

The click-and-collect economy worth more than £1bn in Wales

The click-and-collect economy in Wales is estimated to be worth £1.4bn this year, accounting for 31% of retail income. That's according to a new report from Barclays Corporate Banking.

The report found that click-and-collect shopping now supports 6,900 jobs across the industry in Wales – equating to almost half of the region's retail workforce.

The report found that the popularity of the service grew during the pandemic, but – unlike pure online sales which peaked during that period – it has continued to grow after the lifting of lockdown restrictions.

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Over half of physical stores in Wales (51.6%) are now used as click-and-collect locations, with 47.1% being used to process returns.

However, the cost-of-living crisis is creating additional challenges for retailers. Energy costs are currently placing the biggest strain on Welsh retailers' profitability, while Welsh consumers looking to cut 22% of their retail outgoings in the next few months.

Nationwide, click-and-collect transactions will be worth £42.4bn in 2022 – 8.4% of the UK's total retail spending.

The report, 'What's in store for retail?', focuses on retail businesses with over ten employees, and looks at the rise of 'hybrid' shopping, which involves both physical and digital interactions.

The data shows how online and physical retail sales channels are becoming more intertwined. It revealed that consumers in Wales like to research products online and in-store in equal measure across a number of products, including fashion (31%), homewares (30%), and entertainment (29%).

The report also showed that having both an online and physical presence can be advantageous for a retailer's appeal. Almost a quarter (24.7%) of consumers in Wales say they can be hesitant when buying from online-only brands, a figure which drops to less than two in ten (14.4%) when businesses also have physical stores.

Despite the increasing popularity of online shopping, the report showed there was still support for high streets. When asked whether there is a future for physical retail space, 77% of consumers in Wales agreed that there is, of whom 45% strongly agreed.

However, there is a clear demographic split across the UK: just over half (54%) of 16-24-year-olds believe in the future of the physical store, compared with almost three quarters (74%) of over 55s.

More notably the report found that, since the acceleration to digital during the pandemic, consumers are now returning to bricks-and-mortar stores to make their purchase

While eight in ten (82%) retailers in Wales feel that operating a physical store is vital to their business success, many are re-evaluating their location on the high street to make sure they occupy the most appealing destinations for consumers.

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The report also found that 36% of retailers from Wales have introduced in-store services such as beauty and grooming concessions, and 24% have partnered with another brand to share retail space.

Almost a fifth (19%) of retailers from Wales have reduced the number of stores they have in city centres, while 47% have increased their presence in retail parks as 41% of Welsh shoppers say it is their preferred location.

Welsh retailers are also looking to hire more staff with the top three roles being security guard (22%), staff with strong communication skills (22%), and sales staff (20%).

Karen Johnson, head of retail and wholesale at Barclays Corporate Banking, said: "Perhaps more than any other sector over the past two years, retail has been forced into a period of accelerated evolution. The pandemic drove everyone online, and now the rising cost-of-living is increasing business outgoings while reducing consumer spending.

"Encouragingly for the UK's retail sector, however, businesses are adapting their sales models to weather these financial storms as effectively as possible. Links between digital and physical shopping are being evolved, which are opening up new opportunities and ways to generate income."

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