

The reinvention of the independent retailer

*How Britain's small retailers are
adapting, competing and innovating*

October 2026



Contents

Introduction 02

Executive summary 02

What the data shows 03

What it means 04

Introduction 05

Part one

Life behind the counter 06

Taking the pulse of independent retail 08

The one-person retailer 11

The financial reality of being a small retailer 13

Part two

The new rules of retail 15

Beyond the shop floor 17

From data to decisions 19

The retailer of the future 20

Part three

Eight habits of resilient retailers – a practical toolkit 21

Focus on cashflow, not just sales 23

Treat stock like cash 24

Turn data into decisions 25

Embrace technology without fear 26

Make time to work on the business, not just in it 27

Build more than one revenue stream 28

Learn from other retailers 29

Turn customers into regulars 30

Closing 31

Conclusion 31

Methodology 32

With thanks to 33

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Executive summary

Walk down any high street in Britain and you'll find similar stories playing out behind different shop fronts. The gift shop owner watching footfall thin out on a Tuesday afternoon. The independent grocer absorbing another supplier price rise rather than passing it on. The boutique that now takes half its orders through Instagram. Different businesses, same climate: consumer spending is low, costs keep climbing, and fewer people are walking through the door.

But a sector in retreat is not what the data shows.

This report draws on a survey of over 100 small and micro retail businesses across England, Scotland and Wales, conducted in August 2026 with interviews with some of the UK's leading retail experts, industry bodies and sector representatives. Together, they provide a detailed picture of the realities of running an independent retail business today.

The research explores where retailers are feeling the greatest pressure, how their businesses are performing despite challenging conditions, how the role of the retailer is changing, and where operators are placing their bets for the future.

What emerges is a sector facing significant headwinds, but one that continues to adapt. Retailers are expanding into new channels, embracing technology, diversifying revenue streams and finding new ways to meet changing customer expectations. In many cases, they are reinventing not just their businesses, but what it means to be an independent retailer.



What the data shows

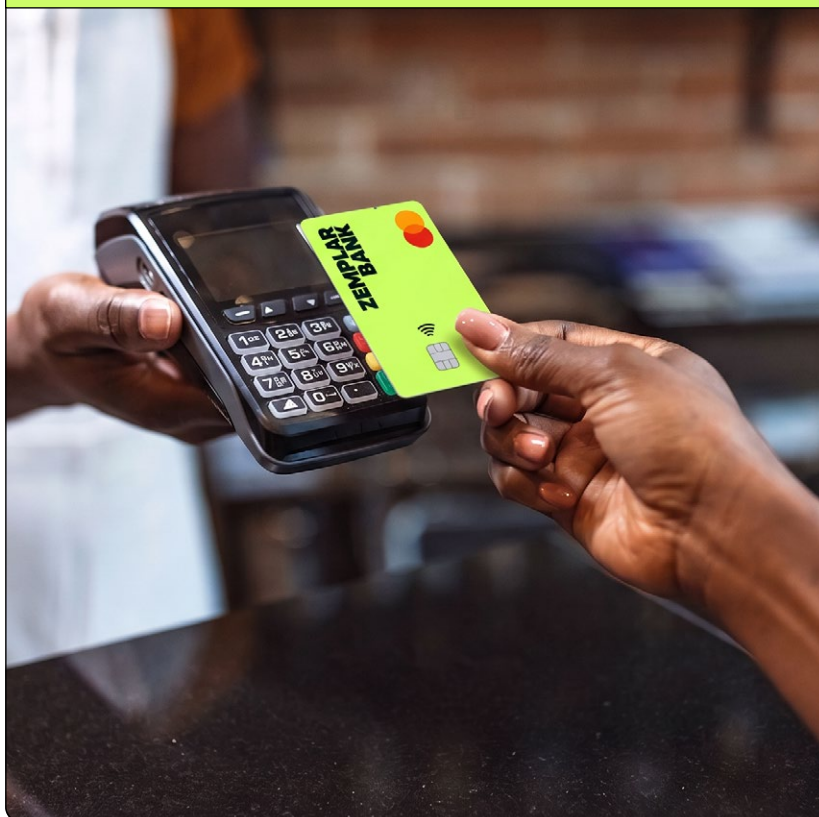
Retailers are being pressed from several directions at once. Lower consumer spending is the most widely cited challenge, named by 58% of businesses as one of their three biggest issues. Rising operating costs follow at 50% and falling footfall at 44%. Competition from online retailers and large chains (35%) and staffing and employment costs (30%) round out the top five.

Yet the underlying performance picture doesn't match the perceived gloom. Almost half (48%) of businesses reported revenue growth over the last 12 months. 47% say it's stayed roughly the same. Only 5% report a decline.

Confidence is holding up too: 69% rate their confidence in their current cashflow position eight or higher out of 10. More tellingly, when asked what gives them confidence about the future, loyal customers emerged as the single biggest source of confidence, cited by 69% of retailers, ahead of their ability to adapt (52%) and product expertise (43%).

Retailers aren't waiting for conditions to improve before they act. Growing online sales is the opportunity most frequently cited for the next 12 months (63%), followed closely by AI and automation (56%).

Diversifying products and services (40%) and customer loyalty and retention (38%) also feature prominently. Investment is following the same pattern: 70% of businesses have invested in stock, inventory or new product lines over the past year, 67% in e-commerce or delivery capabilities, and 52% in payment systems or business management software.

58%*cite lower consumer spending as a top business challenge.***48%***reported revenue growth over the past 12 months.***69%***rate confidence in their cashflow at 8/10 or higher.***63%***see growing online sales as an opportunity for the year ahead.***70%***invested in stock, inventory or new product lines.***69%***cite loyal customers as a key source of future confidence.*

What it means

Retail isn't a sector surviving against the odds, it has already started to evolve, selling through different channels, drawing more revenue from beyond the shop floor, treating diversification as routine rather than exceptional.

These are businesses dealing with real pressures. They are also, in significant numbers, growing, investing, and preparing for a retail market that looks meaningfully different from the one they built their businesses in.



Introduction

The UK's smallest retailers operate in one of the most exposed corners of the economy. They compete with online giants that can undercut them on price and speed overnight.

They trade on high streets that have seen footfall patterns permanently reset. They face cost pressures that show no sign of easing.

They also have the least room to manoeuvre. Thinner margins, smaller teams. Far less capacity to absorb a bad quarter than the retailers many times their size.

Picture the market trader who's run the same stall for fifteen years, now competing with a same-day delivery app. The independent bookshop that survived the chains, then had to survive the pandemic, and is now working out what AI means for its business. The boutique that now takes orders through Instagram and Etsy, as well as over the shop counter. These are the businesses this report is about, and the ones filling in the survey behind these numbers.

The businesses surveyed span physical shops, online stores, marketplace sellers, social commerce operators and service-based retail models. Most (82%) have been trading for four years or more, giving them a clear view of how retail has evolved and what it will take to succeed in the years ahead.

This report sets out what that pressure looks like, and, just as importantly, what small retailers are doing about it. It draws on a survey of over 100 retail businesses, with interviews with leading retail experts, trade bodies and sector representatives from across the UK. Together, they tell the story of a sector under pressure, but far from standing still.

The report is structured around two questions:

What does life behind the counter look like today?



What does it mean to be an independent retailer in a world where selling products is only part of the job?



Life behind the counter



In this section

Taking the pulse of independent retail	08
The one-person retailer	11
The financial reality of being a small retailer	13

Retail is often discussed in terms of footfall, spending patterns and the future of the high street. Far less attention is paid to the people behind the businesses themselves.

Yet it is those business owners making decisions every day about stock, staffing, cashflow, technology and growth who ultimately determine the future of the sector.

This section explores the realities of running an independent retail business in 2026. Drawing on our survey and expert interviews, we examine the pressures retailers are facing, the responsibilities they carry and the financial realities that shape life behind the counter.



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Entrepreneurs in this country, particularly in retail, are some of the most optimistic and resourceful people you could ever meet.

Lee Hart, Founder and CEO, Stored

Taking the pulse of independent retail

Walk into an independent retail business in 2026 and you'll find a sector under pressure, but far from standing still.

Retailers continue to face familiar challenges. Consumer spending remains subdued. Footfall patterns have changed. Operating costs continue to rise. Competition comes not only from neighbouring businesses, but from major online retailers, marketplaces and social commerce platforms.

These challenges extend beyond individual businesses and are being felt across communities and high streets throughout the UK.

As **Paul Wilson**, Policy Director at the Federation of Small Businesses (FSB), explains:

“Retail businesses are a vital part of every local economy and a major source of employment, and are at the heart of communities; places where people meet, socialise, shop and build relationships. Small retail firms on high streets rely on footfall, but changes in consumer behaviour and pressure on household budgets have all added to the challenges these businesses face. With employment costs, business rates and rent bills, local parking charges and the planning system weighing heavily on high street retailers, the Government must take firm action to help ease the burdens.”

Yet despite these pressures, the picture emerging from the research and our interviews is far more nuanced than many of the headlines surrounding independent retail would suggest.

When retailers were asked about the biggest challenges facing their businesses today, lower consumer spending emerged as the most frequently cited issue, selected by 58% of respondents.

As **Andrew Goodacre**, CEO, British Independent Retailers Association (BIRA) explains:

“If consumers are worried, they’re saving, not spending. And discretionary spend is what a lot of independent retail is all about. If the cost of essentials rise significantly, the cost of the spend on discretionary items like giftware and things for the home, tends to suffer as a result. A lot of independent retailers have seen that shift in consumer behaviour.”

That caution is creating a tougher trading environment for retailers, forcing many businesses to work harder for every sale while demonstrating clear value to increasingly selective customers.

Consumer demand is not the only pressure retailers are facing. Rising operating costs followed closely behind at 50%, while 44% highlighted falling footfall as one of their biggest concerns.



58% say lower consumer spending is their biggest challenge

Competition from online retailers and larger chains remains significant, affecting 35% of businesses. Staffing and employment costs were highlighted by 30%, while retail crime and access to finance were each identified by nearly one in five retailers (18%). Business rates, regulation and a lack of time or resources also featured among the challenges facing smaller operators.

Taken together, these pressures are creating what **Lee Hart**, Founder and CEO of Stored, describes as a “perfect storm” for many retailers:

“It really feels like a bit of a perfect storm for them with lots of known unknowns. They’ve got increased complexity, increased costs and the same amount of time. It makes for a worrisome time. The sense that I’m getting is, ‘give me a break’. It’s not that it’s damaged their optimism as such, but it certainly is starting to bite a little bit.”

The reality is that today’s customer is increasingly selective. Retailers are having to work harder for every sale while competing in a marketplace where consumers have more choice, more information and more alternatives than ever before.

The challenge facing independent retailers today is therefore not one single issue, but the cumulative effect of multiple pressures arriving at the same time.

Retail crime provides a good example. While only 18% ranked it among their biggest challenges, it affects many retailers in practical ways. More than 80% spend at least some time each week dealing with theft, abuse or other retail crime-related issues, with over half spending at least an hour a week addressing the problem.

This reflects the experience of **Sajid Mohammad**, a member of the National Federation of SubPostmasters (NFSP), who runs his own store in Scotland:

“Petty crime is 100% up. You’ll always notice that when there’s less money in people’s pockets. What I’ve noticed is people will steal more and with the advent of self-service checkouts, it’s almost made it easier for them.”

While not every independent retailer operates self-service checkouts, Sajid’s experience reflects a wider concern shared by many retailers which is that retail crime is becoming more common, more visible and more time-consuming to deal with.

For many retailers, the cost of crime is measured not only in lost stock, but also in the time, attention and resources required to manage it.

And yet, despite this backdrop, the trading picture is more positive than many might expect.

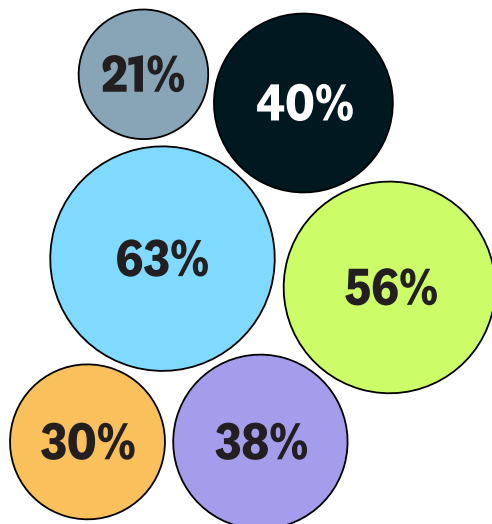


Almost half of retailers (48%) reported revenue growth over the past 12 months. A further 47% said revenue had remained broadly stable. Only a small minority reported a decline.

That matters because it challenges one of the most persistent narratives surrounding independent retail. The sector is undoubtedly facing pressure. But many businesses continue to find ways to grow, adapt and remain competitive.

When looking ahead, retailers see significant opportunities on the horizon.

The top opportunities for the next 12 months are:



● Growing online sales

● AI and automation

● Diversifying products and services

● Customer loyalty and retention

● Better use of customer data

● Social media and digital marketing

Note: Percentage of the 104 small-retailer respondents who selected each category as a "top opportunity". Figures do not add up to 100% as respondents could select multiple categories.

Taken together, the findings paint a picture of a sector that understands the challenges it faces but remains focused on opportunity rather than just survival.

As **Lee Hart**, Founder and CEO of Stored, explains:

"Entrepreneurs in this country, particularly in retail, are some of the most optimistic and resourceful people you could ever meet. During Covid we saw transaction volumes fall off a cliff overnight, but within a matter of weeks retailers found a way. They're optimistic because they believe in their ability to find solutions."

That ability to adapt, experiment and find new opportunities may ultimately be one of independent retail's most valuable assets.



The one-person retailer

Today's retailer is doing far more than selling products. They're managing staff, recruiting team members, handling customer enquiries, ordering stock, processing invoices, keeping up with regulation, managing social media, monitoring reviews and learning new technologies. Often all at the same time.



“

I'm running HR, I'm running accountancy, I'm running fire inspections, I'm running health and safety, I'm running everything.

Harry Goraya, National Federation of SubPostmasters (NFSP)

As retail has become more complex, so too has the role of the retailer. Customers now interact with businesses across multiple channels. Product ranges require constant review. Technology continues to evolve. Compliance requirements continue to increase.

Andrew Goodacre, CEO, British Independent Retailers Association (BIRA) also highlighted just how much independent retailers are having to do each day:

“They’re stocking the shelves, they are talking to customers, they’re dealing with staff issues, they’re recruiting, they’re retaining. And then on the back office, they’ve got to order stock, they’ve got to do their accounts, get all the invoices and they’ve got the VAT returns to do it. So, all this is happening and they haven’t got an accountant team, they haven’t got an HR team, they haven’t got people like that to help them do that work. Time is money in their eyes.”

It’s perhaps no surprise, then, that time remains one of the scarcest resources for independent retailers. Many rarely step away from their businesses. Only 13% take a full day away at least once a month. Most manage a day away every few months (31%) or only a handful of times per year (43%). Nearly one in seven rarely or never take a full day away from the business at all.

And yet, despite those demands, retailers remain remarkably positive. Nearly four in five retailers (79%) rated their enjoyment of running the business at eight or above out of ten.

Similarly, while time is clearly under pressure, most are trying to think strategically. Nearly half (44%) say they always have enough time to think about the future of their business, while a further 33% say they do so often. This is where a clear divide begins to emerge.

The retailers adapting most successfully are not simply working harder. They are making a conscious effort to step back from the day-to-day operation of the business and think about what comes next.

As **Joe Harrison**, CEO of the National Market Traders Federation (NMTF), observes:

“The ones that are thriving are working harder on the business. They’re thinking harder about the business. That’s the difference.”

Perhaps the defining characteristic of today’s retailer is not simply hard work. It is the ability to balance the demands of today while continuing to plan for tomorrow.



The financial reality of being a small retailer

While customers experience the shop floor, far fewer see the financial balancing act taking place behind the scenes. Cashflow remains one of the most important forces shaping day-to-day decision-making.

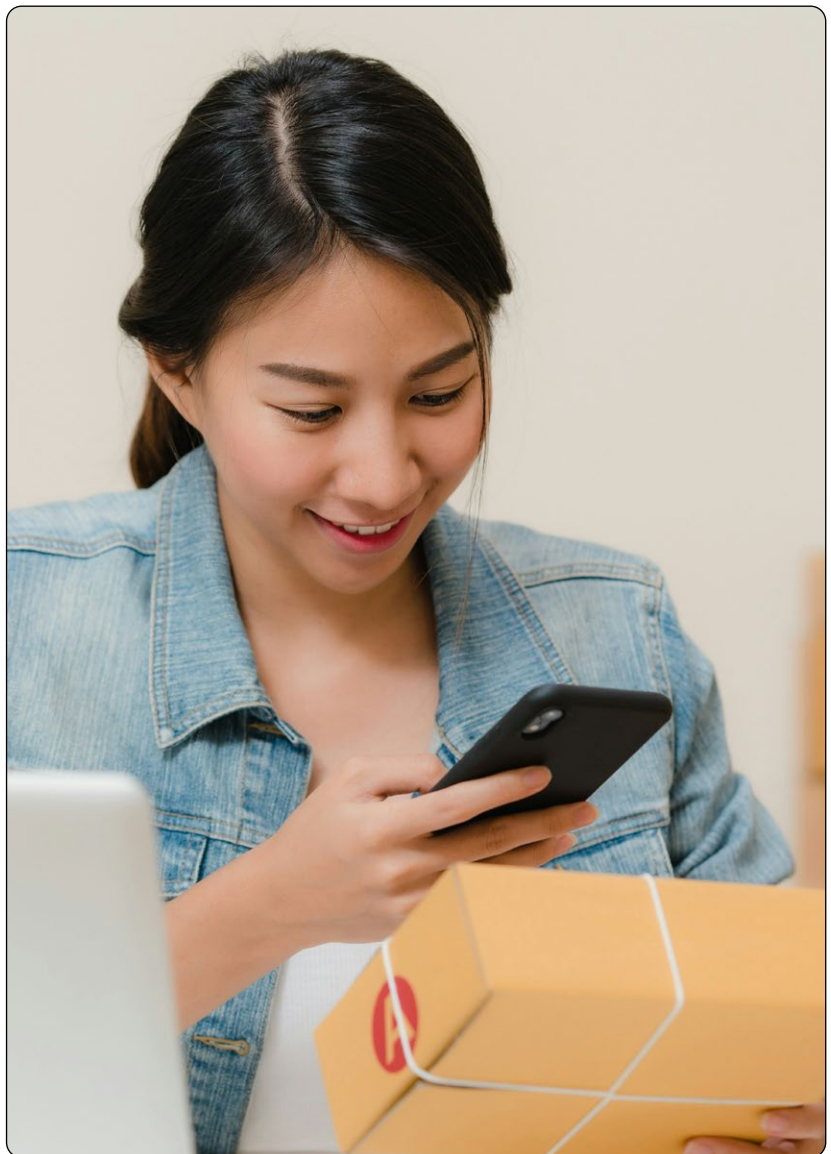
When retailers were asked about the biggest causes of cashflow pressure in their businesses, supplier payments topped the list (58%), followed by VAT obligations (50%). Payroll (36%), rent (35%), business rates (27%) and stock purchases (25%) also featured prominently. These are, for the most part, predictable costs. The challenge is that they often need paying long before future revenue arrives.

As **Andrew Goodacre**, CEO, British Independent Retailers Association (BIRA) explains:

“Most businesses don’t fail because of a lack of profit; they fail because of a lack of cash. Managing their cash through busy times and quiet times is the most important thing.”

Retailers may be profitable on paper but still experience pressure if cash is tied up in stock, seasonal fluctuations or future customer demand.

Many retailers are responding by keeping a close eye on their finances. Most review their financial position monthly (36%) or quarterly (29%), while around one in five (22%) do so weekly and a small minority monitor performance daily.



That discipline appears to be paying off. Despite the challenges, confidence remains relatively high. Nearly seven in ten retailers (69%) rated their confidence in their current cashflow position at eight or above out of 10.

Similarly, retailers are generally positive about their ability to access finance if needed, with almost 80% rating ease of access to finance at seven or above out of 10.

Credit, meanwhile, has become a normal part of how many retailers operate. Nearly two-thirds have used credit within the past year, with 17% using it regularly and 47% using it occasionally. Rather than being viewed as a last resort, many retailers increasingly see finance as a tool that can help manage cashflow, invest in growth and create greater resilience.

More importantly, many are putting that funding to work. Over the past 12 months, seven in ten retailers invested in stock, inventory or new product lines, while 67% invested in e-commerce, online sales or delivery capabilities.

More than half invested in premises improvements (57%) and payment systems or business management software (52%), while many also invested in customer experience initiatives (45%) and marketing activities (43%).

A smaller but growing group (24%) have already invested in AI tools, automation or customer data capabilities, suggesting many retailers are beginning to explore how technology can support future growth.

These are not the decisions of businesses standing still. They are the decisions of businesses preparing for the future.

As **John Heagney**, Founder Partner at C-Store Collective, explains:

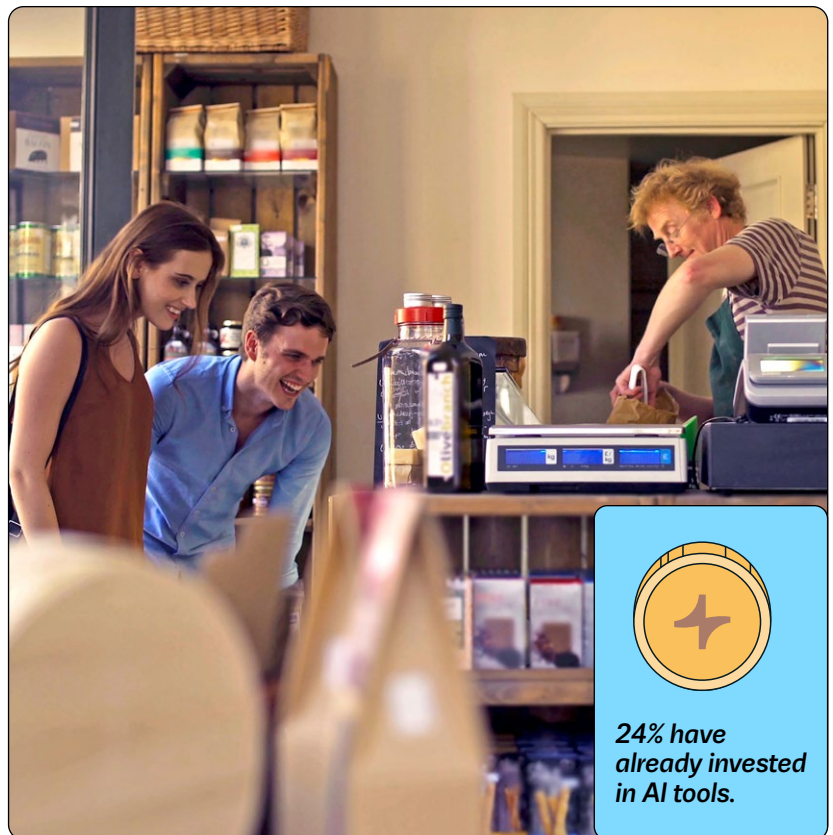
“Successful retailers understand cashflow rather than simply profit. They monitor gross margin carefully, they manage stock tightly, they review costs all the time and they invest where they get proper returns.”

He believes one of the key differences between stronger and weaker businesses is not necessarily how much they sell, but how well they understand the financial performance of those sales.

“The weaker businesses often chase turnover without understanding that the sales aren’t necessarily creating profits. It’s very easy to invest in something without really planning it, but you’ve got to invest in something that’s going to give you a proper, genuine, solid financial return.”

The findings suggest that today’s retailers are becoming increasingly financially disciplined. They are managing cash more carefully, investing more selectively and paying closer attention to the relationship between sales, profit and long-term sustainability.

For many, financial resilience is no longer just about making money. It’s about making sure the business has the visibility, flexibility and resources to keep moving forward.



The new rules of retail

Retail has always evolved. What has changed is the speed at which that evolution is happening. Independent retailers are operating in a world of changing consumer expectations, rising competition and rapidly advancing technology.



In this section

Beyond the shop floor	17
From data to decisions	19
The retailer of the future	20

Consumers move seamlessly between physical and digital channels. They may discover products on social media, compare prices online and buy in-store, or vice versa.

The traditional boundaries of retail are becoming increasingly blurred. As a result, the most successful businesses are no

longer defined simply by what they sell. They are defined by how they adapt.

This section explores how retailers are responding to these changes, from diversification and omnichannel selling to the growing role of data, technology and customer insight. We also look at what today's trends reveal about the retailer of the future.



Beyond the shop floor

One of the clearest findings from the research is that many retailers are expanding beyond traditional retail models.

For decades, the typical formula was straightforward. A retailer secured a good location, stocked the right products and relied heavily on in-store sales. Today, that model alone is often no longer enough.

Set against consumer caution, rising costs and changing customer expectations, independent retailers are finding new ways to generate revenue, reach customers and build resilience.

The independent grocer who once relied on passing trade now offers click-and-collect orders for customers picking up groceries on the way home. The gift shop that traditionally depended on Christmas trading is running events and workshops throughout the year. The boutique that once relied solely on customers visiting the shop floor is now using social media, online marketplaces and digital channels to reach entirely new audiences.

The evidence suggests these examples are increasingly becoming the norm rather than the exception.

Compared with three years ago:

70%

of retailers offer more products or services.

55%

rely more heavily on digital sales.

66%

sell through more channels.

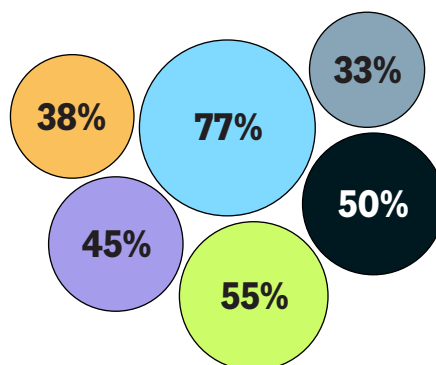
38%

now serve new customer groups.

The role of the retailer has evolved far beyond selling products from a physical location. While 83% of businesses still operate a physical shop, many now combine this with an online store (63%), social commerce channels (40%) and marketplaces such as Amazon, Etsy and eBay (37%).

For some, these additional channels have become significant sources of revenue. Only a small minority generate almost all their income from traditional in-store sales, while 17% now generate more than half of their revenue from activities outside the shop floor. Looking ahead, the direction of travel is clear.

Retailers are planning to launch:



● New product categories

● Loyalty schemes

● Subscription services

● Online stores

● Click-and-collect services

● Events, workshops and classes

Note: Percentage of the 104 small-retailer respondents who selected each category as a "top opportunity". Figures do not add up to 100% as respondents could select multiple categories.

The goal is not just growth. It's resilience. Across the sector, retailers are increasingly building businesses that provide customers with multiple reasons to visit, engage and spend. This can be seen particularly clearly within the forecourt sector.

As **Gordon Balmer**, Executive Director of the Petrol Retailers Association (PRA), explains:

"There are some great examples within our membership of businesses that are led by entrepreneurs that have changed and adapted their forecourts into a destination servicing the needs of their customers. Some have larger shop formats to include fresh food, bakeries, butchers, and post offices. Additional facilities include EV Charging, parcel drop off, laundromats and car washing which is experiencing a renaissance just now."

The result is a business that becomes more useful, more relevant and more deeply embedded in customers' everyday lives.

Diversification is increasingly becoming a core business strategy rather than an occasional experiment. Two-thirds of retailers now consider it very important or essential to future success, while a further 30% describe it as moderately important. In other words, 96% see value in spreading risk, broadening their offer and creating multiple ways to serve customers.

As **Andrew Goodacre**, CEO, British Independent Retailers Association (BIRA) highlights:

"By offering a service, they've enhanced the reason people are using them. If you take your dog to the groomers, you're likely to buy the dog food from there or a new collar from there or shampoo. Diversification has changed the way people use a business."

It's evident that in today's retail environment, the businesses that are adapting, are the businesses creating the most opportunities for future growth.



From data to decisions

If diversification is changing how retailers generate revenue, data is changing how they make decisions.

Historically, many independent retailers relied heavily on experience, instinct and local knowledge. Those qualities remain enormously valuable. But retail today generates far more information than it once did. Increasingly, the retailers performing best are combining experience with information.

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“Retail has moved from location, location, location to data, data, data.”

Andrew Goodacre, CEO of the British Independent Retailers Association (BIRA)

The research suggests this shift is well underway. Customer data is becoming increasingly important, with 44% of retailers saying they regularly use it to inform decisions or treat it as central to almost every decision. The other half still lean mainly on experience and instinct or use customer data only sometimes.

Where the habit has taken hold, it sticks. Among those who do review customer data, 76% do so at least weekly. For most who've adopted it, it's part of the daily or weekly rhythm of running the business.

Technology is also becoming an increasingly important part of the conversation. When retailers were asked about the biggest opportunities for the year ahead, AI and automation ranked second only to online sales growth, cited by 56% of respondents.

Yet there remains a gap between ambition and action. Only 24% have invested in AI tools, automation or customer data capabilities so far. This suggests the

opportunity is widely recognised, but many retailers are still working out how these technologies fit into their businesses.

According to **Manoj Jethwa**, Founder and CEO of EPOS Direct, that hesitation may be preventing some retailers from unlocking a significant advantage:

“The independent retailer is nimble. He’s got the most beautiful advantage. AI is affordable, it’s easily accessible and it’s built into systems that are available today. If retailers are willing to overcome that fear of change, amazing things can happen.”

More broadly, the research suggests retailers are not standing still when it comes to investing in their businesses.

Over the past year:

70%

invested in stock or new product lines.

52%

invested in payment systems or management software.

67%

invested in e-commerce and online sales capabilities.

45%

invested in customer experience initiatives.

57%

invested in premises improvements.

43%

invested in marketing and branding.

These investments tell an important story. Retailers are not simply reacting to change. They are actively preparing for it. Whether through better technology, stronger customer experiences or new digital capabilities, many are investing in the tools they believe will help them remain competitive in the years ahead.

The retailer of the future

What does the future look like for independent retail? The answer emerging from both the survey data and expert interviews is surprisingly optimistic.

Despite the challenges facing the sector today, 85% of retailers say they feel prepared for changes in the retail market over the next five years.

That confidence is not based on the belief that retail will become easier. If anything, most indicators suggest the opposite. Customer expectations will continue to evolve. Technology will become more sophisticated. Competition will remain intense. New generations of consumers will bring different expectations around sustainability, authenticity and convenience.

But retailers appear confident in their ability to adapt. More than half (52%) cite their ability to adapt as one of the biggest reasons they feel positive about the future, while 69% point to loyal customers, making customer relationships the single biggest source of confidence identified in the research. Those findings offer an important clue about what successful retailers may look like in the years ahead.

The retailer of the future is unlikely to be defined by a single channel, product range or technology platform. Instead, the strongest businesses will combine modern tools with timeless retail strengths.

They will use data to make better decisions, while continuing to rely on their understanding of customers. They will embrace digital channels without losing the personal connections that make independent retail distinctive. They will diversify revenue streams while remaining clear about what makes their business unique.

The research suggests many retailers are already moving in this direction. Growing online sales was identified as the biggest opportunity over the next 12 months (63%), while AI and automation ranked second (56%). At the same time, retailers continue to invest heavily in customer experience, loyalty initiatives and new ways of serving their communities.

As **Lee Hart**, Founder and CEO of Stored, explains:

“Customers are becoming much more discerning. They want to know where products come from, how they’re made and what the environmental credentials are.”

Tomorrow’s retailers will need to be more technologically confident. But they will also need to be more transparent, more responsive and more customer-focused than ever before.

As **Joe Harrison**, CEO of the National Market Traders Federation (NMTF), observes:

“Our industry is over 1,000 years old. So obviously it’s lasted that long because it’s evolved as the times go by. You adapt yourself to trading in the times that you’re trading in.”

The future of retail may look different from today. But it’s clear that independent retailers are not waiting for that future to arrive. They are already preparing for it.



Customer relationships are the single biggest source of confidence.

Eight habits of resilient retailers

a practical toolkit

What successful retailers are doing differently



In this section

Focus on cashflow, not just sales	23
Treat stock like cash	24
Turn data into decisions	25
Embrace technology without fear	26
Make time to work on the business, not just in it	27
Build more than one revenue stream	28
Learn from other retailers	29
Turn customers into regulars	30

The retailers succeeding today are not operating in easier conditions. They face the same challenges as everyone else: rising costs, changing customer expectations, staffing pressures and growing competition.

What separates them is how they respond. Drawing on insights from retailers, industry experts, trade bodies and technology providers, we've identified eight habits that consistently appear in businesses adapting successfully to today's retail environment.



Step 1

Focus on cashflow, not just sales



Sales are important. Cashflow is what determines whether a business can pay its bills, invest in growth and navigate unexpected challenges.

For many retailers, financial pressure doesn't come from a lack of sales. It comes from timing. Tax bills, supplier payments, payroll, rent and seasonal stock purchases often need paying long before the revenue they generate has reached the bank account.

Retailers who understand this, plan ahead. They know when their biggest financial commitments are due, how seasonal fluctuations affect the business and where pressure points are likely to emerge during the year.

A strong Christmas trading period, for example, may be followed by substantial supplier invoices. A quiet summer month can arrive at the same time as VAT payments, wage increases or rising utility costs. These challenges are rarely surprises, but they can become problems if they are not anticipated.

The retailers managing cashflow most effectively don't simply look at what is happening today. They look weeks and months ahead, identifying potential gaps before they become urgent.

🚩 Your next step

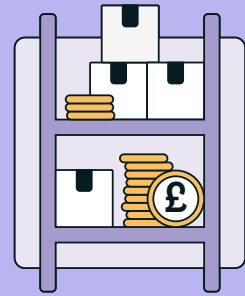
Map out the next three months of expected cash movements, including VAT, payroll, supplier payments, rent, seasonal stock purchases and any one-off costs. Identify any periods where cash could become tight and plan ahead now rather than reacting later.

“The successful retailers tend to make decisions based on margin and cash, not just sales. They understand the profitability of individual product ranges, locations and sales channels. They know when to stop investing in something that isn't working - and they're prepared to discount, clear and reinvest. And perhaps most importantly, they plan ahead. They don't wait until there's a cash problem before looking at their cashflow. The retailers that struggle are often busy and generating sales, but they don't always have enough visibility over what is actually making money and what is consuming cash.”

David Sharp, Partner, Rouse Partners

Step 2

Treat stock like cash



Many retailers think of stock and cash as separate things. The most successful retailers view them as the same thing.

Stock sitting on shelves may look valuable, but until it is sold, it represents money that cannot be used anywhere else in the business.

It's easy to focus on having enough stock. The challenge is making sure that stock is actually moving. Products that sit in storage for months, tie up working capital, reduce flexibility and increase the risk of future discounting.

The retailers managing stock most effectively constantly question whether products are earning their place. They understand what is selling, what is slowing down and what needs action before it becomes a bigger issue.

For many businesses, improving cashflow is not always about selling more. It's often about managing inventory more effectively.

🚩 Your next step

Identify one product range that has been sitting in stock longer than expected and decide what action you'll take to move it.

"For many retailers, stock is the biggest place cash gets trapped. You still see businesses with healthy sales and good margins experience cash pressure because they've bought too much, bought the wrong products or committed too early for a season. Stock can look healthy on a balance sheet, but if it isn't moving, it is effectively cash sitting on a shelf."

David Sharp, Partner, Rouse Partners

"Cash gets stuck in overstocking. Because you've had stock for a long time, you're going to have to flog it off cheap. It's about keeping things fresh. Nobody can afford to be a hero anymore. You can't afford to bring stock in and then get stuck with it."

Joe Harrison, CEO, National Market Traders Federation (NMTF)

Step 3

Turn data into decisions



Retail has always relied on experience. Today's most successful retailers combine experience with insight.

For years, retailers built successful businesses through local knowledge, customer relationships and instinct. Those qualities remain incredibly valuable. The difference is that modern retailers now have access to far more information than previous generations ever did.

Sales reports, stock data, customer trends and EPOS insights can provide a clearer picture of what is happening inside a business. Yet many retailers are sitting on valuable information without using it to guide decisions.

The issue isn't a lack of data. It's knowing which information matters and then acting on it. The retailers performing best are not necessarily collecting more information than everyone else. They're just making better use of the information they already have.

Data helps challenge assumptions, uncover opportunities and identify problems before they become expensive. Combined with experience, it becomes a powerful tool for improving decision-making, protecting margins and helping retailers respond more confidently to change.

🚩 Your next step

Spend 15 minutes reviewing last week's sales data and identify one trend, opportunity or issue that you hadn't previously noticed.

"Retailers don't really have a sales problem. They have a visibility problem. The ones who are using data better are the ones you're seeing innovate and change in the way they're operating. The ones who aren't, are struggling to see where the opportunities are."

Manoj Jethwa, Founder and CEO, EPOS Direct

"Stop making decisions on instinct alone and start using data to make proper, clear decisions every week. The retailers who combine experience with good information will always outperform those who rely purely on gut feel."

John Heagney, Founder Partner, C-Store Collective

Step 4

Embrace technology without fear



Technology no longer gives retailers an advantage. Increasingly, it's becoming a necessity.

For many independent retailers, technology can feel overwhelming. New platforms are constantly appearing, AI dominates headlines, and there is often pressure to keep up with the latest developments. It's easy to assume that technology is expensive, complicated or only relevant to larger businesses. The retailers adapting most successfully tend to take a different approach.

Rather than chasing every new trend, they focus on solving practical business problems. They use technology to save time, improve visibility, streamline operations and reduce manual tasks.

Whether it's understanding what's selling, managing stock more effectively or staying connected with customers, technology can help retailers make better decisions with less effort. The goal is not to replace human expertise. It's to give retailers more time to focus on the areas where they create the most value.

The businesses seeing the greatest benefit are often not those investing the most money. They're the ones making the best use of the tools already available to them.

🚩 Your next step

Write down the three tasks that take up the most time each week and identify whether technology could simplify, automate or speed up any of them.

“Start to explore AI and look at the AI opportunity. Just play with ChatGPT a little bit. Give it a challenge of writing your social media post to promote a certain product. Use it, see what it can do. Start to get to learn, don't be afraid of it.”

Andrew Goodacre, CEO, British Independent Retailers Association (BIRA)

“The technology that's arriving now could be the great leveller. In the past, if you needed help understanding your business, you hired consultants, analysts or specialists. Now small businesses can access tools that were previously only available to large organisations.”

Lee Hart, Founder and CEO, Stored

Step 5

Make time to work on the business, not just in it



Retailers don't have a motivation problem. They have a capacity problem. Running an independent retail business means constantly juggling competing priorities. Serving customers, managing suppliers, ordering stock, dealing with staffing issues, handling compliance and keeping the day-to-day operation moving often leaves little time for anything else.

The challenge is that while these activities keep the business running, they don't always help move it forward. Many retailers are so busy managing today's demands that they rarely have an opportunity to think about tomorrow's opportunities.

At the same time, retail has become significantly more complex. Customer relationships now extend across stores, websites, social media, email, reviews and digital marketing. Retailers are expected to manage more touchpoints, more channels and more information than ever before. The businesses adapting most successfully deliberately create time to step back. They review performance, monitor trends, explore new ideas and make decisions about where the business is heading. They recognise that growth rarely happens by accident.

🚩 Your next step

Block out one hour in your diary this month to review how the business is performing and identify one improvement you'd like to make over the next quarter.

"The better retailers take time to see what's going on around them. They invest their time to assess what's happening in the market. "Let's go and find out more about AI." "Let's go and find out more about what new products are coming through." "Let's find out more about sustainability." They are good at finding time to understand some of these hot topics that will, if they aren't already, impacting on their market and on their business."

Andrew Goodacre, CEO, British Independent Retailers Association (BIRA)

Step 6

Build more than one revenue stream



Retail has become increasingly competitive, and relying on a single source of income can leave businesses vulnerable to changes in customer behaviour, economic conditions and market trends.

Many independent retailers are finding new ways to generate revenue beyond traditional product sales. Online channels, events, workshops, services, subscriptions and partnerships are helping businesses diversify income while strengthening customer relationships.

Additional revenue streams can provide greater resilience during quieter trading periods and reduce reliance on a single customer channel. They can also create new opportunities to engage customers and increase lifetime value.

The most successful retailers do not diversify for the sake of it. Instead, they look for opportunities that complement their existing strengths, enhance the customer experience and create new reasons for customers to return. The goal is not to do more, but to build a business that is more resilient, more relevant and less dependent on a single source of income.

🚩 Your next step

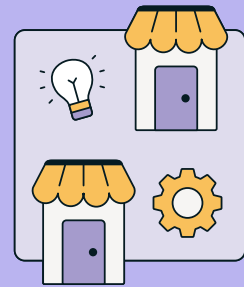
List three ways your existing products, expertise or customer relationships could generate additional revenue without requiring significant investment.

“There used to be a chap selling videos and cassettes on Strutton Ground. His business had virtually disappeared, so he bought an old market barrow, refurbished it, got a state-of-the-art coffee machine and started Flat Cap Coffee. Now he’s got two baristas working for him and a queue of customers. You’re not going to continue to flog a dead horse. You’ve got to have the savvy to move on, change it, accept that’s the end of the line for that product and move on to something that really is on trend.”

Joe Harrison, CEO, National Market Traders Federation (NMTF)

Step 7

Learn from other retailers



You don't have to solve every problem yourself. Independent retail can often feel isolating. Many business owners face similar challenges but spend valuable time and energy trying to work everything out alone.

Retailers who actively engage with others often gain access to ideas, experiences and solutions that help them avoid common mistakes and spot new opportunities sooner.

The retail landscape is constantly evolving. Customer expectations change, new technologies emerge and market conditions shift. Businesses that regularly look outside their own four walls are often better equipped to adapt. The most successful retailers are curious. They visit other stores, attend events, join industry groups and actively seek out new ideas. They recognise that learning from others can accelerate progress and provide a fresh perspective on their own business.

🚩 Your next step

Contact another retailer you respect, and arrange a chat to discuss what's working, what's changing and what challenges you're both facing.

"We need to encourage retailers, if they really want to succeed and they really want to be better at what they're doing, they need to come and learn from anybody who's able to give them some guidance towards achieving the goals that they want."

Harry Goraya, National Federation of SubPostmasters (NFSP)

"I started as a trader when I was 18 years old and there are pitfalls. But I was fortunate as a young guy, I used to work for a family who virtually took me under their wing. That's what a mentor is."

Joe Harrison, CEO, National Market Traders Federation (NMTF)

Step 8

Turn customers into regulars



The first sale is important. The second sale is where the real value begins. Attracting new customers can be expensive and time-consuming. That's why many of the strongest retailers focus just as much attention on keeping existing customers coming back.

Loyal customers tend to spend more over time, visit more frequently and recommend businesses to friends and family. They also provide valuable feedback and can become powerful advocates for a brand.

Building loyalty is not just about offering discounts. It comes from consistently delivering great experiences, understanding customer needs and creating meaningful relationships. Whether online or in-store, customers are more likely to return when they feel recognised, valued and understood.

The retailers building the strongest businesses aren't just generating transactions. They're building communities of customers who actively choose to come back.

🚩 Your next step

Identify one customer who visits regularly and speak to them. Ask them what you're doing to make them feel valued enough to return again next month.

"Retail has never at all been about products and prices. It's about people. Look after your customers, look after your employees and manage cashflow, and you generally will build a successful business. Every technology changes and every trend changes and every government changes, but those fundamentals never do."

***John Heagney, Founder Partner,
C-Store Collective***

"Somebody can forget your name. They can forget where you're from. They can forget lots of other things. But they'll never forget how you made them feel."

***Joe Harrison, CEO, National Market
Traders Federation (NMTF)***

Conclusion

The future belongs to the adaptable

Independent retail has spent much of the last decade being written off.

The rise of e-commerce, changing consumer habits, rising operating costs and growing competition have all fuelled regular predictions about the future of the high street and smaller businesses.

Yet that is not the story this report tells. The retailers who took part in this research are undoubtedly facing challenges. Lower consumer spending, rising costs and falling footfall remain significant pressures. They describe a world of tighter margins, greater complexity and constant adaptation.

But they are not standing still. Across the research, a clear picture emerges of a sector that is evolving in response to those challenges. Retailers are expanding product ranges, embracing new sales channels, investing in technology and exploring new ways to reach customers.

Many are generating revenue beyond the traditional shop floor and building businesses that look very different from those of just a few years ago.

In many cases, they are reinventing what it means to be a retailer. Perhaps the most striking finding is that retailers remain optimistic, not because conditions are easy, but because they believe in their ability to adapt. When asked what gives them confidence about the future, they pointed first and foremost to loyal customers, their own resilience and their expertise.

Technology, data and AI will undoubtedly play an increasingly important role in retail's future. But throughout both the survey and expert interviews, one message surfaced repeatedly – technology alone is not enough.

The retailers succeeding today are combining modern tools with timeless strengths such as service, trust, expertise and community.

As **Craig Etchells**, National Vice President, The Federation of Independent Retailers (The Fed) highlights:

“As a small business, you will go above and beyond to keep people happy where you can. It’s those relationships and that personal service that make the difference.”

The strongest businesses are not choosing between technology and human connection. They are combining both. They are using data to make better decisions while remaining close to their customers. They are embracing new channels while continuing to invest in service, trust and community.

They are adapting without losing sight of what makes them different. As **John Heagney**, Founder Partner at C-Store Collective, observes:

“Independent retail has been declared almost dead by some commentators for probably 40 years. Yet every single decade, independent retail reinvents itself and the retailers who know their customers well, serve their communities properly and adapt faster than the multiples will continue to prove those sceptics wrong.”

If there is one lesson from this report, it is that the future will belong to those that continue to evolve. Those that understand their customers. Those that are willing to learn, experiment and adapt. Because independent retail has never stood still for long. And the evidence suggests it isn't about to start now.

Methodology

This report draws on two streams of research:

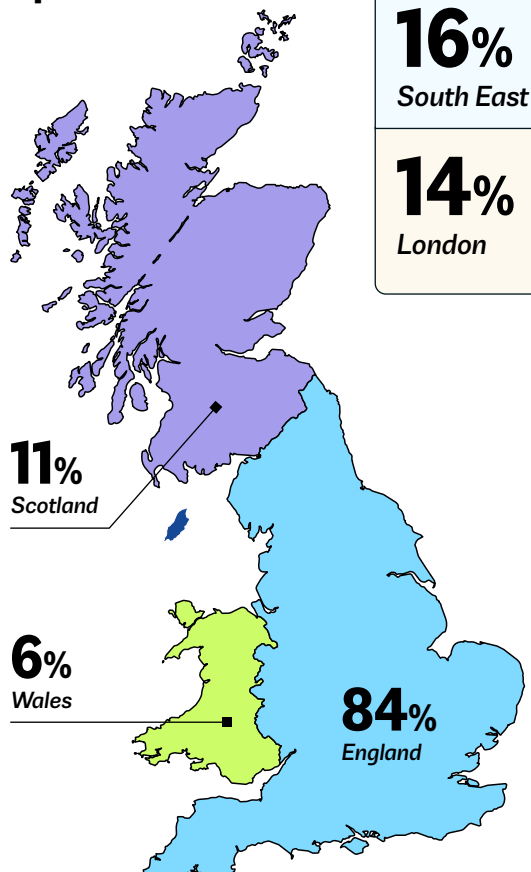
A quantitative survey

of 104 small retail businesses in England, Scotland and Wales. Fieldwork conducted in August 2026. All respondents: owner, founder or manager with day-to-day financial responsibility; 0–10 employees; trading 12+ months; limited liability structure; active business current account.

In-depth expert interviews

with retail industry partners and trade bodies, including the British Independent Retailers Association (BIRA), Petrol Retailers Association (PRA), National Market Traders Federation (NMTF), The Federation of Independent Retailers (The Fed), National Federation of SubPostmasters (NFSP), The Federation of Small Businesses (FSB), C-Store Collective, Stored, EPOS Direct and Rouse Partners.

Regional profile of survey respondents



Top regions in England

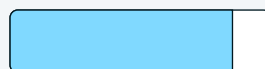
16%
South East

14%
London

Established businesses

82%

have been trading for more than three years



45%

have been trading for more than seven years

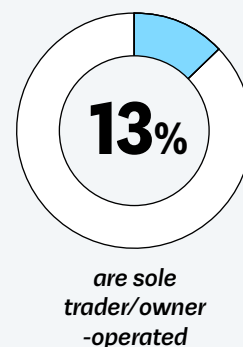


These are not new businesses still finding their feet, but they are also not large enough to have much of a cash buffer either.

Business size

Over four in five

have fewer than ten employees



With thanks to

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Gordon Balmer

Executive Director, Petrol Retailers Association (PRA)

Joe Harrison

CEO, National Market Traders Federation (NMTF)

Craig Etchells

National Vice President, The Federation of Independent Retailers (The Fed)

Harry Goraya and Sajid Mohammad

National Federation of SubPostmasters (NFSP)

Paul Wilson

Policy Director, Federation of Small Businesses (FSB)

John Heagney

Founder Partner, C-Store Collective

Lee Hart

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More retail insights

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