

High Street Blues

It has been a harrowing week for British high streets with the fall of several established brands, as [Satnam Shergill](#) reports

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Photocredit: VASTA

HMV, the UK's only remaining countrywide music retailer, has appointed administrators and suspended its shares as of 15th January. This hasn't come as a shock to many critics, following consistently poor sales figures, with the news leaving 4,500 jobs hanging in the balance. Trevor Moore, HMV's chief executive, has made it clear that the chain is working hard with the administrators to look for a solution, while its 239 stores continue to operate until potential buyers can be found.

HMV joins Jessops, and more recently, Blockbuster, as another of the UK's household names to fall into administration. A failure to react to the ever changing nature of the digital market, has facilitated the demise of these companies, with over 9000 jobs at risk in total. Their plight mirrors that of Kodak, the former American photography giant, that also failed to understand the rapidly evolving nature of their respective market. Kodak has recently sold off some of their patents in order to pay off its creditors, after announcing its bankruptcy in early 2012.

HMV did not receive its expected custom in the run up to Christmas period, with an ever increasing number of consumers turning to the online market for cheaper prices and more variety. The likes of Amazon and John Lewis Online thrived in the Christmas period, with figures from IBM showing that internet spending was up a staggering 44 percent from the previous year's Boxing Day.

The swift growth of online retailers has been emphasized in recent figures published by Conlumino, a retail research agency, which showed that 73.4 percent of all music and films are now downloaded. The dwindling demand for traditional CDs combined with the growth of downloadable MP3s has contributed to HMV's troubles, with consumers increasingly opting for the cheaper, more accessible alternatives.

This also spells bad news for record labels, as stores like HMV provide an invaluable outlet for the sale of hard copies of CDs and films. However this is not seen to be feasible in the 21st century, with HMV recording a disastrous 10.2 percent fall in sales during the ten weeks prior to October 27th.

Arguably, HMV's biggest deficiency was not reacting to the transition to online commerce; iTunes Store, Amazon and Netflix all took the leap and reaped the benefits. These companies provide DVD rentals; affordable music downloads, streaming services as well as the traditional hard copies of albums, offering

a much more comprehensive service overall.

HMV's tragic end only offers the high street more headaches; as the online markets continues to grow, who will be the next household name to fall?



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