, where they do appear, are likely to be lower end Android devices.

What kind of services should I offer them?

Apps will appeal to the more digitally engaged groups, however care should be taken not to disenfranchise non-digital shoppers. Technologies such as SMS messaging may help to drive digital engagement with retailers on the High Street to those unable to download an app, receive mobile display marketing messages or view WiFi banner ads.

The gap between the most and the least Digitally-Engaged consumers, combined with the older demographic profile of towns, indicates that retailers, service providers and local authorities in small towns should consider how to lessen this digital divide. As well as universally accessible SMS, drop in digital support and coaching sessions in council buildings would provide a relevant way of reaching out to these groups. Retailers, of all types, should also consider their roles as trusted advisors in Small Towns by offering advice and support to help less Digitally-Engaged groups benefit from the possibilities of technology.

What infrastructure (technology) investment decisions make a difference to number of digital consumers?

In spite of the small range, there is a link between towns offering multiple WiFi hotspots and the presence of Digitally-Engaged consumers. Reliable indoor 3G coverage across all operators is also linked to the presence of Digitally-Engaged shoppers. Mobile access technology is an apparently significant factor amongst this group and it would appear that either mobile or WiFi, even in isolation, is beneficial. We see examples of small towns in this group that have strong 3G coverage and a higher than average penetration of Digitally-Engaged consumers despite not having any WiFi hotspots.

How much difference do technology investments make?

Small Towns such as Cosham and Porthcrawl that have high numbers of Digitally-Engaged shoppers could further cement their position by investing in WiFi to compliment the strength of 3G coverage. Redcar has strong transport links and could be in a position to increase its appeal to Digitally-Engaged shoppers by increasing the number of WiFi hotspots it offers.

- END OF REPORT -