



# **DEVELOPMENT OF SOLUTIONS AND AN ONLINE GUIDE ON FOSTERING THE REVITALISATION AND MODERNISATION OF THE SMALL RETAIL SECTOR**

486/PP/GRO/PPA/15

FINAL REPORT

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Grow DDG2.E. – Modernisation of the Single Market  
E4 – Business-to-Business Services

Contact: Maciej Gorka

E-mail: [GROW-E4@ec.europa.eu](mailto:GROW-E4@ec.europa.eu)

*European Commission  
B-1049 Brussels*

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### **Abstract**

More than 95 % of retail businesses across Europe are micro businesses. Small retailers are of diverse character depending on their location, product and people. Economic, political and particularly technological developments challenge their existence. Technology, however, can represent an opportunity for reaching new customer groups or binding existing clients.

To identify practical solutions to revitalise and modernise the small retail sector, all EU28 Member States were analysed to identify national, regional and local support strategies. Over 200 typical local and regional initiatives were identified and categorised into location-oriented and business-oriented initiatives. Based on 20 case studies that included a digital component and/or e-commerce platform, the effectiveness of actions and factors that support their effectiveness were analysed.

Effective actions were found to be built on professionalism and competence, the strength of stakeholder relationships, a shared belief and a willingness to change. These require the support of a clear organisational structure, community involvement and technology input.

Four regional workshops, a Brussels seminar and an indicative survey were then used to validate and further fine-tune these key findings and assess their transferability across Europe. On the basis of this analysis, a separate guide, available online, designed to support authorities in revitalising the sector has been developed.

### **Résumé**

Plus de 95 % des commerces de détail en Europe sont des microentreprises. Il existe de nombreux types de petits commerces, selon leur emplacement, les produits qu'ils vendent et les personnes qui les gèrent. Aujourd'hui, les évolutions économiques, politiques et plus particulièrement technologiques remettent en cause leur existence. Mais la technologie peut aussi représenter une opportunité: elle permet au commerçant d'atteindre de nouveaux groupes de consommateurs et de renforcer sa relation avec des clients existants.

En vue d'identifier des solutions pratiques pour revitaliser et moderniser le secteur du petit commerce de détail, les 28 États membres de l'UE ont été soumis à une analyse visant à cataloguer les stratégies de soutien nationales, régionales et locales en la matière. Plus de 200 initiatives locales et régionales caractéristiques ont été relevées et classées en initiatives axées sur la localisation et initiatives axées sur l'activité commerciale. L'efficacité des mesures prises et les facteurs qui soutiennent cette efficacité ont été analysés à l'aide de 20 études de cas incluant une composante numérique et/ou une plateforme de commerce électronique.

Il en ressort que les mesures efficaces sont fondées sur le professionnalisme et les compétences, la solidité des relations entre les parties prenantes, une conviction partagée et une volonté de changement. Ces mesures nécessitent le soutien d'une structure organisationnelle claire, l'implication de la communauté locale et le recours à la technologie.

Quatre ateliers régionaux, un séminaire à Bruxelles et une enquête indicative ont permis de valider et d'affiner ces conclusions cruciales et de déterminer si elles pouvaient être appliquées dans toute l'Europe. Sur la base de cette analyse, un guide distinct a été rédigé. Disponible en ligne, il vise à aider les autorités compétentes à revitaliser le secteur.

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# Purpose and content of this report

## Purpose & content

The focus of this study is on specific actions for modernising (particularly through digitalisation, including e-commerce) and hence revitalising the small retail sector. The study approaches the topic from different angles and elaborates on which actions work and why they work.

The main objective of the study is to identify best practices for the revitalisation and modernisation of the small retail sector. This work also sets the basis for a separate guide, which is designed to support authorities in revitalising the small retail sector.

This report presents the main findings of this study, building on:

- Desk research and scoping interviews;
- EU28 Member State research including national desk research and interviews with 129 individuals to identify the country setting, existing national strategies, and local and regional initiatives and e-commerce platforms;
- 15 case studies of local initiatives and 5 case studies of e-commerce;
- An analysis of the effectiveness of actions and of an effective environment;
- Organisation of 4 regional workshops and identification of best practices;
- Production of practical solutions on fostering revitalisation and modernisation of the small retail sector;
- Feedback collected at a Brussels seminar and through an online survey.

## How to read this report?

This report contains chapters reporting on all findings of this study. Further information is provided in separate annex reports (on methodology and the case studies) as well as the guide to revitalise the sector.

**This report** consists of:

- An **Executive Summary** providing an overview of the main findings and conclusions of this study in English and French;
- **Chapter 1** provides a general introduction on the focus of the study and is an introductory chapter;
- **Chapter 2** contains a problem analysis of the small retail sector;
- **Chapter 3** contains the identification and analysis of existing actions to revitalise the small retail sector;
- **Chapter 4** elaborates practical solutions on fostering the revitalisation and modernisation of the small retail sector;
- **Annex A – Further insights on sector characterisation** provides additional information on the nature of small retailers, supplementing what is presented in Chapter 2;
- **Annex B – Technology** provides further insights on technologies for small retailers expanding on what is presented in Chapter 2;
- **Annex C – Overview of effective actions** summarises in one table the effective actions and case study examples presented in Chapter 3;

- **Annex D – Overview of practical solutions** summarises in one table the practical solutions and best practice examples presented in Chapter 4;
- **Annex E – Key conclusions from the workshops and seminar** summarises the conclusions from the exploration of best practices in the workshops held in Oxford (UK), Madrid (Spain), Warsaw (Poland), and Lisbon (Portugal) and the feedback collected at the Brussels Seminar (Belgium), which support the recommendations in Chapter 4;
- **Annex F – Revitalising small retailers survey** summarises the methodology and findings of the indicative survey which supports the recommendations in Chapter 4;
- **Annex G – Guide on revitalising small retailers** contains the guide, also available separately online, that is designed to support authorities in revitalising the small retail sector.



# EXECUTIVE SUMMARY

## Disclaimer

The information and views set out in this report are those of the author(s) and do not necessarily reflect the official opinion of the Commission. The Commission does not guarantee the accuracy of the data included in this report. Neither the Commission nor any person acting on the Commission's behalf may be held responsible for the use which may be made of the information contained therein.

## Introduction

In recent decades, the retail sector has been affected by major changes in the way we sell and buy, including what, when, and where we buy. At the same time, major structural changes, such as urbanisation, digitalisation, and reduced barriers to trade, have raised competition by bringing a greater variety of physical stores, as well as online stores. These changes have been particularly profound for small and traditional retailers, which make up the vast majority of enterprises in the retail sector, and currently challenge the existence of many of them. In addition to their role as a major employer and their contribution to the day-to-day life of all Europeans, small and traditional retailers are recognised as an important positive factor for the attractiveness, diversity and quality of life in local areas. Their vitality and continued viability are, therefore, important concerns for public authorities.

Policies and solutions for the revitalisation of small and traditional retailers must address problems that are typically local in nature and need to be designed accordingly. Nonetheless, there are commonalities in issues to be addressed across Europe. Alongside an overall assessment of how modernisation efforts could achieve true revitalisation, an exchange of experiences and best practices could provide significant added value to local efforts.

## Objective

The prime objective of this study was to identify best practices for the revitalisation and modernisation of the small retail sector. This work provides the basis for a separate guide for public authorities and others interested in the revitalisation of the small retail sector.

## Methodology

The study makes use of a variety of data collection, consultation, and validation methods. The analysis is underpinned by extensive desk research on key issues for the small retail sector, developments in retail technologies, as well as existing support measures. In relation to the latter, a selection of over 200 regional and local initiatives covering all 28 EU Member States were identified and documented. The desk research was followed up through in-depth case studies of 20 exemplary revitalisation and modernisation initiatives. Four regional workshops were used to explore these initiatives and elaborate practical solutions for revitalisation and modernisation. A subsequent seminar in Brussels, together with an online survey, tested with several stakeholders the practical solutions identified and assessed their transferability across Europe.

## Characterisation of the sector

The EU can count 3.7 million small retail businesses (mostly micro-enterprises), generating revenues of €1.4 trillion and employing over 7 million people. Such headline figures mask a fragmented sector, composed of highly idiosyncratic businesses, with their own individual

characteristics and context. In fact, the most important characteristic shared by small retailers when considered as individual businesses, is their variety.

There is no such thing as a typical small retailer. Still, small retailers can be grouped on the basis of where they are ("place"), what they sell ("product"), and how they are run ("people"). "Place" dictates the overall context for the small retailer, whether in terms of legislation, geography, or an urban versus rural location. "Product" indicates the structural choices made by the small retailer, whether they are generalist or specialist, and also through the choice to be "stand-alone", which offers a simpler business model but restricts economies of scale. "People" indicates the ease and ability of a particular small retailer to make the right decisions to be sustainable over the long term; this comes down to the individual personality, experience, and background of the individual retailer and their situation.

### **Challenges and opportunities for small retailers**

Small retailers face a variety of economic, political, and technological challenges. Although the economic outlook for retailers across Europe is generally fragile and there may be specific political and regulatory challenges at national and local levels, the challenge of adopting technology is a common theme throughout the retail sector. For small retailers, even if their potential for innovation may be high, the inherent barriers to technologically-driven innovation can be considerable. These include lack of awareness, difficulty in raising finance, limited availability of expertise, lack of time to gain new skills, marginal room for risk, as well as any specific regulatory constraints and requirements. While large retailers may be able to attempt and fail with a new concept without going out of business, small retailers' tolerance for failure is much more limited. Public support that can provide resources and expertise to reduce or help mitigate the risk of failure can be crucial in enabling small retailers to adopt technologies to modernise their businesses.

### **Retail and digital commerce technologies**

Technology is continuing to change the way in which customers, retailers, and suppliers are operating. In particular, technological developments are changing social behaviour by providing more information and perceived choice. Shoppers simply expect more. Digital technologies such as websites, geolocation, in-store WiFi, mobile apps and e-mailing lists, and digital commerce technologies such as price optimisation and management for Business-to-Business (B2B) and fraud detection, have already become mainstream in today's retail sector. Furthermore, mobile Point of Sale (POS) use is expected to become mainstream soon. However, many small retailers are still at a relatively early stage of digital technology adoption and some do not have broadband access. To remain competitive in an ever-changing environment, small retailers will have to catch up with technology adoption. This is understood to be a gradual process, starting from basic online presence, via participation in on-line portals, integration at transactional level, to full (B2B) and Business-to-Customer (B2C) integration.

A more digitalised society raises the pressure on retailers to use new technologies to facilitate customer contact. However, small retailers often rely on direct personal contact with their customers to give them a competitive edge. Maintaining this direct contact, which is a unique selling point of small retailers in a digitalised world, will be a key challenge in the coming years.

### **Existing revitalisation and modernisation actions in the EU**

#### *National strategies*

Only a limited number of Member States have a well-defined and clearly distinct policy towards the retail sector; examples include Luxembourg, the Netherlands, Spain, and the United Kingdom. Additionally, reflecting the devolved regional responsibility, the Flanders Region of Belgium has an equivalent strategy document. A more direct legislative approach has been pursued in France through the adoption of a law that *inter alia* specifically targets support for small retailers, and a recent report<sup>1</sup> from the IGF<sup>2</sup> and CGEDD<sup>3</sup> sets out a set of proposals to revitalise the retail sector in town centres<sup>4</sup>.

The underlying context behind most of the above-mentioned strategies is the lingering negative impact of the economic crisis on the retail sector. Its effect on small independent retailers in particular alongside the decline of city centre retailers in general (due to expanding out-of-town and digital retail development), as well as growing e-commerce, have also driven the development of strategies. For some countries, also the decline of retail infrastructure in more rural areas has been a driving factor.

In Germany, although there is no national strategy for retail per se, the Federal Ministry for Economic Affairs and Energy launched a Retail Dialogue Platform in collaboration with a business association and trade union. This brought together stakeholders to address the challenges of structural change in the retail sector and the desertion of city centres with an aim to find proposals for solutions.

Other initiatives from business associations for the development of proposals for nationwide strategies to support the retail sector have been identified in very few other Member States including Austria, Ireland and the UK.

### *Initiatives for modernising and revitalising the small retail sector*

In contrast, initiatives for modernising and revitalising the small retail sector at the more local level can be found across the EU in all forms. They can be classified as “business-oriented” measures, meaning they focus on a specific type of business or sector, and “location-oriented” measures, meaning they focus on a specific location (e.g. a city centre) where small retailers operate. Examples of business- and location-oriented measures may be found in the table below:

Table 1 Business oriented vs location-oriented measures supporting the modernisation and revitalisation of small retailers

Business-oriented measures	Location-oriented measures
<ul style="list-style-type: none"> <li>knowledge-building and knowledge-dissemination (to strengthen business performance and competitiveness);</li> <li>marketing and promotion (to increase awareness and visibility);</li> <li>business operations (to make improvements in operations or make available services beyond their means);</li> <li>business structures and models (collective response towards large scale competitors).</li> </ul>	<ul style="list-style-type: none"> <li>local-level economic regeneration or revitalisation (having a more or less direct focus on the retail sector);</li> <li>targeting the revitalisation and reanimation of city or town centres or particular districts (with an obvious interplay with retail activity and retail businesses);</li> <li>harnessing a deeper connection to the local community to help revitalise their local economies (which includes actions to encourage consumers to shop locally).</li> </ul>

<sup>1</sup> *The commercial revitalisation of town centres, 2016*

<sup>2</sup> L'Inspection Générale des Finances

<sup>3</sup> Conseil Général de l'Environnement et du Développement Durable

<sup>4</sup> The report identifies 4 areas (“leverage actions”) for public intervention (i) Stimulate local strategy defined? for commercial development; (ii) better organise commercial offer and promote balanced trade; (iii) support retailers in their adaptation to future retailing issues; and (iv) mobilise and manage real property. See [http://www.economie.gouv.fr/files/files/PDF/Rapport\\_RevitalisationcentresvillesVdef\\_octobre2016.pdf](http://www.economie.gouv.fr/files/files/PDF/Rapport_RevitalisationcentresvillesVdef_octobre2016.pdf)

There are two overarching aspects, common to both approaches. Firstly, the development of a strategic policy framework, which is the starting point for many and perhaps most of the regional and local initiatives. Secondly, measures and actions that, in one way or another, have the objective of bringing (small) retailers and other stakeholders together in such a way that they can collectively engage in the modernisation and revitalisation process.

## Effectiveness of types of initiatives and platforms

The effectiveness of initiatives can be assessed from three perspectives:

1. **The individual specific organisation of an initiative:** Initiatives and platforms have two approaches, either focusing on the modernisation of individual retailers on a case-by-case basis or on modernisation through cooperative measures. The most appropriate approach depends not only on the specific policy aim but also on the local or regional setting. Effective modernisation initiatives usually follow a project cycle starting with investigation, through to the planning stage, taking action and reflection:
  - a. *Investigating:* The development of an initiative starts with the investigation phase, moving from a problem assessment of the specific problem of the area/sector to the identification of best-suited solutions. Effective actions identified include for example, inventories of stakeholders;
  - b. *Planning:* The planning stage consists of the concretisation of actions, moving from the identified solutions to the implementation of actions. It consists of for example, city planning and the development of a brand;
  - c. *Taking Action:* Effective implementation actions cover a broad range of actions such as communication activities, support in technology implementation and awareness-raising activities;
  - d. *Reflecting:* Having conducted an action, the intervention needs to be evaluated to assess whether a follow-up is needed or if the approach can be improved in the future. Effective examples of monitoring activities (e.g. collecting information about footfall or Facebook clicks) have been identified;
2. **Horizontal factors supporting the effectiveness across initiatives:** Four such meta-factors could be identified, which often influence the functioning of initiatives:
  - a. Professionalism and competence of *organisation and management* of the initiative;
  - b. Strength of *stakeholder relationships*;
  - c. A *shared belief* in the positive output of the initiative/the sense of the activities<sup>5</sup>;
  - d. Context and *willingness to change*;
3. **Surrounding factors influencing the effectiveness of initiatives:** Factors supporting the effective implementation of initiatives can be grouped into three categories:
  - a. Organisational structure (having a clear promoter, central support, a self-sustaining structure, public/private cooperation, market-led/private initiatives);
  - b. Community involvement (multi-stakeholder involvement, political buy-in);
  - c. Technology input (third party technology support, common e-commerce platform).

## Practical solutions for fostering revitalisation and modernisation

Modernisation is both an outcome and process which can be defined in terms of the interplay of existing modernisation capabilities and the actions taken to exploit or enhance these capabilities. It is affected by four main categories of modernising capability (adaptability, innovation, cooperation, absorption). The modernisation process can then be measured in the form of an improved offer, profitability, employment, capacity, cooperation and improved sustainability.

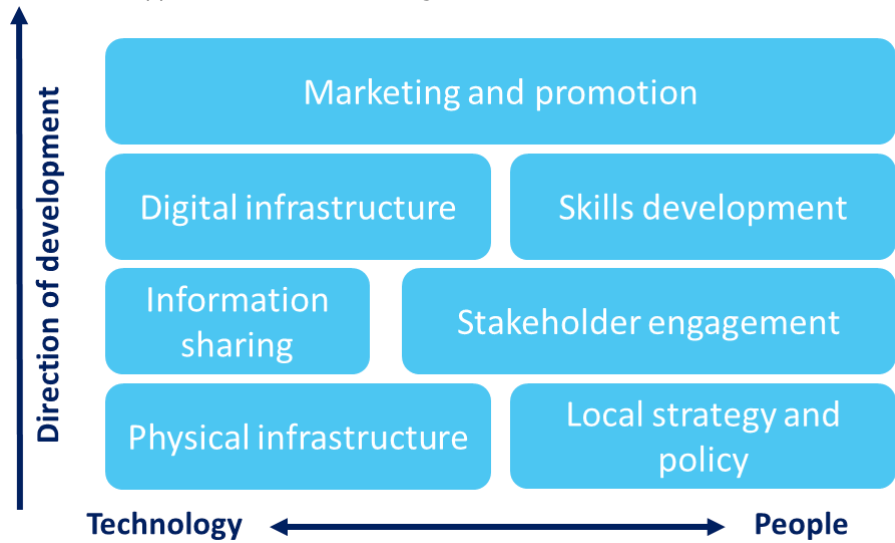
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<sup>5</sup> Based on WKO (2015)

Which specific areas are most in need of modernisation and/or present the greatest potential to strengthen competitiveness and revitalise the small retail sector depends on the local setting, which requires a specific assessment of local conditions and the desired future end-state.

This study reveals a broad range of practical examples of initiatives (solutions) to modernise small retailers in specific settings. While every situation is different, there are sufficient commonalities across the EU to allow for the transfer of solutions. However, to effectively transfer solutions, local authorities need to define clearly what they want to achieve (define the goal), properly assess both what is needed and what they have available to achieve this goal, and then tailor solutions accordingly. Practical solutions identified can be grouped in the following seven themes of support:

Figure 1 Themes of support towards modernising small retailers



Source: Author’s own elaboration

The study provides insights into solutions for all seven themes, underpins them with real-life examples, and provides further practical feedback from the Brussels seminar. A more practical presentation of the themes is presented in the guide. The following table provides an overview of the themes:

SUPPORT FOR LOCAL STRATEGY AND POLICY DEVELOPMENT
There needs to be a local dimension to the formulation of strategies and policy initiatives to support small retailers. However, this can be done with the support of a national strategy that provides a strategic framework for local authorities. Such strategies should be practical, using, for example, “retail toolkits”. Also, the quality and consistency of local policy-making is an important ingredient in building successful approaches to revitalisation, whether targeted at the retail sector alone or for urban centres or peripheral and rural areas. Lack of specialist knowledge and expertise can, however, present a considerable challenge for retail sector strategy and policy development and can be supported by guidance, vital training or even funding.
PUBLIC INFRASTRUCTURE IMPROVEMENTS
Digital tools can enable small retailers to adopt modern, quick and efficient ways of conducting their daily business activities, and help them to connect online with existing customers and attract new ones. This can be done through solutions targeting digital infrastructure coverage in city centres combined with activities to put retailers on the digital map. At a more basic level investments in upgrading and maintaining physical

infrastructure in and around retail zones and public policies improving transportation, the environment, and cultural offerings, can attract people and, hence, lead to increased commercial activity.

#### **RETAIL SECTOR INFORMATION AND KNOWLEDGE SHARING**

The availability of good quality information on developments in the retail sector can help small retailers base their decisions on fact rather than intuition. This information could include thorough and easily accessible statistics on concrete market developments, useful knowledge (e.g. what customers want), and concrete suggestions (e.g. what kind of advertising might best target a certain group). As small retailers are usually under time-pressures, tailoring and condensing such information – and making it easy to access – will allow them to use it to their advantage more easily.

#### **STAKEHOLDER ORGANISATION AND ENGAGEMENT**

Small retailers can be very interested in opportunities to network. They are often keen to find new business partners and to exchange ideas and knowledge. This can be very useful for those looking to modernise and improve their competitive position. However, many small retailers do not have the means or know how to organise such networking opportunities themselves. This can be supported through setting up regular events (workshops, seminars) to enable such exchange and so build a strong retail community.

#### **IMPROVED COMPETITIVENESS THROUGH DIGITAL TECHNOLOGY AND INNOVATION**

##### **DIGITAL AWARENESS**

Many traditional small retailers are being left behind by the rapid progress in digital technologies and changing consumer behaviour, whether in terms of online shopping or simply searching information about traditional stores and the products and services they provide. Thus, increasing awareness of digital solutions and opportunities is a common theme of many policy initiatives supporting small retailers.

##### **MATURITY SCREENING**

Digital technologies cannot fix every problem and their benefits for small retailers must be weighed against the adoption and operating costs. Digital maturity screening can help retailers identify areas for improvement and also give them a clear understanding of their needs and ability to implement digital solutions.

##### **INNOVATION TESTING**

It is often difficult for small retailers to determine in advance whether a particular solution will prove useful and if its benefits outweigh the costs. So-called “test shops” or “Living Labs” can help retailers to overcome this difficulty by providing opportunities to test digital solutions on a trial basis.

##### **DIGITAL TOOLS AND APPLICATIONS**

There is an ever-increasing array of digital tools and applications that are potentially available to small retailers (e.g. vouchers and loyalty rewarding scheme). Introducing digital business tools (e.g. electronic bookkeeping), card payment systems, electronic loyalty cards and e-vouchers as a service is a good alternative to having the small retailers try to grasp the technologies fully by themselves.

##### **E-COMMERCE PLATFORMS**

An e-commerce platform can be one of the most effective digital tools for revitalising and expanding a small retailer’s business, while not replacing the physical store. However, retailers need a high level of familiarity with digital tools and appropriate structures in place (e.g. digital stock management systems) before launching a platform, and are often too small to implement an online shop by themselves. An affordable and cost-effective approach can be for them to join a pre-existing e-commerce platform first.

#### **SKILLS DEVELOPMENT AND UPGRADING**

Small retailers need digital skills to adapt to the digital era and take advantage of available digital tools. Increasing small retailers' knowledge and capabilities can help them meet and respond to the demands of the modern customer, and use technology to cut costs and save precious time.

#### **MARKETING AND PROMOTION**

##### **ONLINE PLATFORMS (NOT E-COMMERCE)**

An online presence is very important for the visibility of small retailers. People tend to plan their shopping trips in advance, looking up stores online, and then navigate their way around town using digital maps on their phones. Creating an online presence even a passive one, can make small retailers part of that journey and encourage customers to visit the physical shop.

#### **COMMUNICATION AND PROMOTION (INCLUDING SOCIAL MEDIA)**

Engaging the public in conversation is increasingly important in an age where social media interactions are a part of everyday life. Social media provides excellent channels for small retailers to explore not only to gain a voice and stay in the public eye and customers' minds, but also to build and show their unique personality and tell a story.

#### **OTHER PROMOTION ACTIVITIES**

Numerous other promotional activities and events can help small retailers engage with their local communities and boost their businesses. Events and fairs are a popular option and usually work best when small retailers work together to put them on.

The indicative survey confirmed the importance of the seven themes of solutions identified. The main priority identified by both trade associations and public authorities was the need to focus on the particular geographical area within which the small retailers exist, confirming the importance of a local strategy and policy. In terms of taking action, the focus of any policies and strategies developed should be to encourage shoppers to visit the area. Marketing and promotional activities organised by the community and local authorities to promote the area through activities and events, such as fairs organised by local associations and interest groups were considered key to achieving this. This should be supported by improvements to the physical infrastructure, which is considered to be a joint responsibility requiring public investment and cannot be left solely to private investment. Of the methods to improve competitiveness through digital technology and innovation, the adoption of digital tools and applications and online platforms (not e-commerce) that create a digital presence for the area and help get small retailers on the digital map were highlighted as priorities.

## **Conclusion**

In all the research carried out, the varied and individual nature of small retailers is emphasised. Generic and national initiatives can provide a foundation and support for the development of initiatives to modernise and revitalise the small retail sector, but implementation must inevitably take place within the local context. Similarly, at the detailed level, actions that are business-oriented that focus on improvements to the transactional and operational systems of individual retailers may be helpful to them, but again are only effective as a whole when developed in harmony with the local context. It is the local area that brings small retailers together and it is here where any focus and resources should be engaged. This is where local authorities may make their most effective contribution to the revitalisation and modernisation of small retailers.

# DOCUMENT DE SYNTHÈSE

## Clause de non-responsabilité

Les informations et les opinions exprimées dans le présent rapport sont celles de l'auteur/des auteurs et ne représentent pas nécessairement l'avis officiel de la Commission. La Commission ne garantit pas l'exactitude des données figurant dans ce rapport. Ni la Commission ni aucune personne agissant au nom de la Commission ne saurait être tenue responsable de l'usage qui pourrait être fait des informations qu'il contient.

## Introduction

Au cours des dernières décennies, le secteur du commerce de détail a connu des changements considérables dans la manière dont nous vendons et achetons, y compris ce que nous achetons, quand et où. Parallèlement, des changements structurels majeurs tels que l'urbanisation, la numérisation et la réduction des barrières au commerce ont renforcé la concurrence, avec l'apparition d'une plus grande variété de magasins physiques et de boutiques en ligne. Ces changements, particulièrement profonds pour les petits commerçants et les commerçants traditionnels qui représentent la vaste majorité des entreprises dans le secteur du commerce de détail, compromettent actuellement l'existence même de nombre de ces commerçants. En plus d'être l'un des principaux employeurs et de contribuer au quotidien de tous les Européens, les petits commerçants et les commerçants traditionnels sont reconnus comme étant un facteur positif important pour l'attractivité, la diversité et la qualité de vie des quartiers. C'est pourquoi leur vitalité et leur viabilité sont importantes aux yeux des pouvoirs publics.

Les politiques et solutions en faveur de la revitalisation des petits commerces et des commerces traditionnels doivent répondre aux problèmes de nature typiquement locale, et être pensés en ce sens. Les problèmes à régler dans toute l'Europe présentent néanmoins des similitudes. Outre une évaluation générale de la capacité des efforts de modernisation à produire une véritable revitalisation du secteur, un échange d'expériences et de bonnes pratiques pourrait apporter une valeur ajoutée significative aux mesures prises localement.

## Objectif

L'objectif principal de la présente étude était d'identifier les bonnes pratiques visant la revitalisation et la modernisation du secteur du petit commerce de détail. Ce travail se veut être la base d'un guide distinct destiné aux pouvoirs publics et aux autres organismes intéressés par la revitalisation du secteur du petit commerce de détail.

## Méthodologie

La présente étude a recours à toute une série de méthodes de collecte, consultation et validation de données. L'analyse est soutenue par une recherche documentaire approfondie sur les problèmes clés du secteur du petit commerce de détail, les évolutions des technologies de vente, ainsi que les mesures de soutien existantes. Dans ce contexte, plus de 200 initiatives régionales et locales à travers les 28 États membres de l'UE ont été identifiées et documentées. La recherche documentaire s'est poursuivie par des études de cas approfondies concernant 20 initiatives de revitalisation et de modernisation exemplaires. Quatre ateliers régionaux ont permis d'étudier ces initiatives plus en détail et d'élaborer des solutions pratiques pour la revitalisation et la modernisation du secteur du commerce de détail. Les solutions pratiques ont été identifiées et



leur applicabilité à toute l'Europe a été évaluée dans le cadre d'un séminaire organisé ultérieurement à Bruxelles et appuyé par une enquête en ligne.

## **Caractérisation du secteur**

L'UE compte 3,7 millions de petits commerces de détail (principalement des microentreprises), qui génèrent des recettes s'élevant à 1 400 milliards d'euros et emploient plus de 7 millions de personnes. Ces chiffres impressionnants cachent un secteur fragmenté composé de commerces très diversifiés, chacun avec leurs propres caractéristiques et contexte. En fait, la caractéristique la plus importante que partagent les petits commerçants lorsqu'ils sont considérés individuellement, c'est leur diversité.

Le petit commerçant typique n'existe pas. Il est néanmoins possible de regrouper les petits commerçants sur la base de leur emplacement (la «localisation»), de ce qu'ils vendent (le « produit ») et de la manière dont ils sont gérés (les «personnes»). La «localisation» détermine l'ensemble du contexte du petit commerçant, que ce soit en termes de législation, de géographie ou d'opposition entre emplacement urbain et rural. Le «produit» reflète les choix structurels effectués par le petit commerçant, qu'ils soient généralistes ou spécialistes, tout comme le choix d'être un commerce «indépendant», ce qui implique un modèle d'entreprise plus simple mais limite les économies d'échelle. Les «personnes» témoignent de la capacité et de la facilité du petit commerçant à prendre les bonnes décisions lui permettant d'être viable à long terme. Tout cela est lié à la personnalité, à l'expérience et à l'histoire individuelles du commerçant, ainsi qu'à sa situation.

## **Défis et opportunités pour les petits commerçants**

Les petits commerçants sont confrontés à de nombreux défis économiques, politiques et technologiques. Bien que les perspectives économiques des petits commerçants en Europe soient fragiles de manière générale et bien qu'il puisse y avoir des défis politiques et réglementaires spécifiques au niveau national et local, le défi que représente l'adoption de la technologie est un thème commun dans tout le secteur du commerce de détail. Pour les petits commerçants, même si leur potentiel d'innovation est important, les barrières inhérentes à l'innovation technologique peuvent être considérables. Il peut s'agir d'un manque d'information, de difficultés à lever des fonds, d'un manque d'expertise, d'un manque de temps pour acquérir de nouvelles compétences, d'une marge de prise de risque insuffisante, ainsi que de contraintes et d'exigences réglementaires spécifiques. Si les grandes enseignes peuvent se permettre de tester un nouveau concept et d'échouer sans faire faillite, le niveau de tolérance à l'échec des petits détaillants est bien plus limité. Le soutien public, qui peut fournir des ressources et une expertise permettant de réduire ou d'atténuer le risque d'échec, peut être essentiel pour aider les petits commerçants à adopter des technologies de modernisation de leur entreprise.

## **Technologies adaptées à la vente au détail et au commerce électronique**

La technologie continue à changer la manière dont les clients, les détaillants et les fournisseurs fonctionnent. C'est particulièrement le comportement social qui s'adapte au fil des évolutions technologiques, sources de plus d'informations et d'impression de choix. Les acheteurs en veulent plus, tout simplement. Les technologies numériques telles que les sites web, la géolocalisation, le Wi-Fi en magasin, les apps mobiles et les listes de diffusion, ainsi que les technologies de commerce électronique comme l'optimisation et la gestion des prix pour le commerce interentreprises (B2B) et la détection de la fraude, sont déjà monnaie courante dans le secteur du commerce de détail actuel. Par ailleurs, le recours au point de vente (POS) mobile devrait bientôt se généraliser. Mais de nombreux petits commerçants sont encore à un stade relativement

peu avancé de l'adoption des technologies numériques et certains ne disposent pas d'un accès à un réseau à large bande. Afin de rester compétitifs dans un environnement en évolution permanente, les petits détaillants doivent rattraper le mouvement de l'adoption technologique. Il s'agit d'un processus graduel, partant d'une présence de base en ligne, en passant par la participation à des portails en ligne, l'intégration au niveau transactionnel, pour parvenir à une pleine intégration B2B et entre l'entreprise et le client (B2C).

Une société plus numérisée contraint les détaillants à utiliser de nouvelles technologies pour favoriser le contact avec la clientèle. Cependant, les petits commerçants utilisent souvent le contact personnel direct avec leurs clients pour se démarquer de la concurrence. Le maintien de ce contact direct, qui est un argument de vente unique des petits commerçants dans ce monde numérique, sera un défi clé dans les années à venir.

## **Mesures de revitalisation et de modernisation existantes dans l'UE**

### *Stratégies nationales*

Seul un nombre limité d'États membres possède une politique bien définie et spécifique vis-à-vis du secteur du commerce de détail. On retrouve parmi eux le Luxembourg, les Pays-Bas, l'Espagne et le Royaume-Uni. Par ailleurs, conformément à la répartition régionalisée des responsabilités, la région flamande de Belgique possède un document de stratégie équivalent. La France, quant à elle, a suivi une approche législative plus directe avec l'adoption d'une loi qui porte notamment spécifiquement sur le soutien aux petits commerçants, et un récent rapport<sup>6</sup> de l'IGF<sup>7</sup> et du CGEDD<sup>8</sup> contient une série de propositions visant à revitaliser le secteur commercial des centres-villes<sup>9</sup>.

Le contexte sous-jacent de la plupart des stratégies susmentionnées est l'impact négatif persistant de la crise économique sur le secteur du commerce de détail. Son effet sur les petits commerçants indépendants particulièrement, ainsi que le déclin du commerce en centre-ville en général (en raison de l'expansion du commerce en périphérie et du développement du commerce de détail numérique) et la croissance du commerce électronique ont encouragé la création de stratégies. Pour certains pays, le déclin de l'infrastructure de vente dans les zones plus rurales a également été décisif.

En Allemagne, bien qu'il n'existe pas de stratégie nationale pour le commerce de détail en tant que tel, le ministère fédéral des Affaires économiques et de l'Énergie a lancé une Plateforme de dialogue sur le commerce en collaboration avec une association et un syndicat de commerçants. Cette plateforme a permis de rassembler les parties prenantes et de mettre en lumière les défis liés au changement structurel en cours dans le secteur du commerce de détail et à la désertion des centres-villes, dans le but de trouver des propositions de solutions.

Peu d'autres États membres, dont l'Autriche, l'Irlande et le Royaume-Uni, disposent d'initiatives d'associations commerciales visant à élaborer des propositions de stratégies nationales en soutien au secteur du commerce de détail.

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<sup>6</sup> La revitalisation commerciale des centres-villes, 2016

<sup>7</sup> L'Inspection Générale des Finances

<sup>8</sup> Conseil général de l'Environnement et du Développement durable

<sup>9</sup> Le rapport identifie quatre domaines (leviers d'action) demandant une intervention publique : (i) une incitation à définir des stratégies locales pour le développement du commerce ; (ii) une meilleure organisation de l'offre commerciale avec le maintien des équilibres entre centre et périphérie ; (iii) un accompagnement des commerçants dans leur adaptation au commerce de demain ; et (iv) une mobilisation et une gestion du foncier commercial. Cf. [http://www.economie.gouv.fr/files/files/PDF/Rapport\\_RevitalisationcentresvillesVdef\\_octobre2016.pdf](http://www.economie.gouv.fr/files/files/PDF/Rapport_RevitalisationcentresvillesVdef_octobre2016.pdf)

## Initiatives pour la modernisation et la revitalisation du secteur du petit commerce de détail

À l’opposé, on retrouve dans toute l’UE toutes formes d’initiatives pour la modernisation et la revitalisation du secteur du petit commerce de détail à un niveau davantage local. Il s’agit soit de mesures axées sur l’activité, qui se concentrent sur un type d’activité ou un secteur particulier, soit de mesures axées sur la localisation, qui portent sur un quartier spécifique (par ex. un centre-ville) où l’on retrouve des petits commerçants. Des exemples de ces mesures figurent dans le tableau ci-dessous :

Tableau 2 Mesures axées sur l’activité vs mesures axées sur la localisation en vue de soutenir la modernisation et la revitalisation des petits commerçants

Mesures axées sur l’activité	Mesures axées sur la localisation
<ul style="list-style-type: none"> <li>• acquisition et diffusion des connaissances (afin de renforcer les performances et la compétitivité des commerces) ;</li> <li>• marketing et promotion (afin d’augmenter la notoriété et la visibilité) ;</li> <li>• fonctionnement commercial (afin d’améliorer le fonctionnement ou de rendre disponibles des services d’ordinaire inaccessibles) ;</li> <li>• structures et modèles commerciaux (réponse collective aux concurrents de grande ampleur).</li> </ul>	<ul style="list-style-type: none"> <li>• régénération ou revitalisation économiques au niveau local (en se concentrant plus ou moins directement sur le secteur du commerce de détail) ;</li> <li>• viser la revitalisation et la réanimation des centres-villes ou de certains quartiers en particulier (grâce à une évidente interaction avec l’activité de détail et les commerces de détail) ;</li> <li>• exploiter une connexion approfondie avec la communauté locale pour aider à revitaliser les économies locales (notamment via des mesures visant à encourager les consommateurs à acheter local).</li> </ul>

Deux aspects généraux, communs aux deux approches, se dégagent. Premièrement, le développement d’un cadre politique stratégique qui est le point de départ de beaucoup, et peut-être même de la majorité, des initiatives régionales et locales. Deuxièmement, des mesures et actions qui, d’une façon ou d’une autre, ont pour objectif de rassembler les (petits) commerçants et les autres parties prenantes de manière à ce qu’ils puissent collectivement participer au processus de modernisation et de revitalisation du secteur.

## Efficacité des différents types d’initiatives et des plateformes

L’efficacité des initiatives peut être évaluée sous trois angles :

1. **L’organisation individuelle spécifique d’une initiative :** les initiatives et plateformes ont deux approches, qui se concentrent soit sur la modernisation de chaque commerçant au cas par cas, soit sur la modernisation via des mesures de coopération. L’approche la plus appropriée dépend non seulement de l’objectif politique spécifique, mais aussi de la situation locale ou régionale. Généralement, les initiatives de modernisation efficaces suivent un cycle de projet commençant par l’enquête, suivie par la planification, la prise de mesures et la réflexion.
  - a. *Enquête :* l’élaboration d’une initiative commence par la phase d’enquête, de l’évaluation du problème spécifique du quartier/secteur à l’identification des solutions les plus adaptées. Les actions efficaces identifiées incluent notamment l’inventaire des parties prenantes ;
  - b. *Planification :* l’étape de la planification consiste en la concrétisation des actions. Il s’agit de passer des solutions identifiées à la mise en œuvre des mesures, par exemple l’aménagement urbain et le développement d’une marque ;

- c. *Prise de mesures*: parmi les mesures de mise en œuvre efficaces, on retrouve un vaste éventail de mesures telles que des activités de communication, une assistance technologique et des activités de sensibilisation;
  - d. *Réflexion* : une fois les mesures menées à bien, l'intervention doit être évaluée afin de déterminer la nécessité d'effectuer un suivi ou d'améliorer l'approche. Des exemples efficaces d'activités de suivi (par ex. la collecte d'informations sur le football ou le comptage de clics sur Facebook) ont été identifiés;
2. **Facteurs horizontaux soutenant l'efficacité des initiatives**: quatre méta-facteurs influençant souvent le fonctionnement des initiatives ont été pointés:
- a. le professionnalisme et les compétences en matière d'*organisation et de gestion* de l'initiative ;
  - b. la solidité des *relations avec les parties prenantes*;
  - c. une *conviction partagée* que l'issue de l'initiative/le sens des activités sera positif<sup>10</sup>;
  - d. le contexte et une *volonté de changement*.
3. **Facteurs environnementaux influençant l'efficacité des initiatives** : les facteurs soutenant la mise en œuvre efficace des initiatives peuvent être regroupés en trois catégories:
- a. la structure organisationnelle (avoir un promoteur clair, un soutien central, une structure autosuffisante, une coopération public/privé, des initiatives privées/de marché);
  - b. l'implication de la communauté locale (implication des multiples parties prenantes, soutien politique);
  - c. le recours à la technologie (prise en charge d'une technologie tierce, plateforme de commerce électronique commune).

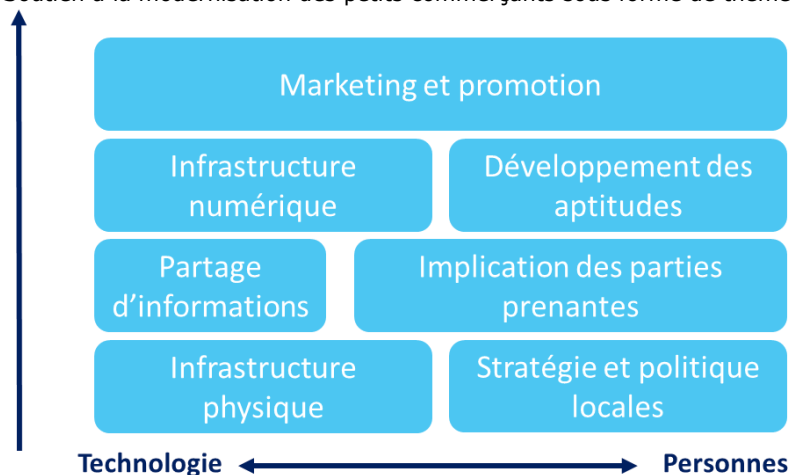
## Solutions pratiques pour encourager la revitalisation et la modernisation

La modernisation est à la fois une issue et un processus. Elle peut se définir en termes d'interaction avec les capacités de modernisation existantes et de mesures prises pour exploiter ou améliorer ces capacités. Elle est influencée par quatre catégories principales de capacité de modernisation (adaptabilité, innovation, coopération, absorption). Le processus de modernisation peut se mesurer sous la forme d'une amélioration de l'offre, de la rentabilité, de l'emploi, des capacités, de la coopération et de l'amélioration de la durabilité. Pour savoir quelles zones spécifiques ont le plus besoin de modernisation et/ou sont les plus susceptibles de renforcer la compétitivité et de revitaliser le secteur du petit commerce de détail, il faut se pencher sur les paramètres locaux, ce qui demande une évaluation spécifique des conditions locales et de la finalité recherchée.

Cette étude présente un vaste éventail d'exemples pratiques d'initiatives (solutions) visant à moderniser les petits commerçants dans des environnements spécifiques. Si chaque situation est différente, les similitudes sont suffisamment nombreuses dans l'UE pour autoriser un transfert de solutions. Cependant, afin de pouvoir transférer des solutions avec fruit, les autorités locales doivent définir leur objectif de manière claire, évaluer correctement ce dont elles ont besoin et ce qu'elles ont à leur disposition pour y parvenir, et ensuite adapter les solutions à la situation. Les solutions pratiques identifiées peuvent être regroupées selon les sept thèmes suivants:

<sup>10</sup> Selon la WKO (Chambre économique autrichienne) (2015)

Illustration 2 Soutien à la modernisation des petits commerçants sous forme de thèmes



Source: Création de l'auteur

L'étude se penche sur des solutions correspondant aux sept thèmes, les étaye avec des exemples issus de la vie réelle, et fournit davantage de conseils pratiques issus du séminaire de Bruxelles. Une présentation plus concrète des thèmes figure dans le guide. Le tableau suivant en présente un aperçu :

#### SOUTIEN DE L'ÉLABORATION DE STRATÉGIES ET DE POLITIQUES LOCALES

La formulation des stratégies et initiatives politiques en soutien aux petits commerçants doit s'accompagner d'une dimension locale. Il est cependant possible d'y parvenir avec le soutien d'une stratégie nationale fournissant un cadre stratégique pour les autorités locales. De telles stratégies doivent être pratiques et recourir, par exemple, à des «boîtes à outils pour la vente au détail». Par ailleurs, la qualité et la cohérence des politiques locales est un aspect important en vue de la création d'approches réussies de la revitalisation, qu'elles ciblent le secteur du commerce de détail uniquement, les centres urbains, ou les zones périphériques et rurales. Le manque de connaissances spécialisées et d'expertise peut néanmoins s'avérer un problème considérable pour l'élaboration de stratégies et politiques destinées au secteur du commerce de détail. Pour y remédier, il faut un encadrement, des formations essentielles, voire un financement.

#### AMÉLIORATION DE L'INFRASTRUCTURE PUBLIQUE

Grâce aux outils numériques, les petits commerçants peuvent mener leurs activités commerciales quotidiennes de manière moderne, rapide et efficace, ainsi que se connecter en ligne aux clients existants et en attirer de nouveaux. Il existe pour cela des solutions visant à généraliser l'infrastructure numérique dans les centres-villes en association avec des activités destinées à donner une présence en ligne aux commerçants. À un niveau plus accessible, des investissements dans la mise à niveau et l'entretien des infrastructures physiques dans et autour des zones de vente au détail ainsi que l'instauration de politiques publiques d'amélioration des transports, de l'environnement et de l'offre culturelle peuvent attirer les visiteurs et dès lors entraîner une augmentation de l'activité commerciale.

#### PARTAGE DES INFORMATIONS ET DE LA CONNAISSANCE SUR LE SECTEUR DU COMMERCE DE DÉTAIL

La disponibilité d'informations de bonne qualité sur les évolutions dans le secteur du commerce de détail peut aider les petits commerçants à fonder leurs décisions sur des faits plutôt que sur une intuition. Ces informations pourraient inclure des statistiques précises et aisément accessibles sur les évolutions concrètes du marché, des connaissances utiles (par ex. ce que veulent les clients) et des suggestions concrètes (par ex. le type de publicité le plus adapté à certains groupes). Les petits commerçants étant généralement pressés par le temps, ils ont besoin que ces informations soient adaptées à leurs besoins, condensées et aisément accessibles.

<b>ORGANISATION ET IMPLICATION DES PARTIES PRENANTES</b>
Les opportunités de réseautage peuvent être très intéressantes pour les petits commerçants. Ces derniers sont souvent désireux de rencontrer de nouveaux partenaires commerciaux et d'échanger idées et connaissances, ce qui peut s'avérer très utile pour ceux espérant se moderniser et améliorer leur compétitivité. De nombreux petits commerçants, néanmoins, n'ont pas les moyens ou le savoir-faire nécessaires pour organiser eux-mêmes ces moments de réseautage. Cela peut passer par la mise sur pied d'événements réguliers (ateliers, séminaires) pour faciliter l'échange et construire ainsi une communauté de la vente au détail solide.
<b>AMÉLIORATION DE LA COMPÉTITIVITÉ À TRAVERS LES TECHNOLOGIES ET INNOVATIONS NUMÉRIQUES</b>
<b>SENSIBILISATION AU NUMÉRIQUE</b>
De nombreux petits commerçants traditionnels sont dépassés par la rapide progression des technologies numériques et le changement des habitudes de consommation, que ce soit en termes de shopping en ligne ou simplement de recherche d'informations sur les magasins traditionnels et les produits et services qu'ils fournissent. Augmenter la sensibilisation aux solutions et opportunités numériques est donc un thème commun à de nombreuses initiatives politiques en soutien aux petits commerçants.
<b>ÉVALUATION DE LA MATURITÉ</b>
Les technologies numériques ne peuvent pas résoudre tous les problèmes et leurs avantages pour les petits commerçants doivent être évalués en prenant en compte les coûts d'adoption et d'exploitation. L'évaluation de la maturité numérique peut aider les commerçants à identifier les points à améliorer et à mieux cerner leurs besoins et définir leur capacité à appliquer des solutions numériques.
<b>TEST DE L'INNOVATION</b>
Déterminer à l'avance si une solution particulière s'avèrera utile et si ses avantages l'emportent sur son coût peut souvent se révéler difficile pour les petits commerçants. Les « ateliers d'essai » et les « laboratoires vivants » peuvent aider les commerçants à dépasser cette difficulté en leur donnant l'opportunité de tester des solutions numériques.
<b>OUTILS ET APPLICATIONS NUMÉRIQUES</b>
Il existe un éventail toujours plus vaste d'outils et applications numériques potentiellement disponibles pour les petits commerçants (par ex. des coupons et des cartes de fidélité). L'introduction d'outils commerciaux numériques (par ex. la comptabilité électronique), de systèmes de paiement par carte, de cartes de fidélité électroniques et de bons électroniques est une bonne alternative évitant aux petits commerçants de devoir, seuls, se familiariser entièrement avec les technologies.
<b>PLATEFORMES DE COMMERCE ÉLECTRONIQUE</b>
Une plateforme de commerce électronique peut être l'un des outils numériques les plus efficaces pour la revitalisation et l'expansion d'un petit commerce sans toutefois remplacer le magasin physique. Néanmoins, les détaillants doivent maîtriser les outils numériques et les structures appropriées en place (par ex. les systèmes numériques de gestion des stocks) avant de lancer une plateforme. Et ils sont souvent trop petits pour lancer une boutique en ligne eux-mêmes. Pour eux, commencer par rejoindre une plateforme de commerce électronique déjà existante peut être une solution abordable et intéressante sur le plan financier.
<b>DÉVELOPPEMENT ET MISE À NIVEAU DES APTITUDES</b>
Les petits commerçants doivent posséder des aptitudes techniques pour s'adapter à l'ère numérique et tirer parti des outils numériques à leur disposition. Accroître les connaissances et les aptitudes des petits détaillants peut les aider à répondre et réagir aux demandes du client moderne et à utiliser la technologie pour réduire les coûts et gagner un temps précieux.
<b>MARKETING ET PROMOTION</b>
<b>PLATEFORMES EN LIGNE (HORS COMMERCE ÉLECTRONIQUE)</b>

La présence en ligne est très importante pour la visibilité des petits commerçants. Les clients ont tendance à prévoir leurs moments de shopping à l'avance, à se renseigner en ligne sur les magasins et ensuite à se déplacer dans la ville à l'aide des cartes numériques installées sur leur téléphone. Créer une présence en ligne, même passive, peut permettre aux petits commerçants de prendre leur place dans cet itinéraire et d'encourager les clients à se rendre dans leur magasin physique.

#### **COMMUNICATION ET PROMOTION (Y COMPRIS LES MÉDIAS SOCIAUX)**

Faire participer le public à la conversation est de plus en plus important : nous vivons une période où les interactions sur les médias sociaux font partie du quotidien. Les petits commerçants se doivent d'envisager leur présence sur les médias sociaux. Ce sont d'excellents canaux non seulement pour faire entendre leur voix et rester visibles aux yeux du public et dans les esprits des clients mais aussi pour étoffer et afficher leur personnalité unique et raconter une histoire.

#### **AUTRES ACTIVITÉS PROMOTIONNELLES**

De nombreux autres événements et activités promotionnels peuvent aider les petits commerçants à nouer le dialogue avec la communauté locale et développer leur activité. Parmi les différentes possibilités, les événements et foires commerciales sont des choix fort répandus, qui fonctionnent généralement encore mieux quand les petits commerçants s'associent pour les organiser.

Le sondage indicatif a confirmé l'importance des sept thèmes de solutions identifiés. La principale priorité pointée à la fois par les associations de commerçants et les pouvoirs publics était le besoin de se concentrer sur une zone géographique en particulier, dans laquelle se trouvent des petits commerçants. Ce qui confirme l'importance de l'élaboration de stratégies et politiques locales. En termes de mesures à prendre, les politiques et stratégies mises au point devraient toutes se concentrer sur une chose: inciter les acheteurs à se rendre dans le quartier. Les actions promotionnelles et de marketing organisées par la communauté et les autorités locales afin de promouvoir le quartier à travers des activités et événements, par exemple des foires commerciales organisées par des associations et des groupes d'intérêt locaux, font figure de mesures clés. Pour les y aider, les infrastructures physiques devront aussi être améliorées. Il s'agit là d'une responsabilité conjointe nécessitant un investissement public et qui ne peut être laissée uniquement à la charge du privé. Parmi les méthodes destinées à améliorer la compétitivité par la technologie et les innovations numériques, les priorités vont à l'adoption d'outils et d'applications numériques, ainsi que de plateformes en ligne (hors commerce électronique), qui permettent au quartier d'être présent sur Internet et aident les petits commerçants à prendre place sur la carte.

## **Conclusion**

Toutes les recherches réalisées mettent en lumière la nature variée et spécifique des petits commerçants. Les initiatives génériques et nationales peuvent servir de base et de soutien au développement d'initiatives visant à moderniser et revitaliser le secteur du petit commerce de détail mais la mise en œuvre doit inévitablement se faire dans le contexte local. De même, au niveau détaillé, les actions axées sur l'activité qui se concentrent sur des améliorations au niveau des systèmes transactionnels et opérationnels des commerçants peuvent être utiles mais, encore une fois, elles ne seront efficaces que si elles sont développées en harmonie avec le contexte local. C'est le quartier qui rassemble les petits commerçants et c'est là qu'il faut se concentrer et affecter des ressources. C'est là que les autorités locales seront les plus efficaces pour contribuer à la revitalisation et à la modernisation des petits commerces.





# 1 Introduction

The retail sector is a major employer of the European workforce and a relevant factor in the day-to-day life of all Europeans. Retail is thus seen as one of the main pillars of the Single Market in Europe<sup>11</sup>. In recent decades the sector has been affected by major changes in the way we sell and buy, what we buy, and when or where we buy. At the same time changes, such as urbanisation and reduced barriers to trade, have raised competition from larger and online stores particularly for small and traditional retailers. Given that the vast majority of retailers are still small, and that traditional retailers are largely seen as an important contributor to the attractiveness and the quality of life in local areas, public authorities consider the revitalisation of this segment a key policy priority. Based on the local nature of the problem, solutions are consequently mainly found at a local level. While tailoring solutions to local specificities seems logical, the fact that the problem arises across (and not only in) Europe suggests that an exchange of best practices, a transfer of knowledge of successful experiences, and an overall assessment of how to modernise small retailers to achieve true revitalisation can provide a significant added value to local efforts.

As a result, revitalisation and modernisation of the traditional retail sector (particularly through the use of digital technologies) is considered to be a policy priority at the EU level to enable a vibrant retail sector, which in turn contributes to strong local communities across Europe. Many initiatives have been put in place by the EU institutions, national and local authorities, and private sector associations to improve the sector's competitiveness and to enhance its economic, environmental, and social performance. At the European level these include the European Parliament (EP) (2011) resolution on a "more efficient and fairer retail market" and the EP (2013) European Retail Action Plan<sup>12</sup>. Following on from these, a vote by the EP on a pilot project on traditional retailing took place<sup>13</sup>, which is the origin of the request for the work performed in this study.

## 1.1 Objectives

The focus of this study is on specific actions for modernising (particularly through digitalisation, including e-commerce) and hence, revitalising the small retail sector. The study approaches the topic from different angles and elaborates on which actions work and why they work.

The **main objective of the study was to identify best practices** for the revitalisation and modernisation of the small retail sector. This work set the basis for a separate **online guide**, which is designed to **support authorities in revitalising the small retail sector**.

The main objective can be broken down into the following specific objectives:

- **Problem analysis of the small retail sector** in the EU, including identifying the:
  - Characteristics, structure (including segmentation of the sector) and main trends (including related consumer trends) of the small retail sector;
  - Main challenges faced by small retailers in the EU;

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<sup>11</sup> Report on the European Retail Action Plan for the benefit of all actors – European Parliament (2013/2093(INI)) 14 November 2013.

<sup>12</sup> Both initiatives have been further elaborated upon in the proposal for this assignment.

<sup>13</sup> Pilot project — Support measures for traditional retailing (12 02 77 06).

- Relevant digital technologies (main domains) and trends, their characteristics and principal areas of application (including current levels of adoption) within the sector;
- Actual and potential benefits (and costs) of digital technologies for small retailers;
- Main challenges and barriers faced by small retailers when adopting and implementing digital technologies and using third-party digital services (e.g. e-commerce platforms); this encompasses both “internal” (i.e. within the small retail sector) and “external” (e.g. general business environment and other framework conditions) challenges and barriers faced by small retailers;
- **Identifying policy actions to support revitalisation and modernisation of the small retail sector** in the EU, including:
  - Current (and proposed) initiatives and actions (both public and private) to support revitalisation and modernisation of the sector, particularly when related to digital technologies;
  - The effectiveness of policy initiatives and actions and their impact on the performance of small retailers;
  - Conditions influencing the effectiveness of policy initiatives and actions;
- **Identification of best practices to:**
  - Provide examples for other stakeholders to be used as benchmarks;
  - Provide a basis for defining best practices and possible solutions for the sector;
- **Proposing practical solutions for revitalising and modernising the small retail sector** covering:
  - Practical and innovative solutions, as well as solutions for public authorities to support local e-commerce;
  - An assessment of the proposed solutions in terms of appropriate government levels to implement them, benefits and costs, cooperation opportunities, and the efficiency and effectiveness of the solutions;
- **Translation of the proposed solutions into an easy to use online guide** for revitalisation of the sector.

## 1.2 Key concepts and definitions

As a basis for this study several concepts and definitions need to be clarified.

### Concepts

This study is conducted in the context of four interlinked concepts, namely:

- **Revitalisation:** “*bringing again into activity and prominence*”<sup>14</sup> what has once been important. In the context of this study, “revitalisation” can however also be extended towards “preservation”, meaning that measures preserving the competitiveness of small retailers within a fiercer competitive context can be considered a success;
- **Modernisation:** “*making modern in appearance or behaviour*”<sup>15</sup>. The difference between modernisation and revitalisation is that modernisation might be one but not the only way of revitalising the sector. (A sector may also be revitalised through emphasising traditional aspects that attract revenue, or through subsidies or other assistance that do not modernise it). The focus of this study is however, on revitalisation through modernisation;
- **Digitalisation:** “*introducing digital technologies*”. Digitalisation may be considered to be one form of modernisation and can hence be one aspect facilitating revitalisation. It does however,

<sup>14</sup> <http://www.thefreedictionary.com/revitalisation>

<sup>15</sup> <http://www.thefreedictionary.com/modernisation>

not guarantee revitalisation by itself. In the context of this study, it is assumed to refer particularly to the use of web-tools, payment systems, etc.;

- **E-commerce:** is drawn from terminology in the digital world, describing purchases made online. E-commerce is one segment of digitalisation and can therefore also be one source of revitalisation. It can, however, also be a negative factor harming traditional retailers if it creates strong competition from the outside.

#### Definition of “small retailers” in this study

According to the definition used by the European Commission, a small enterprise is an enterprise with less than 50 staff members and a turnover of less than € 10 million, or a balance sheet total of less than € 10 million<sup>16</sup>. Retailers are defined based on the NACE 2 classification code *47 Retail trade, except of motor vehicles and motorcycles*<sup>17</sup>. To fulfil the purpose of this study in identifying initiatives to revitalise the small traditional retail sector, these baseline definitions have been further narrowed down as the **key focus in this study is the traditional, small store**.

When looking for “small” independent retailers we focus more on “micro” retailers with fewer than 10 employees. We also differentiate between types of small retailers on the basis of their potential to adapt to new technologies. We generally exclude small stores that are part of a larger chain, which are owned by large companies and run from a centralised Head Office, and where sufficient resources exist to adapt to new technological developments without the need for public policy support. Following this reasoning we also, as a rule, exclude stores that are run on a franchise basis or are part of a buying group. While these are usually owned and managed by independent entrepreneurs who may have a lot of freedom to develop their own initiatives, they are usually supported at a higher level, which provides resources for digital initiatives. However, we do consider small retail stores if they are part of a larger group but operate on a *social* basis rather than a fully *economic* one. For example, some small co-operative stores in rural areas, which are common in Nordic and Southern European markets, may require support for digital initiatives to enhance their long-term sustainability.

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<sup>16</sup> [http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\\_en](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en)

<sup>17</sup> <http://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>



## 2 Scoping of the problem

This chapter describes the role of small retailers within the European economy and society. It is based on a PEST<sup>18</sup> type analysis to identify the major Political, Economic, Social, and Technological considerations affecting small retailers in Europe. The analysis is split between defining characteristics, primarily Economic and Social, and the future challenges and opportunities faced by small retailers, primarily Technological and Political. Thus, it provides an overview of the external factors that are impacting European small retailers today and in the near future. It explains how their role has changed over time and the challenges that they face for the future. In particular, it reflects on changes in technology and the need for small retailers to adapt to this ever-changing consumer and supplier landscape. More details can be found in Annex A.

### 2.1 Characterisation of the sector

**Readers guide:** This introductory section provides an overview of small retailers Europe. Readers familiar with the scale and nature of small retailers may wish to skip to the next section.

A traditional, small retail business is not only owned but also often largely staffed by the owners. They are typically run on a standalone basis, at least initially, though family members and business partners may open up “sister” stores with some sharing of resources. Products for resale are often bought wholesale from local cash and carry outlets, direct from suppliers and importers, or from other local sources. Many of the staffing requirements may be provided directly by the owners with no fixed payment per hour. The real estate for the store may be owned or rented by the owner and may include back office space and/or accommodation. The owner may literally live “above the shop”. The store location is often based on a choice to live in a particular community or region. The store itself may be relevant only to a limited community. Such a community may be defined by geography, lifestyle choice, heritage, or some other particular factor. For example, a convenience store may serve only the immediate local community; or a souvenir shop may be relevant to only one holiday destination.

It is worth noting that stores may be passed on to business partners, family members or other associates, with some new owners making changes over time; while other stores remain the same over decades with little change in their operations. Both of these models can be successful, with the former trading on new relevance while the latter may trade on its heritage. However, both may also fail by changing the wrong things or by not changing enough.

#### 2.1.1 *Number and relative importance of small retailers*

Retailing is essentially a local business and barriers to entry for small shops are low compared to other sectors. Hence, more than 95 % of retail businesses across Europe are micro<sup>19</sup> businesses, employing less than 10 people (Eurostat, 2013). There are almost 3.5 million such firms in Europe (Eurostat, 2013).

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<sup>18</sup> Aguilar F. (1967) Scanning the Business Environment. MacMillan is the original source of ETPS, which became PEST, and later had variations of STEEP or PESTLE, adding environmental and then legal factors.

<sup>19</sup> The definition of micro firms using the Eurostat definition are those firms employing less than 10 people.

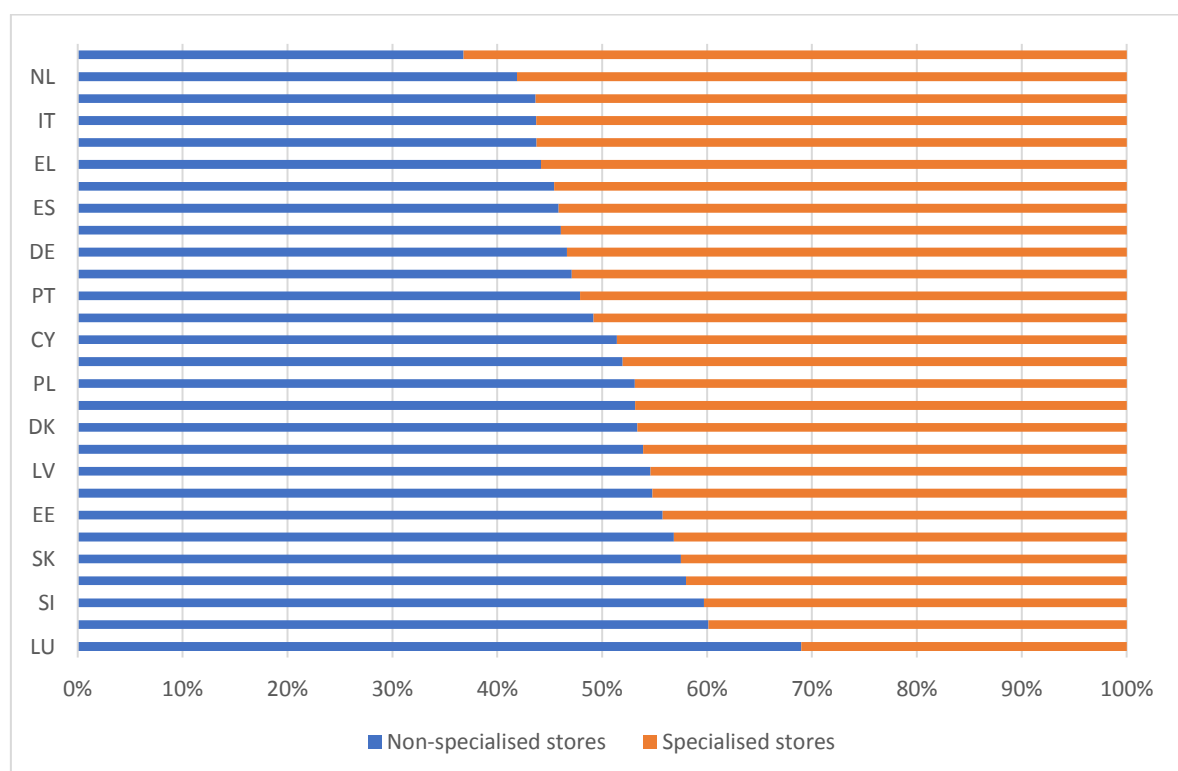
However, there is some variation across Europe with micro retailers in Greece, Italy, Spain, and the Czech Republic accounting for around 98 % of the businesses in the retail sector, while in Germany, Ireland, Luxembourg, Denmark, and Austria they account for less than 90 % of firms.

Throughout the EU, there has been a general trend towards concentration in the retail sector, with larger enterprises accounting for an increasing share of total turnover and employment within the sector; for example, Eurostat data indicates that micro and small retailers' share of turnover in Romania fell from nearly 60 % in 2005 to well below 40 % in 2014. The observed declines in the employment shares of micro and small retailers are generally smaller than those observed for turnover, suggesting an increasing disparity in turnover per worker between larger and smaller retailers. Very few countries display data patterns that are counter to the general trend of increasing concentration, though the share of smaller retailers seems to be comparatively stable in a few countries, notably France, Germany, Austria and Belgium. Again, this is likely to be due to a complex mix of factors: political, legal, geographic and so on. Greece, Ireland and Slovakia also show some sign of stabilisation and even growth in the share of smaller retailers.

### 2.1.2 Generalist and specialist stores

As with any retailer, the product stocked by a small retailer can be broadly divided into: generalist stores holding a broad range of product categories, normally dominated by food and grocery products, such as mini supermarkets and convenience stores; and specialist stores focusing on a particular product category, usually non-food products, such as boutique fashion stores; though bakers, butchers, and delicatessens are also common. However, as Figure 3 shows, there are significant variations across the EU.

Figure 3 The balance of retail generalists and specialists across the EU



Source: Ecorys based on Eurostat 2014 figures (based on turnover generated)

Both types of stores, generalist and specialist, range from those offering a limited variety and little choice within product categories or segments to a comprehensive offer covering all of the major categories or product segments. For example, a toy shop may decide to offer all toys for girls and boys aged from 0 to 15 years old, or it may focus on a specialism, such as model railways.

### 2.1.3 Sales turnover and added value

Overall growth in the retail sector largely reflects activity within the wider economy. However, the product mix of particular retailers may make them more or less susceptible to economic downturn or better able to take advantage of an economic boom. For example, it is possible to put off discretionary purchases, such as a new item of jewellery, but it is difficult to avoid other purchases, such as when running out of milk or bread. People have to eat but they do not have to indulge themselves.

Small retailers contribute significantly to the European economy, generating revenues of €1.4 trillion across 3.7 million businesses (Eurostat, 2014). Micro retailers account for a relatively large percentage of retail turnover in Greece, Italy and Cyprus, and much less in Slovenia, Estonia, Lithuania, and the UK.

Small retailers contribute over €150 billion of Gross Value Added (GVA) (Eurostat, 2014). Retailers focus on serving their population of consumers, so it is no surprise that the EU States with the largest populations also generate the most value added, with Germany generating the highest level of value added. The most retail focused EU State is Cyprus, where 10.3 % of added value in the non-financial business economy results from retailing. Other EU States with high proportions include Slovakia (10.0 %), Spain (9.0 %), and Portugal (8.9 %). The least retail focused EU States are the Czech Republic, Bulgaria and Hungary, with contributions all less than 6.0 % in the non-financial business economy. Retail sales in generalist stores contribute around one third, (35 %) of the value added by retailers, while specialist stores account for almost two thirds (60 %) with sales through non-store retail channels the remaining 5 %. These figures broadly reflect the profit margins available when selling everyday products versus less frequent purchases.

### 2.1.4 Costs

Small retailers are so varied in terms of ownership, operations, products and services, that it can be misleading to discuss standards or typical circumstances. A small rural retailer focused on tourist products is subject to very different patterns of sales and costs when compared to a small suburban retailer focused on serving the local population with daily goods and services. Some small retail stores are run as subsistence businesses based on lifestyle choices, while others are run as social enterprises or highly aggressive commercial operations. Hence, average figures are meaningless, and even ranges of figures are almost meaningless. Four main areas of costs stand out: capital, premises, labour, and product. These are discussed further in Annex A.

### 2.1.5 Direct and indirect employment

Small, micro, retail businesses<sup>20</sup> employ over 7 million people across the EU, accounting for nearly 40 % of retail employment. Retail employment is essentially split between large firms (37 %) and

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<sup>20</sup> Employing less than 10 people.

micro firms (38 %), reflecting the twin challenges of retailing: efficiency through scale and meeting local demand. All retailers create a multiplier effect. The economic interdependence of different links in the supply chain is clear and works in both directions. Small retailers are particularly important providers of a multiplier effect in bringing supply and demand together at the local level.

The type of employment in the retail sector is changing as the nature of the sector and its context has changed over time, particularly with the increasing influence of digital technologies. Traditional skills such as managing inventories, handling orders, accounting for buying, placing orders with suppliers, and managing the cash flow are all increasingly supported by information systems. The range of skills required in retail is driven by pressures to introduce ever more innovation and so remain competitive. The development of an e-commerce based operation requires a number of specific additional skills: both directly related to new technologies, such as software development and web design, as well as indirectly, such a multi-channel management and marketing. Small retailers do not usually have the capacity to have specialist staff to provide this expertise.

#### *2.1.6 Sourcing, waste, and sustainability*

Factory conditions for workers making products, scandals associated with unsafe products, and wider implications of consumption, such as the impact on climate change, require all retailers to be knowledgeable about their own supply chains, as well as demanding relevant information from their suppliers. This is a major challenge for a small retailer who has very limited resources for any non-selling activity. However, some small specialist retailers will make environmental and related issues an important part of their marketing offer.

Different product categories also present different challenges. Perishable products, such as food and newspapers, may create significant waste if not sold in the appropriate time. Similarly, for the specialist offering a full range of products, there may be an opportunity for higher margins for niche products but there is also the danger of never selling them, for example, a boutique offering a full range of dresses from size 6 to 26, or a specialist bakery offering gluten free bread. Product discount and wastage rates may be significantly higher in such stores than in those stores where small retailers are offering a more limited product range. On the other hand, small retailers may be able to capitalise on their potential to be the best shops for sustainability, by providing locally sourced products from local suppliers.

With continual improvements in health and safety, environmental legislation and so on, there is a danger that small retailers are unable to keep up with changes in legislation due to their very limited resources. Any obligation on small retailers due to legislation may add further cost and limit the response to such choices.

#### *2.1.7 Conclusion: characteristics of small retailers*

As an aggregate, independent small retailers are an important part of the local economy and society.

As individual businesses, the most important characteristic of small retailers is their variety. There is no such thing as a typical small retailer. All of them have their own idiosyncrasies, characteristics and contexts that make them unique.



While there are many different permutations, there are some store categorisations that are more typical than others. From an external perspective, the key attributes are Place and Product, as the People aspect is personal to an individual retail business. It is also worth noting that the Market and Supply considerations are often linked as different legal, geographic, and cultural factors that may encourage and discourage different formats and channels. For example, it may be common for small retailers to operate under the banner of a co-operative in Nordic countries, while more traditional, independent rural retailers may be more commonly found in Southern European countries. Hence, common groups of small retailers may be identified by considering the Location, Offer, and Range. The following table suggests some examples of small retailer formats in these different situations.

Table 3 Examples of small retailers

RANGE	OFFER		Specialist	
	Generalist			
<b>Limited</b>	Urban:	<i>Discounter</i>	Urban:	<i>Boutique Souvenir shop</i>
	Rural:	-	Rural:	<i>Farm shop Souvenir shop</i>
<b>Comprehensive</b>	Urban:	<i>Mini-supermarket</i>	Urban:	<i>Delicatessen Hobby store</i>
	Rural:	<i>Village store</i>	Rural:	<i>Country store</i>

The twofold example of the souvenir shop helps to highlight the complexity involved in such an analysis, and again emphasises the diversity of small retailers and their situations. A souvenir shop in a rural location, for example at a tourist attraction in the countryside, may face little competition but only have a short season in which to make its profit for the year. On the other hand, an urban souvenir shop, for example in a capital city, may have all year to make a profit but face intense competition throughout that period. Thus, in selecting examples of small retailers for further study, any analysis based on an average or typical store can be very misleading as no such store exists. In reality, the small retail sector is very diverse, with each small retailer having their own unique set of characteristics.

Thus, revitalisation of the small retail sector requires a good understanding of the dominant characteristics in any particular situation.

## 2.2 Challenges and opportunities for small retailers

### 2.2.1 Economic challenges and opportunities

The economic outlook for retailers remains fragile and fragmented across Europe. While some economies continue to grow, albeit slowly, there has been a decline in others, most notably in Southern Europe. Retail sales largely reflect these economic differences. Private debt, perceived threats to job security, as well as low or negative wage increases compared to price inflation have led to an increase in discount retailing in most markets. While the slowdown in broader inflation provides some relief to consumers, food price inflation is expected to continue to grow as global supply fails to keep up with rising demand. This inflationary pressure, combined with high living costs and declining wages in real terms are expected to keep consumer spending low, especially for discretionary products, and encourage consumers to continue to focus on value. This focus on value encourages customers towards retailers that can provide economies of scale, hence small retailers, particularly generalists buying in commonly available products, are under increasing

pressure from large scale retailers. While large scale retailers may not be able to meet such demand through a local store, online retailing allows them to bypass the proximity advantage of a traditional local store.

On the other hand, accounting practices and practical realities may provide the small retailer with certain advantages in terms of cost. For example, traditional, small stores may take staff wages from the overall store profit rather than having separate labour charges for the owners and business partners, which may avoid the need to comply with minimum wage regulation and so gain a competitive advantage. Real estate costs may also be treated in different ways by different types of owner. The purchase or rent of a store may be treated in different ways according to tenure, accounting convention, timing, and retail strategy. For example, for traditional, small, family stores some part of the real estate may be used for domestic purposes, or be sublet to provide further income. However, if the dominant element of the cost structure is the cost of goods purchased, as it is for many generalist stores as well as specialists offering only national or globally branded products, then any other cost advantage over large retailers will be outweighed by the diseconomies of scale in buying in products.

Economic developments also do not impact all members of society in the same way. The impact of increasing income inequality suggests that discount retailing will grow in the years ahead focused on price, as discussed above. However, convenience, upmarket, and online retailing focusing on service is also expected to expand. The shopper's increasing preference to shop little and often, especially for food products, may favour convenience and local stores and hence might encourage small retailers. As discussed later in the technological analysis, online shopping is also expected to grow, almost doubling in size over the next few years, as the ease of shopping online is enhanced and as retailers invest in click and collect capabilities. As consumers move towards this combination of shopping locally and online, the growth of large format stores is expected to slow down considerably, and so large retailers will be forced to seek new areas for growth, including smaller stores, which creates a potential threat to existing small retailers. Large retailers therefore, pose a significant challenge to small retailers through their economies of scale in marketing, buying and logistics, competitive pricing, home delivery, as well as directly by opening small format stores. Thus, small retailers face increasing threats to bring in new customers, as well as to retain existing customers.

To meet such challenges, small retailers need to continue to seek to be more price competitive and relevant to shopper's needs through the overall quality of stores, products and services. Adapting to the continually changing concept of a small store and implementing strategies to enable new forms of operations whilst maintaining differentiation are likely to require more radical innovation to remain competitive in the retail sector<sup>21</sup>.

The competitive economic challenges faced by small retailers are therefore significant, encouraging small retailers to link to larger groups, such as buying groups and franchise operations, in order to lower costs in terms of product for resale, marketing, technology investment, and logistics. While this greater investment may be welcomed by small retailers, it usually includes some restrictions on operations and branding. Hence, independent retailers lose their independence.

Existing traditional small retailers can only succeed when they offer something different to that offered by the larger retailers. This may be done by emphasising heritage, offering a unique

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<sup>21</sup> IGD, 2013a.

product or service, being especially responsive to local consumer needs, or by using the small size of operations to provide a flexibility and adaptability that is difficult to compete against. However, this may require resource and expertise outside the bounds of the small retailer. Moreover, any investment required to adapt to a changing world is proportionally more significant to a small retailer, not only because of economies of scale, but also because the level of risk is so much greater. While a large retailer may try a new concept and fail without going out of business, a small retailer has much more limited scope for such failures. This is where local public support providing both resources and expertise may be crucial in developing independent retailers for the future.

### **2.2.2 Political challenges and opportunities**

Public policy can play a large role in influencing retail structures, through laws governing planning, taxation, employment, opening hours, health and safety, and so on. Such laws also encourage or discourage varying levels of flexibility and innovation. However, due to their limitations in size, small retailers may be challenged to keep up with and find ways to accommodate new legislation.

#### **Regulatory trends**

Regulatory requirements, such as rules governing site acquisition, tax incentives, employment law, and age-restricted sales licences, all affect the ease with which large and small retailers can do business.

Planning policy, in particular, continues to be a major driver of change within the retail sector. For example, it can be argued that the ability of the UK central government to overrule local planning decisions leads to decision-making that favours national (large) rather than local (small) organisations. Indeed, national and local legislation can impact small retailers greatly, and in combination with local geographies, helps to explain many of the variations in the importance of small retailers across different markets as well as their long-term sustainability. In particular, there are large differences between North and South and East and West within Europe. Northern markets tend to be more organised on a large scale and small retailers are often based around co-operative organisations, for example, in Finland or Sweden; Southern markets tend to be more fragmented and based around small scale retailing, for example, in Italy or Greece; Eastern markets are consolidating rapidly, moving from fragmentation to more organised large-scale operations, for example, in Poland or the Czech Republic; Western markets tend towards organised retailing with small retailers dependent upon the protection afforded at the local level, for example, in Ireland or France.

Employment legislation is a major management issue for small retailers. For example, some small retailers follow government policies on minimum wages, while more traditional stores may work all the hours necessary and then receive pay from whatever profits are forthcoming. Although minimum wage rules may not apply to small retailers, there is pressure to pay something comparable, particularly with the younger generation. Moreover, this affects the attractiveness of passing on a business to the next generation. Regardless of the form of accounting and legislation, staff costs often make up the largest proportion of variable costs for any store, excluding the cost of goods sold. Employment law may also dictate the maximum number of hours that employees are able to work in comparison to their legal claim to various government benefits. This can also restrict staff availability for some small retailers.

Environmental legislation is also developing, especially in relation to managing product and packaging waste. This may add further pressure on small retailers who do not have specific time

or expertise to devote to this area of management, and so may have to rely on third parties, either at direct cost, or by constraining their business, for example via exclusive supplier relationships.

Health and safety requirements create further pressures on small retailers, not only in terms of compliance but also in terms of reducing sales. For example, stronger restrictions on the sale of products such as tobacco, alcohol, firearms, and fireworks may be designed to reduce merchandising opportunities for impulse sales, and so reduce overall income to a small retailer.

In general, any legislation can add to the pressure on a small retailer, who often does not have the resource capacity nor the expertise to act accordingly. It is worth noting that the relationship between the local municipality and small retailers appears to be more often based around negative misunderstandings or ignorance of local public policy rather than positive initiatives aimed at developing independent retailing – hence the need for third parties to often be involved in any positive development.

While small retailers are often excluded from certain legislation, there are plenty of areas where exclusion does not apply either in practice or in theory, as other retailers may be used as a benchmark, for example in the case of retail wages. So, while exclusion from some legislation may exist for small retailers, their consumers, suppliers, and/or employees may expect similar standards of operation to that defined for larger retailers. Therefore, any legislation that affects any retailers can add to the pressure on a small retailer. The real issue is to correctly judge the proportionality of any regulation on small firms. Of course, some regulation may be welcomed by small retailers, such as legislation to provide government services which may help increase financial viability. However, in all cases, this still requires due consideration of the costs and benefits of offering such a service to a small retailer with limited resources for such activities.

### 2.2.3 *Technological and social challenges and opportunities*

Social and technological trends are significantly intertwined and will further accelerate changes in consumer behaviour<sup>22</sup>. In particular, it can be expected that there will be a change in generational behaviour towards digital technology, and as a consequence store-based retailing. A new generation of younger “digital dependents”, born since the Web was ubiquitous may expect technology to be integral to all of their interactions, also with small retailers. Consumers may become more impatient, with technology exacerbating this behaviour as it increases the expectation of instant gratification, that everything can be available everywhere in real time with minimal fuss<sup>23</sup>. Future digitally dependent shoppers may have different expectations for how they interact with each other, with the retailer and with the world. This may manifest itself in what Kantar Retail describes as the “right” need state—an expectation to have a contextualised, tailored and personalised relationship with a retailer, on the shopper's own terms, wherever and however he or she wants<sup>24</sup>.

Technological trends and developments can be split between those affecting the demand side of retailing, i.e. the relationship with shoppers as described above, and those affecting the supply side, i.e. the relationship with suppliers which is likely to undergo similar digitalisation as information and communication technologies become more pervasive.

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<sup>22</sup> Kantar Retail, 2013.

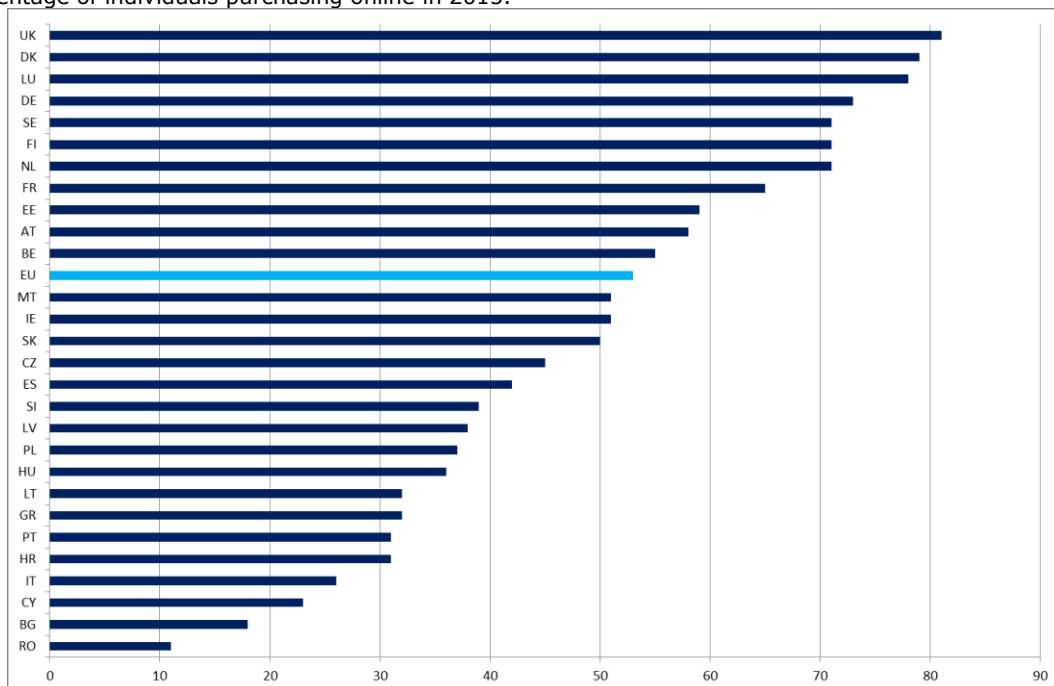
<sup>23</sup> Euromonitor, 2010.

<sup>24</sup> Kantar Retail, 2013.

### Demand side technological trends

The technological evolution of the retail market is set to continue with public and private initiatives to improve technological infrastructure and offer greater bandwidth and processing power across cable and mobile networks, thus further encouraging retailers to advertise and create customer relationships online as well as encouraging consumers to browse and shop online. Shoppers' increasing use of the Internet to research products and prices, as well as purchasing goods is increasing the need for retailers to develop omni-channel strategies that enable customers to shop and interact with them at anytime, anywhere. While this may be possible for large retailers with large resources to set it up, the cost may be prohibitive for small traditional retailers. Though there are variations across Europe regarding Internet use, all countries are connected and increasing their hours of internet activity and online purchasing.

Figure 4: Percentage of individuals purchasing online in 2015.



Source: Eurostat, 2016.

Estimates for online and mobile retailing vary greatly depending upon the source and methodology of market research. However, it is clear that online and mobile retailing is expected to continue to increase significantly in value over the next few years. This represents a significant opportunity for all retailers, including small retailers. As well as home deliveries, "click and collect" services are also growing, with the small more local store potentially providing an important collection point. Apart from the opportunity of setting up their own click and collect operations, small retailers may increasingly work in partnership with existing online retailers, such as Amazon, or transport delivery companies, to provide a convenient, collection point. Thus, a customer may "click" with Amazon and "collect" at their local store. Amazon has launched such a service in the UK allowing shoppers to collect orders from one of almost 5 000 small stores throughout the UK. Other examples also exist, such as DHL, Collect Plus and so on.

Some historically important product categories are also changing with the rise of online retailing, such as newspapers, magazines, music, and travel, as these products have become digitised. Small retailers dependent upon such products are challenged by such changes. Internet retailing sales in individual product groups in different national markets have grown at different rates. For

example, Internet-based food retailing is of much greater importance in the UK than in Germany; while online fashion retailing is significantly larger in absolute terms in Germany than in France. These differences reflect historic channel consumption preferences and structural dissimilarities in the composition of the sectors in different markets. For example, the mail order catalogue was historically strong in Germany and this shopping channel has now been digitised.

More than half (51 %) of all European retail stores claim to have used Internet channels for sales in 2012, an increase of a quarter since 2011. Internet utilisation, in some form or another, now covers the majority of retail stores, although the extent of utilisation varies from 71 % of retail stores in the Netherlands to 27 % in Romania. Intensive online participation in particular by European small retailers provides what Boston Consulting Group calls an “Internet advantage”. This allows them to grow faster without requiring significant investment in infrastructure. Such growth is achieved through an increased potential for geographical expansion and access to better quality and more affordable customer insights and interactions.

Over and above interaction between mobile technology and consumers, another more long-term trend is being developed through the Internet of Things (IoT), the interaction through sensors between objects, such as smartphones and other location-based information embedded in objects. This, when combined with social interactivity, has been termed SoLoMo (Social, Locational, Mobile), and could enable many different forms of exchange, between customers, their friends, social media connections, and retailers. Some commentators suggest that social media may be transformed into “social commerce” through smartphone enabled shopping based on the recommendations of friends. This could be of particular importance to small specialist retailers who currently rely heavily on word-of-mouth advertising.

Payment by mobile is also likely to develop over the coming years. Small retailers often run on a cash economy. While payment by digital means will help make small businesses less vulnerable to robbery, they may also include prohibitive transaction charges in the form of financial fees, as well as increasing the need for greater IT security, which may be another additional cost.

However, online trading is not straightforward between different European countries. There are barriers to cross border online trading that particularly affect small retailers. Efforts to create a digital single market are still developing.

### **Supply side technological trends**

Efficiency of supply requires co-ordinated information systems. The necessary investment and training to implement such systems effectively is a major challenge for small retailers. While financial incentives exist, either through appropriately designed pay-as-you-go business models, and/or subsidies from suppliers and wholesalers wishing to tie in the small retailer, time to select, deploy and maintain technologies is a constant limitation.

While the efficiency of supply will always be a prime concern, other factors driven by technology are increasingly becoming important. The greater demand for convenience, the greater awareness of social issues, and the wider understanding of environmental impacts are all pushing supply trends towards “transparency”, “flexibility” and “sustainability” throughout the chain<sup>25</sup>. Transparency of information across the supply chain network is likely to improve more and more to support all of these developments. “Flexibility” is a significant factor in the effective and efficient functioning of logistics and supply chain management. These developments often create more

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<sup>25</sup> Fernie et al, 2010.

points of contact for the small retailer, which can be challenging. The focus on "sustainability" as well as flexible supply chains may also impact small rural stores in a very different way to their urban counterparts where, for example, there may be more opportunity for shared transport networks.

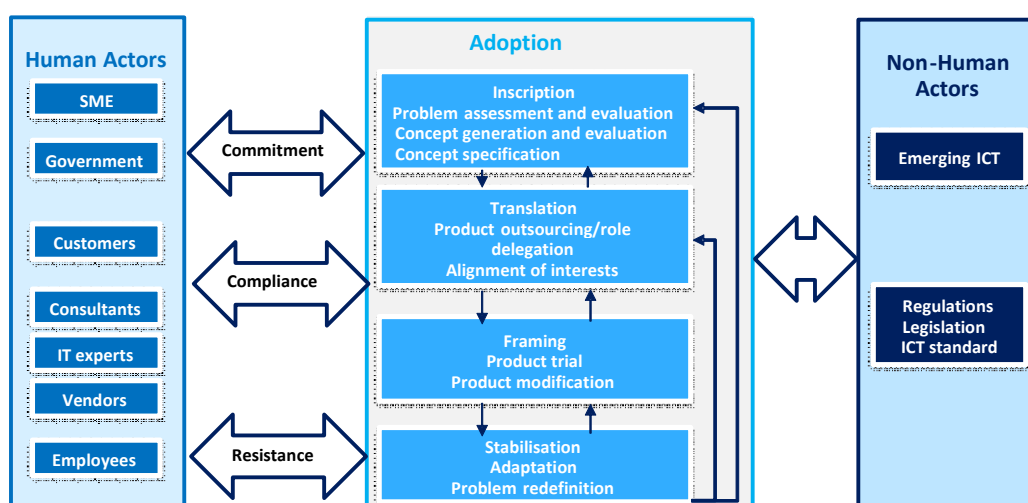
Developments such as online ordering require access to real-time stockholding systems across all channels. This provides formidable challenges for small retailers. The digital divide is a reality for both retailers and consumers. For small retailers, it is essential to have the right infrastructure and skills to be a part of the digital age. This can be extremely challenging, though it does offer new opportunities for those looking to broaden their base from existing customers and suppliers.

### Common barriers for technology adoption

We have clearly experienced, in particular through interaction with various retail stakeholders, that retail SMEs, in a similar way to small companies in other sectors, are facing barriers in technology implementation. Due to differences between countries and regions, some barriers can be specific to a certain location, for example, depending on the quality of broadband access. The same technology could be easily accessible in some urban areas, but more difficult in rural locations. Similarly, there are legal and infrastructural differences.

As a framework for analysing technology adoption challenges, Eze and Chen (2014) propose the model below. Technology adoption is related to impact from external bodies and groups, such as customers, consultants and government, and related to the availability of ICT solutions and local regulations (Figure 4). In addition, technology adoption should be considered as a dynamic process, where challenges change according to each stage: at early initiating stages, during implementation or when systems are in use. As Waltevreden and Boschma (2008) pointed out, the decision to use technology is influenced by members of the owner's network, such as employees and co-owners. An important issue is also the lack of or very limited long-range planning among SMEs especially micro-enterprises. This results in a lack of perception that technology is a tool for long-term strategy support and a lack of recognition of how technology might impact the company in longer term (Jones et.al 2014).

Figure 5: Technology adoption in SME's (Eze and Chen 2014)



Source: Author based on Eze and Chen 2014

Challenges related to technology implementation among SMEs, listed by literature and confirmed in the field research of this study, include:

- Lack of awareness of technology solutions adapted to small retailers' needs and maturity;
- Problems acknowledging the benefits of technology, especially financial impact;
- Lack of awareness of and means to tackle the risks associated with adopting new technologies;
- Lack of IT education and skills to develop and maintain an e-commerce system;
- Lack or not sufficient network infrastructure at company level;
- Costs associated with IT equipment and system set up (however, cloud-based solutions reduce upfront IT costs);
- Software costs (providing software as a service reduces such costs);
- Uncertainty relating to legal aspects;
- Lack of maturity in the technology context (such as limited broadband access, see also further below);
- Lack of experience with sharing models, and overall a weak culture for sharing investments (not only into technology) amongst groups of small retailers;
- Lack of top down guidance or active support (by government for example) on how to leverage technologies;
- Time constraints within the firm to leverage the technology;
- IT security concerns.

Additional issues are related to the characteristics of the owner, in addition to IT-related skills, education and experience - gender, ethnicity and entrepreneurial skills might influence technology adoption (Waltevreden and Boschma 2008).

Thus, barriers related to technology adoption are related to both external issues, such as institutional barriers (legislation, infrastructure) and market position (level of competition, place in the supply chain) as well as internal issues, related to company and owner characteristics. The potential role of public policy in reducing institutional barriers for small retailers, and ensuring a fair marketplace for all players regardless of size may be clear. However, there are less obvious interventions for public policy related to company and owner characteristics – and these vary markedly. The most obvious public policy intervention in this area is through the provision of better education for small retailers.

Due to their limitations in size, ability to raise capital, and expertise, small retailers can struggle with introducing new technology. Not only may the initial investment be substantial, but the ongoing level of education and training may be prohibitive due to time constraints. In reality, many IT suppliers will offer financial packages that spread the cost of IT upgrades and support to reduce the financial burden, but the time constraint for a small retailer is ever present.

#### **2.2.4 Conclusion: challenges for small retailers**

For any retailer, it may be obvious that innovation and change are constant requirements when responding to changes in customer behaviour and technological advancements. A greater consumer focus on value makes it difficult for generalist stores to compete with the product buying economies of scale provided by large retailers, while specialist retailers find it difficult to compete with the marketing budgets of large retailers that are necessary to cut across new and traditional forms of media. Whilst the potential for innovation is high for small retailers, there are considerable inherent barriers for small retailers, including lack of awareness, difficulty in raising finance, limited availability of expert labour, lack of time to gain new skills, marginal room for risk, as well as any regulatory constraints and requirements.



However, small retailers potentially provide a rich source of innovation for the public good, as they often have the flexibility to respond immediately to the local market. Small retailers often engage in open, collaborative, innovation with partner suppliers, producers, brand owners, other retailers, and public bodies to increase the resources available. They focus on non-technological as well as technological innovation, especially in relation to the store experience and organisation-related activities. Innovations are often visible to the general public and so may be easily copied by competitors – hence the need to continually seek new ways of working, as well as new products and services.

Successful small retailers play a major role in society, through servicing local consumer demand, employing local people, while at the same time reflecting and reinforcing local culture, lifestyles, and values. They contribute to the local economy through their business income, job creation, payment of direct taxes, as well as the collection of indirect taxes. By being local, small retailers may experience less need for travel and so have lower levels of energy consumption and contribute less to pollution. Small retailers also compete with one another as well as with larger players, providing governments and planners with further options for encouraging innovation.

While each small retailer is unique, they each operate in a context with some common regional and market trends.

Technology is continuing to change the way in which customers, retailers, and suppliers are operating. In particular, technological developments are changing social behaviour by providing more information and perceived choice. Shoppers simply expect more.

At the same time, the requirements to operate a small store are increasing and external conditions becoming more hostile. Larger players, with much greater resources, are more interested in competing with small retailers, either directly via their own small stores, or indirectly via online ordering and home delivery. Environmental, planning, employment and health and safety regulations as well as other legislation adds administrative burdens for the small retailer, who by definition has very limited resources and expertise available to address such issues.

While some small retailers will be able to adapt to new trends and even turn them to their advantage, others will feel increasingly squeezed by such developments.

In a global, connected, digital world, small retailers face the challenge of ever greater customer expectations, competition, and legislation. The challenge is to make their small size an advantage.

In reality, the growth of online shopping may prove to be a greater threat to larger, more general stores where the difference between the digital and physical offer is less. Hence, this may increase consumer demand for the more convenient, local, smaller, generalist store, as well as for the more unusual, smaller, specialist store, as places providing an immediate local physical offer, but also a delivery point for a much wider online offer. An online offering provides the small, generalist store with the potential to offer a much wider range of products without holding the stock, while the small, specialist store is able to extend its market reach beyond the existing customers who visit the physical store.

These limitations in resources and expertise also mean that the way in which any advice and support is provided to small retailers to develop solutions for fostering the revitalisation and modernisation of the small retail sector is crucial. Partner and supporting organisations, whether

suppliers, other retailers, or public bodies, need to be aware that small retailers have very little built-in capacity to spend time and money on investigating, exploring, and implementing new initiatives. While small retailers can be great innovators, this often occurs on-the-job based on existing experience and intuition. New initiatives, however well-meaning, may be seen as yet another potential distraction from the running of the day-to-day business.

What becomes clear from this analysis is that while all retailers are impacted by economic, social, and political trends, it is the technological drivers of such trends that are often the most difficult for small retailers to adapt to. Hence, there is a need to better understand such technologies, their potential impacts, costs, and benefits.

## 2.3 Benefits of technology adoption for small retailers

The quite significant documentation available on models and clustering techniques for depicting technology usage by (small) retailers contained in Annex A, demonstrates that there is little evidence obtainable on the benefits of technology adoption. Available works mainly list benefits such as:

- Lower operating costs (communication, inventory levels);
- Faster response rates, such as goods delivery from suppliers;
- Improvements in efficiency;
- Better co-ordination across the supply chain;
- Improved communication with customers;
- Creation of new business opportunities (such as entry to new market segments);
- Better information exchange with suppliers and customers;
- Emerging new business models (such as creation of multi-channel business);
- Opportunities to create dedicated customer services and one-to-one customer-centric marketing; and
- Opportunities to sell additional services in addition to products (attracting customers to the store and generating extra revenue).

A key factor of importance is the role of technology as an enabler. While some small organisations have integrated ICT in their daily working patterns (both internally and facing their customers), many of them are still at a relatively early stage of technology usage. While direct benefits might not always be measurable, the indirect benefits of having technology available, can be even greater. Technology being an enabler means, that without basic IT infrastructure in place, it is impossible or too costly to implement core advanced solutions. Main digital enablers identified in the Gartner Retail Technology Hype Cycle are: Internet access, websites providing for example shop directories, geolocation technology which supports online maps with store location, in-store free WiFi access which enables multi-channel retailing, mobile apps which provide for example an online directory of shops in a specific area, e-mailing lists used for marketing purposes.

Gartner, through interaction with enterprises and the expertise of its analysts proposes one possible tool for addressing the business case for investing in technologies in a more structured way: the so-called Strategic Technology Maps<sup>26</sup>.

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<sup>26</sup> See Gartner Research "An Overview of the Strategic Technology Map for Retailers" (Gartner Research note Reference G00228700

Strategic technology maps, in this case for retail technologies, look into greater detail at three aspects: the Return-on-Investment (ROI) challenge, customer effectiveness and retailer efficiency. These reflect the:

- Degree of challenge for a retailer when adopting a technology to get a ROI (payback time, investment required...);
- Higher levels of customer effectiveness that the technology affords the retailer's clients;
- Retailer efficiency (and thus savings) that can be obtained as a benefit of deploying a specific technology.

Summing up this type of analysis, it appears that some technologies are more relevant (due to the maturity of the technology, which should be high or moderate), less challenging to adopt (looking at the ROI challenge which should be low or medium) and likely lead to higher benefits (looking at the effectiveness and efficiency which should be on average medium or high) than others.

Table 4 below summarises the retail technologies assessed to be relevant to small retail, as per our analysis<sup>27</sup>. It includes the digital enablers for retail (see also ANNEX B) as well as key e-commerce assets. As a general guideline, it is these technologies that should receive particularly high attention by small retailers who seek adopting more mature technologies, which are proportional to their business needs and risk appetite, as already expressed above in this chapter.

Table 4 Technologies relevant to small retailers due to a likely positive "business case" for adopting them

Technology	Maturity	ROI challenge	Customer effectiveness	Operational efficiency
<b>Social Commerce</b>	Moderate	Low	Low	High
<b>Mobile POS</b>	High	Medium	High	High
<b>Java-Based POS Software</b>	Moderate	Medium	High	High
<b>Digital Coupons</b>	Moderate	High	Low	Medium
<b>Retail Mobile Shopping</b>	Moderate	Medium	Medium	Medium
<b>Loyalty Management Systems</b>	Moderate	Medium	Low	Medium
<b>Technology Enablers</b> <b>Internet access</b> <b>Websites for online directories</b> <b>Geolocation technology for store location</b> <b>In-store free WiFi</b> <b>Mobile apps</b> <b>E-mailing lists</b>	High	Low	High	High
<b>e-commerce assets</b> <b>SaaS Commerce Platforms</b> <b>On-Premises Commerce platforms</b> <b>Payment processing</b> <b>Open Source Commerce Platforms</b> <b>Social Commerce Applications</b>	High except for Open Source (where maturity is Low)	Open Source Commerce Platforms and Social Commerce Applications are those considered providing the greatest competitive advantage to retailers; SaaS Commerce and On-Premises Commerce platforms and Payment Processing are nowadays widely available in different product & service packages. <sup>28</sup>		

Of course, the ROI challenge depends upon who is paying. For example, a wholesaler may pay for a JAVA based ordering platform for an independent retailer in order to tie them in as a customer.

<sup>27</sup> The detailed criteria for analysis can be found in Annex B.

<sup>28</sup> An explicit assessment of ROI, customer effectiveness and operational efficiency is not available in Gartner research for e-commerce assets.

Apart from how a retailer pays for the technology, there is also the issue of training small retailers to use the technology, in order for them to take advantage of what is available. This is particularly important where the ROI challenge is low and therefore, the main restriction on development lies in any lack of expertise of the small retailers involved. Significantly, it is also these areas of low ROI that allow small retailers to become more personal and so reflect their qualities of differentiation when compared to larger retailers as well as to other small retailers. Such personal solutions will depend upon what type of technology and expertise is available to the retailer in their local area.

## 2.4 Conclusion: problem analysis

The retail sector is a major employer of the European workforce and a relevant factor in the day-to-day life of all Europeans. More than 95 % of retail businesses across Europe are micro<sup>29</sup> businesses, employing less than 10 people (Eurostat, 2013). Small retailers employ over 7 million people across the EU.

At the same time, small retailers are a “specific type” of economic actor. They are often owners of small shops where they or their family members are the main human resource. The choice of location of their shop is often less driven by a conscious business decision, and more by where they live. Small retailers can be classified by the place where they are located, the product they sell, and the type of people who own/run the shop.

The economic development of the retail sector largely reflects activity within the wider economy. At the individual shop level, location is a major factor in defining footfall, costs and the competitiveness of a shop. In terms of the cost structure of an independent store, four main areas stand out: capital, premises, labour, and product.

Small retailers face economic challenges such as higher relative costs due to economies of scale, particularly in product purchasing, and hence more susceptibility to negative changes in the economic environment, for example during a downturn. Political challenges arise from regulatory change, such as the increasing requirements to comply with higher environmental and quality standards as small retailers do not have any “overhead” time, money, and staff to implement such changes. Technological challenges arise through the speed of technological adoption by customers, which increases the pressure to provide new services and technologies.

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<sup>29</sup> The definition of micro firms using the Eurostat definition are those employing less than 10 people.

## 3 Identification and analysis of existing actions across the EU

As described in the previous chapter, small retailers cannot be identified as one homogenous group. They are largely defined by their place, product and people. The various challenges of small retailers have called for action across the EU. National and regional governments have developed strategies and actions and at a local level a broad variety of initiatives targeting the specific needs and tailored to the local settings have been established.

This chapter first provides insights into how Member States, regions, municipalities and other related stakeholders are addressing the problem. It starts by setting out the general background which triggered a series of initiatives throughout the EU. It then shows what types of national strategies have been launched and what types of regional and local initiatives can be found. It also provides insights in the form of funding of such initiatives. The chapter is concluded with an identification of the success factors of local and regional initiatives and by what actions have proven to be effective.

### 3.1 National strategies

The assessment of the situation at national-level reveals a relatively limited number of Member States that have a well-defined and clearly distinct policy towards the retail sector. This is not to say that there are no national strategies or policies that are relevant to the small retail sector. Rather, the retail sector is implicitly included within broader strategies and policy frameworks that address areas such as: entrepreneurship and SMEs, digitalisation and innovation, or local development and urban regeneration. It is also apparent that there are several initiatives that are more directed towards encouraging consumers to buy local products, particularly food products, which have an element of promoting small or locally-based retailers vis-à-vis purchasing from large and often foreign-owned retail outlets. The following sub-sections consider only those identified strategies that have a specific focus on the retail sector.

#### 3.1.1 Strategies for the retail sector promoted by public administrations

Member States with some form of national strategy promoted by national administrations are: Luxembourg (*Pakt Pro Commerce, 2016*), Netherlands (*Retail Agenda, 2015*), Spain (*National plan for supporting competitiveness of retail commerce, 2015*) and the United Kingdom (*A strategy for future retail, 2013*). Also, reflecting the devolved regional responsibility, the Flanders Region of Belgium (*Shopping in Flanders, 2012*) has an equivalent strategy document<sup>30</sup>. Each of these strategies has been developed through collaboration between relevant public administrations and business representative organisations and is generally presented as a form of common agreement between the public and private sectors on measures and actions to support the retail sector.

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<sup>30</sup> As part of a broader digital strategy, the Walloon Region of Belgium has launched a project (Projet Commerce Connecté) aimed at supporting local retailers and administrations to respond to the challenges and opportunities of digitalisation in the retail sector.

In Germany, although there does not appear to be a national strategy for retail *per se*, the Ministry of Economy and Energy has initiated a retail dialogue platform<sup>31</sup>, bringing together relevant stakeholders with the purpose of elaborating proposals to address challenges facing the retail sector. By contrast, a more direct legislative approach has been pursued in France through the adoption of a law that *inter alia* specifically targets support for small retailers (*Law regarding craftwork, commerce and very small enterprises, 2014*) and a recent report from the IGF<sup>32</sup> and CGEDD<sup>33</sup> (*The commercial revitalisation of town centres, 2016*)<sup>34</sup> sets out a set of proposals to revitalise the retail sector in town centres.

The following tables outline identified national strategies that concretely target the retail sector and are promoted by public administrations:

Country	Title	Date	Organisation
<b>Luxembourg</b>	<b>Pakt Pro Commerce</b>	2016	Ministry of Economy, Chamber of Commerce, Luxembourg Confederation of Commerce
<b>Context</b>			
Slow growth of national retail turnover relative to expansion of the population.			
<b>Description</b>			
<p>The aim of the "Pakt Pro Commerce" is to support the dynamic development of the retail sector in Luxembourg, creating a symbiosis between city centres, retail and commercial centres outside cities, promoting retail digitalisation and recognise the role of retail in marketing ("national branding") of the country. The agreement covers five key actions:</p> <ul style="list-style-type: none"> <li>• <b>Analysis:</b> creation of a database for the analysis of consumer behaviour and the creation of "a national cadastre of the trade";</li> <li>• <b>Digitalisation:</b> promotion of retailers' awareness of the challenges and opportunities offered by ICT technology tools for the development of their business concepts. A retail sector strategy and a common national digital presence (national retail showcase) will be developed;</li> <li>• <b>Urban Commerce:</b> support for the professionalisation of municipal policies on retail trade and economic development to make city centres more attractive and dynamic;</li> <li>• <b>Service culture:</b> to build on the evolution towards a "service society", the development of a strategy to raise business awareness of the importance of high service quality;</li> <li>• <b>Economic promotion:</b> a multi-channel communication plan positioning Luxembourg as a "reference shopping location" in a cross-border context.</li> </ul>			
<b>URL</b>			
<a href="http://www.clc.lu/images/Pakt_PRO_Commerce_sign%C3%A9.pdf">http://www.clc.lu/images/Pakt_PRO_Commerce_sign%C3%A9.pdf</a> (in French)			

<sup>31</sup> <http://www.bmwi.de/DE/Themen/Mittelstand/Mittelstandspolitik/dialogplattform-einzelhandel.html>

<sup>32</sup> L'Inspection Générale des Finances

<sup>33</sup> Conseil Générale de l'Environnement et du Développement Durable

<sup>34</sup> The report identifies 4 areas ("leverage actions") for public intervention (i) Stimulate local strategy definition for commercial development; (ii) better organise commercial offer and promote balanced trade; (iii) support retailers in their adaptation to future retailing issues; and (iv) mobilise and manage real property. See [http://www.economie.gouv.fr/files/files/PDF/Rapport\\_RevitalisationcentresvillesVdef\\_octobre2016.pdf](http://www.economie.gouv.fr/files/files/PDF/Rapport_RevitalisationcentresvillesVdef_octobre2016.pdf)

Country	Title	Date	Organisation
<b>Netherlands</b>	<b>Retail Agenda</b>	2015	Ministry of Economic Affairs and sector representative organisations
<b>Context</b>			
High levels of retail vacancy and overcapacity of retail floor-space availability.			
<b>Description</b>			
The "Retail Agenda" offers an overarching strategy to revitalise the retail sector, notably by encouraging investment in strong shopping areas and modernisation. The actions presented in the agenda comprise 20 key agreements falling under 3 themes: opportunities for entrepreneurship, investment in people and strong shopping areas. These agreements include new ideas on combined zoning for shops, cultural establishments and hospitality businesses, and additional training for shop workers.			
<b>URL</b>			
<a href="https://www.rijksoverheid.nl/documenten/kamerstukken/2015/03/17/kamerbrief-retailagenda">https://www.rijksoverheid.nl/documenten/kamerstukken/2015/03/17/kamerbrief-retailagenda</a> (in Dutch)			

Country	Title	Date	Organisation
<b>Spain</b>	<b>National plan for supporting competitiveness of retail commerce</b>	2015	Ministry of Economy and Competitiveness (+others), local administrations and sector representative organisations
<b>Context</b>			
Negative impact of the economic crisis on the retail sector.			
<b>Description</b>			
The Plan is conceived as a comprehensive and coordinated work from both public administrations and commercial representative bodies. The strategy is developed in 10 action lines, composed of 34 measures. These are orientated towards: (i) innovation and competitiveness of small commerce; (ii) the promotion of open commercial centres and municipal markets; (iii) financial support to companies; (iv) promotion of commercial centres and demand stimulation; (v) facilitation of intergenerational transfer and entrepreneurship; (vi) exploiting synergies between trade and tourism; (vii) improved safety and security; (viii) Legislative measures (e.g. flexible opening, administrative burden etc.); (ix) promotion of internationalisation; and (x) training and employment in the sector.			
<b>URL</b>			
<a href="http://www.mineco.gob.es/stfls/mineco/comercio/pdf/150410_Plan_Comercio_Minorista_2015.pdf">http://www.mineco.gob.es/stfls/mineco/comercio/pdf/150410_Plan_Comercio_Minorista_2015.pdf</a> (in Spanish)			

Country	Title	Date	Organisation
<b>United Kingdom</b>	<b>A strategy for future retail</b>	2013	Department of Business Innovation and Skills, in cooperation with British Retail Consortium and Association of Convenience Stores
<b>Context</b>			
The strategy builds on earlier work that identified challenges for the retail sector, such as changing consumer shopping behaviour and technology developments, to develop proposals for policy actions. The focus of this strategy is to deliver a better business environment for retailers and equip them for the future.			
<b>Description</b>			
The strategy aims to deliver tangible benefits for retailers in a number of key areas: (i) International Opportunities: helping UK retailers succeed in the global marketplace, including through digital channels; (ii) Influencing EU policy: to reduce burdens on retail, and foster greater cross-border trading; (iii) Understanding retail: driving partnership working across Government; (iv) Supporting consumers; (v) Working Smarter Locally; (vi) Future Places and Future Retail: navigating the future landscape for retail and town centres; (vii) Talented People; and (viii) Stimulating Innovation.			
<b>URL</b>			
<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/252383/bis-13-1204-a-strategy-for-future-retail-industry-and-government-delivering-in-partnership.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/252383/bis-13-1204-a-strategy-for-future-retail-industry-and-government-delivering-in-partnership.pdf</a>			

Country	Title	Date	Organisation
<b>Belgium - Flanders</b>	<b>Shopping in Flanders</b>	2012	Flemish regional government and relevant stakeholders
<b>Context</b>			
Declining number of independent retailers. Delocalisation of retail to out of town shopping areas.			
<b>Description</b>			
The strategy aims to provide an integrated policy for retail, focussing on strengthening city or commune centres. The strategy sets out various support measures and funding options, including: communication between stakeholders; creation of a knowledge centre; spatial planning with attention to core strengthening incentives; support for local government; and support when public works are implemented. Various funding options are available that support different types of projects (skills, coaching, consultancy support, information on consumers, etc.). In addition, it includes a guide on subsidies developed specifically for small retailers which can support them (e.g. when there are public works which might impact the flow of customers and their turnover).			
<b>URL</b>			
<a href="http://www.vvsg.be/economie/economie/detailhandel/winkelnota/Documents/VR%202012%202112%20DOC.1433-1%20Winkelen%20in%20Vlaanderen%202.0%20-%20nota.pdf">http://www.vvsg.be/economie/economie/detailhandel/winkelnota/Documents/VR %202012 %202112 %20DOC.1433-1 %20Winkelen %20in %20Vlaanderen %202.0 %20- %20nota.pdf</a> (in Dutch)			

Country	Title	Date	Organisation
<b>France</b>	<b>Law regarding craftwork, commerce and very small enterprises</b>	2014	Ministry of Economy
<b>Context</b>			
Negative impact of the economic crisis on very small enterprises in the craftwork and retail commerce sectors.			
<b>Description</b>			
The purpose of the law is to support a diversified range of commercial and artisanal offerings on French territory by promoting the development of very small companies. Specifically, the law aims to update the legal framework for craftwork, commerce and very small enterprises, with 4 main objectives: (i) boosting small retailers by renewing the rules on commercial leases; (ii) supporting businesses, especially in vulnerable areas, by strengthening public administration policy levers and by modernising commercial planning; (iii) promoting quality and expertise of artisans by clarifying their status; and (iv) simplifying and harmonising the fiscal and social regimes by creating a unique regime for micro-business and facilitating access to the status of EIRL (Limited Liability Individual Entrepreneur).			
<b>URL</b>			
<a href="http://www.economie.gouv.fr/files/pjl_actpe.pdf">http://www.economie.gouv.fr/files/pjl_actpe.pdf</a> (Summary of main measures, in French)			

Generally speaking, the underlying context behind the above-mentioned strategies is a combination of the lingering negative impact of the economic crisis on the retail sector, particularly its effect upon small independent retailers, alongside the decline of city centre retailers in the face of out of town retail development by large retailers and consolidation within the retail sector. For some countries, the decline of retail infrastructure in more rural areas has been a driving factor too.

The small number of national retail sector strategies means that the possibility for comparative assessments is limited. Moreover, as most strategies are relatively recent, information is not available that would allow an assessment of their effectiveness. What emerges, however, is a number of common themes that are regularly addressed at a national level. These include:

- Knowledge development on the situation of the retail sector and market conditions;
- Support to local administrations;
- Stakeholder engagement;
- Skills development and training;
- Innovation and digitalisation; and



- International promotion and internationalisation.

### Knowledge development on the situation of the retail sector and market conditions

A common theme within the identified national strategies is the need to develop a better understanding of the situation of the retail sector and of developments affecting market conditions in the retail sector. On the one hand, such information is required so as to better inform policy-makers – at national and sub-national levels – and, on the other, as a support to retailers own business decision making. Elements covered include, for example:

- **Retail data collection:** Often, at both a national and local level, there is a lack of basic data on the retail sector necessary to support policy development and monitoring. To address this, national strategies have included actions to develop some form of inventory or registry of retail activities and/or retail property in order to support: (i) better analysis and understanding of the size and composition of the retail sector; (ii) improved management of the portfolio of retail properties through the analysis of occupancy/vacancy rates; (iii) future monitoring of the evolution of the retail sector and retail policies;
- **Consumer behaviour analysis:** Policy-makers and retailers need a better understanding of changes in consumer behaviour. Thus, national strategies often incorporate actions to improve intelligence on consumer developments, which may be in the form of support for academic and consultancy-type research, but also through collaborative exercises that bring together relevant stakeholders/partners to provide a better understanding of developments and their implications for policymaking.

#### Example of a National retail registry

**Pakt Pro Commerce** (LU) proposes the creation of a national registry (cadastre) of retail property (together with HORECA and artisanal use), to enable a better understanding of available commercial spaces and occupancy rates, particularly to support the revitalisation of town and city centres. This new database is a first step in analysing the diversity of the trade sector at national and local level. It will be unique, as it will include not only retail outlets but also businesses in the catering industry and artisans (bakers, butchers, carpenters, etc.) who together form the commercial fabric. The purpose of this database is twofold: (i) it will provide extensive statistical data and (ii) it will be a management tool for Pakt's members, in particular for the management of vacant buildings.

### Support to local administrations

There is wide recognition among national strategies of the important role that can be played by regional and local administrations in the revitalisation of the retail sector and of urban centres and, at the same time, of their often-limited capacities and capabilities to respond to this challenge. Consequently, national strategies frequently incorporate initiatives to both raise awareness and sensitise local decision makers to the importance of the retail sector in local development strategies. They also provide various tools and other mechanisms that can be used by local administrations (and other stakeholders) to support their strategy development and policy definition. Elements covered include, for example:

- **Policy development toolkits:** These may include a variety of resources that can be used by administrations and other local decision makers. Often, these may be in the form of guides (or guidelines) on various aspects of strategy and policy development, ranging from engagement with retail sector and other relevant stakeholders, support for decision-making processes, implementation of analysis and monitoring indicators, through to future scenario planning. Such information can be supported through the provision of “best practice” examples;

- **Expert support facilities:** Such elements go beyond simply providing guidance, by making available specialist expert resources able to support local decision makers. These may cover aspects such as, legal issues, real estate, retail development and technology.

#### Examples of Policy Toolkits

**“RetailDeal Toolkit”** (NL)<sup>35</sup>: To support the “RetailDeal” agreements between the Dutch government and municipalities, a variety of products, initiatives, reports and publications are made available to municipalities. These include reports on “shopping areas of the future”, guidelines for spatial planning and preparation of a strategic business plan, scenario planning (particularly for peripheral/out-of-town development) etc., together with other background information and links to agencies and organisations that can provide further support.

**“Successful Town Centres: Developing Effective Strategies”** toolkit (UK)<sup>36</sup>: Developed by GFirst LEP<sup>37</sup> and ATCM<sup>38</sup> and supported and promoted by the UK Government, the toolkit includes a Town Centre Personality Test together with social, economic, and cultural indicators to explore and understand the identity of local areas and support a strategic vision and action plans built on local strengths. It also includes several case study examples.

**National Pilot Town Centre Health Check** (IE)<sup>39</sup>: This project conducted by the Irish Heritage Council and RGDATA (Retail Grocery Dairy & Allied Trades Association) together with a number of other organisations aims to be an innovative national “Towns” capacity-building programme designed by and for Local Authorities and other stakeholders to support professionalisation. It contains training sessions to raise awareness, understanding and appreciation of the role of historic town centres for the vitality of the town and its citizens. The focus of the training is on innovative aspects, building on international best practices of collaborative development for revitalisation. The project was launched in 2016 and will last until 2018.

#### Stakeholder engagement

The need to bring together stakeholders, both at local and national levels, is a familiar theme within national retail strategies. There is a general recognition of asymmetries in information and knowledge that can negatively impact on policy formulation and implementation and that require improved exchange between the retail sector (and other relevant sectors), local administrations and other stakeholders. To address this, various national strategies incorporate initiatives to set-up forums or platforms to inform and exchange information.

#### Examples of Stakeholder Platforms

**Platform “New Shopping Street”** (NL)<sup>40</sup>: The platform is set up as an (independent) knowledge and network centre, which focuses on the future resilience of Dutch shopping areas. The platform is open to different actors (government, business, real estate, community managers, etc.) and aims to provide a hub to gather knowledge, initiate innovative pilot projects and participate in research, allow experts to speak, identify inspiring cases, and provide news. The platform also focuses on achieving successful cross-fertilisation between the physical world and the online world.

<sup>35</sup> <http://onsretailand.nl/retailagenda/gemeentelijke-ondersteuning-retaildeal-toolkit/> (in Dutch)

<sup>36</sup> [https://www.atcm.org/my\\_atcm/publications\\_helpful\\_guides/tools\\_dir/Town\\_Centre\\_Personality\\_Test](https://www.atcm.org/my_atcm/publications_helpful_guides/tools_dir/Town_Centre_Personality_Test). Information on other tools from the Association of Town and City Management (ATCM) is available at: [https://www.atcm.org/my\\_atcm/publications\\_helpful\\_guides/tools\\_dir/tools\\_for\\_great\\_places](https://www.atcm.org/my_atcm/publications_helpful_guides/tools_dir/tools_for_great_places).

<sup>37</sup> Gloucestershire Local Enterprise Partnership

<sup>38</sup> Association of Town and City Management

<sup>39</sup> <http://futureanalytics.ie/pilot-national-town-centre-health-check-tchc-training-programme-2016-2018/>

<sup>40</sup> <https://www.platformdenieuwewinkelstraat.nl/> (in Dutch)

**“Retail Dialogue”** (DE)<sup>41</sup> consisted of 16 full-day workshops focusing on five different themes (digitalisation, perspectives for lively cities, perspectives for rural areas, perspectives for work and jobs, questions of competitiveness). The workshops brought together experts from all related disciplines including companies, associations, chambers of commerce, regional stakeholders and academia to develop practical and quickly implementable solutions as well as good practice examples for the sector.

### Skills development and training

Apparent within national strategies is a general recognition of the need to develop competencies within the retail sector workforce. This is most obviously apparent in relation to e-commerce and other digital-related skills. There is also a wider recognition of the shifting service focus, particularly for many traditional “bricks & mortar” retailers for whom the customer services aspects of their retail offer is a key asset in responding to the challenge of online retail alternatives. Such initiatives typically encompass collaboration between public administrations, the education and training sector and retailers, in the formulation and provision of vocational training services.

#### Example of retail skills development

**Human Capital Agenda Retail** (NL): The agenda, developed jointly by workers’ and employers’ organisations, includes joint agreements between the government and employers and employees to provide the necessary competences in the changing retail environment. The Agenda recognises that employment in “traditional” functions will decline in some companies, while the retail sector has an increasing need for new skills and expertise, for example in the field of e-commerce. At the same time, the nature of retail will shift more towards customers and other services. It will also be a challenge to eliminate the barriers between industries so that internal mobility between companies can be increased. However, the sector has many employees with only primary or secondary education, that have the potential to further develop their skills. To that end, an **eAcademy** (NL) has been launched – offering several possible courses by existing educational institutions – to address the gaps in knowledge of retailers who are otherwise experienced in the digital domain. It covers, also, pilot projects for “learning circles” that aim to allow retailers – particularly less digitally experienced ones – to learn with and from each according to their own learning needs.

### Innovation and digitalisation

There is wide recognition of the need to respond to the challenges and opportunities for retailers arising from digitalisation and the adoption of new information and communication technologies and, more broadly, the need to promote innovation in the retail sector. Digital-related aspects figure prominently in several national strategies. At a basic level, these can encompass initiatives to promote digital awareness in the retail sector or actions to raise digital skills in the retail sector. Among other digital-related actions covered by national strategies are digital maturity screening, capability testing and diagnostics, digital advisory services and mentoring services.

Beyond a focus on improving the interaction between the retail sector and potential innovation partners (whether from academia or elsewhere), other innovation related aspects of national strategies are difficult to group or categorise because of their variety or national specificity.

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<sup>41</sup> <https://www.bmwi.de/Redaktion/DE/Dossier/dialogplattform-einzelhandel.html>

### International promotion and internationalisation

Several national strategies incorporate elements designed to promote the retail sector internationally. Such efforts tend primarily to be designed to raise awareness of the retail sector among (potential) foreign visitors. For example, informing visitors of the quality and diversity of the national retail offer while also recognising the retail sector is an element of the overall “national branding” of the country that makes it an attractive tourism destination.

From an outward looking perspective, national strategies can also cover actions to encourage and support the international expansion of domestic retailers. These may include general or specific support to retail business to open-up establishments abroad, including support dealing with administrative requirements. Such actions often go hand-in-hand with national government efforts to reduce the administrative burden to enable retailers to operate cross-border; for example, in the context of efforts towards better regulation of cross border retail within the EU Single Market. Equally, with the rise of omni and multi-channel retailing, there may be actions to support retailers to embrace e-commerce approaches as a means to develop and strengthen their international activities.

#### Example of international promotion and national branding

Within the scope of the **Retail Agenda** (NL): NBTC Holland Marketing<sup>42</sup> has started the Holland Shopping Alliance to strengthen cooperation to present the Netherlands as an attractive country for shopping. Currently, shopping expenditures of international visitors are estimated to be € 600 million, nearly half of which goes to small or medium sized retailers. Based on a common strategy that profiles the Netherlands as a shopping destination, the parties to the Alliance aim to extend the stay of visitors and increase their level of spending. This initiative has started with a project focused on Asia.<sup>43</sup>

As part of **Pakt Pro Commerce** (LU), a multichannel marketing and communication plan will be developed that should reinforce the positioning of Luxembourg as a cross-border shopping location. This will be supported through the creation of a national retail digital platform that will function as a virtual gateway to Luxembourg, whose primary purpose is to inform and retain customers in the immediate catchment area, covering both national residents and cross-border tourists.

In Spain, the **Integral Plan of Support to the Competitiveness of the Retail Trade** (ES) recognises the importance of shopping tourism. The Plan envisages ongoing collaboration with chambers of commerce, local administrations and business associations and contains funding measures to support projects for modernisation and commercial revitalisation in urban environments with a high concentration of commercial retail or traditional markets that can contribute to improving and promoting the location as a tourist attraction. In addition, it supports workshops that are oriented to topics related to shopping tourism (including specific attention to Chinese, Russian and Brazilian visitors). Also envisaged is the development of a specific Tourism Shopping Plan, with the main objective of positioning Spain as a shopping destination.

### 3.1.2 Retail strategies promoted by business associations

Initiatives from business associations for the development of proposals for nationwide strategies to support the retail sector have been identified in very few Member States. One example is from Austria, where the Austrian chamber of commerce set out a strategy for revitalising the small

<sup>42</sup> NBTC Holland Marketing is responsible for branding and marketing the Netherlands nationally and internationally.

<sup>43</sup> Source: <http://www.nbtc.nl/nl/homepage/artikel/nederland-als-winkelbestemming.htm> (in Dutch). Information from NBTC on shopping opportunities in big cities in Holland is available on the Holland.com website at: <http://www.holland.com/global/tourism/interests/shopping.htm>

retail sector (*We live where we buy – we buy where we live*, 2006) that pre-dates the last financial and economic crisis. A more recent example comes from Retail Ireland (*Strategy for Retail 2014-2016*, 2013) and its follow up report “*Shaping the Future of Irish Retail – a strategy for Irish retail 2017-2020*”, which is lobbying for conditions that are seen as supporting a thriving retail sector through better organised government, tax credits, economic growth, a reduction in regulatory compliance, increased support for retail training, and the regeneration of Ireland's high streets. In the UK, the Digital High Street Advisory Board produced a report (*The Digital High Street Report 2020*, 2015) that specifically addresses digital aspects of retailing and sets out a package of digital initiatives aimed at reinvigorating the UK's high streets.

The following tables outline some of the national strategies identified through our research, that concretely target the retail sector and are promoted by business associations:

Country	Title	Date	Organisation
<b>Austria</b>	<b>We live where we buy – we buy where we live</b>	2006	Chamber of commerce
<b>Context</b>			
<p>The problem was seen since the early 1990s based on the complex frameworks of spatial planning in Austria and the increasing number of permissions granted for building large shopping centres outside town centres. The chamber of commerce wanted to allow neighbouring districts and villages to participate in the decision making on the grant of such permissions. In the framework of organising a symposium on the subject, they decided to make a publication outlining the main issues focused on the revitalisation of the small retail sector.</p> <p>The text has not been updated since 2006 because the main issues have not changed. The legal framework is well integrated into the complex federal structure of Austria. The aspect which has changed is that the tension between large shopping malls against small retailers has reduced (due to a too high offer of shopping malls) and is replaced by the tensions between local retailers and international e-commerce (which is able to be more price competitive due to different legal settings).</p>			
<b>Description</b>			
<p>The strategy sets out demands from the chamber of commerce for actions to revitalise the retail sector. The main aim of the strategy is to find ways to support shops located close to where people live. It first outlines the risks for the sector such as increasing mobility and urbanisation and then proposes different measures to support the sector covering: (i) spatial planning, (ii) fiscal instruments, (iii) place-promotion, (iv) data and monitoring services, (v) rural area promotion, and (vi) subsidies.</p>			
<b>URL</b>			
<a href="https://www.wko.at/Content.Node/branchen/oe/Privat-Straf-Gewerberecht/NV-Broschuere-Forderungen-komplett.pdf">https://www.wko.at/Content.Node/branchen/oe/Privat-Straf-Gewerberecht/NV-Broschuere-Forderungen-komplett.pdf</a>			

Country	Title	Date	Organisation
<b>Ireland</b>	<b>Shaping the Future of Irish Retail – a strategy for Irish retail 2017-2020</b>	2017	Retail Ireland
<b>Context</b>			
<p>Developed by Retail Ireland, the retail part of a national umbrella organisation for business and employers in Ireland (Ibec), the report aims to take account of the views and sentiments of relevant stakeholders in representing policy, consumer, employee, and retail groups to create a vision for the industry that will enable the sector to thrive by 2020.</p>			
<b>Description</b>			
<p>The strategy outlines the vision retailers have for their industry for the period 2017-20 and sets out the actions considered to help achieve that vision. Retail Ireland calls on more support from Government as a matter of urgency in order to support the sector to realise these ambitions. These include:</p>			

1. Centralise Government support for the retail sector;
2. Introduce a tax credit to support Irish retailers to compete with international online retailers;
3. Grow consumer disposable income;
4. Reduce the cost of regulatory compliance;
5. Increased support for retail training and education programmes;
6. Regenerate Ireland's high streets.

#### URL

[https://www.ibec.ie/IBEC/Press/PressPublicationsdoclib3.nsf/vPages/Newsroom~retail-ireland-launches-comprehensive-2020-strategy-document-23-03-2017/\\$file/Retail+Ireland+Shaping+the+future+of+Irish+retail+2020.pdf](https://www.ibec.ie/IBEC/Press/PressPublicationsdoclib3.nsf/vPages/Newsroom~retail-ireland-launches-comprehensive-2020-strategy-document-23-03-2017/$file/Retail+Ireland+Shaping+the+future+of+Irish+retail+2020.pdf)

Country	Title	Date	Organisation
<b>United Kingdom</b>	<b>The Digital High Street Report 2020</b>	2015	Digital High Street Advisory Board (Future High Streets Forum)
<b>Context</b>			
The Report arose from the work of the Future High Streets Forum, which was established by the UK Government (Department for Communities and Local Government) to bring together the public, business and trade sectors to address a range of challenges facing local high streets. From the Forum, it became clear that addressing high street success required consideration of the revolutionary impact of digital technologies on the behaviour of consumers and the competitiveness of high street merchants (retailers).			
<b>Description</b>			
The Report details how private, public and third-sector collaboration can support high streets in the context of a digital future. The Report sets out four major digital initiatives to reinvigorate the UK's high streets:			
<ul style="list-style-type: none"> <li>• Targets for town centre infrastructure and connectivity for 2020 and beyond, including broadband, mobile and WiFi;</li> <li>• Elimination of the gap in basic digital skills by 2020 for individuals, small businesses and charities via regionally coordinated programmes;</li> <li>• A centralised High Street Digital Lab to provide UK towns and high street businesses with ready-to-use digital capabilities and dedicated town-by-town digital skills training, leveraging a network of digital apprenticeships for every town centre in the UK;</li> <li>• A High Street Digital Health Index, an interactive benchmark for towns and local authorities to drive assessment and change across the key measures of digital health – infrastructure, basic digital skills, high street attraction and digital engagement.</li> </ul>			
<b>URL</b>			
<a href="http://thegreatbritishhighstreet.co.uk/digital-high-street-report-2020">http://thegreatbritishhighstreet.co.uk/digital-high-street-report-2020</a>			

### 3.1.3 Conclusion: National strategies

A relatively limited number of Member States have well-defined and clearly distinct strategies to support the retail and particularly the small retail sector. This is also driven by the cross-cutting nature of the sector being often classified based on the products they sell and not as a distinct segment. Member States with some form of national strategy are Luxembourg, the Netherlands and the United Kingdom. Given its strong federal nature, the region of Flanders can also be included in this list. In Germany, no distinct strategy could be found, however, a retail dialogue platform has been set up. In France, a more hard-policy legislative approach for supporting small retailers has been chosen. In some Member States, business associations provide some form of nationwide strategies; examples are Austria, Ireland and the UK.

The reasons behind developing most of the strategies stem from the impacts of the economic crisis on the economy, urbanisation and digitalisation trends.

## 3.2 Initiatives for modernising and revitalising the small retail sector

Initiatives for modernising and revitalising the small retail sector can be found across the EU (and in other areas of the world) in all forms. Depending on how the scope is delineated (focusing only on small, focusing only on retail, focusing only on modernisation etc.) the number of existing initiatives ranges from hundreds to thousands in the EU only. If, for example, all city marketing initiatives were included, almost all European towns would have to be listed. The aim of this section is therefore not to cover all initiatives, but to provide insights in the typical forms of such initiatives. For that purpose, over 200 exemplary regional and local initiatives, from all 28 EU Member States, that support modernisation and revitalisation of the (small) retail sector have been identified and documented as part of the study. These initiatives illustrate the wide variety of different measures and actions that have been implemented, both by public administrations and private actors, often in cooperation with each other.

The purpose of this sub-section is to provide a general overview of the kinds of measures and actions pursued in the EU. For the purposes of presenting this overview, a general distinction is made between measures and actions that are primarily targeted towards small retailers *per se*, and those that are more targeted to the (re-)development of particular geographical locations, frequently in the context of regeneration of commercial districts in town and city centres. The former is labelled under the heading of “*Business-oriented*” measures and actions, while the latter are placed under the heading of “*Location-oriented*” measures and actions. Within each heading, we also highlight examples of measures and actions that have a particular digital technology dimension (“*Digital aspects*”). While these groupings are useful for the purposes of structuring the categorisation of different measures and actions, it should be noted that many of the initiatives identified through our research are cross-cutting and incorporate measures and actions that cut across the main broad headings. In particular, in many cases, concerns over the decline of commercial districts in the centre of urban areas are a key driver behind initiatives that support small retailers; thus, many identified measures and actions are inextricably linked to place-based regeneration efforts.

Before outlining specific measures and actions to support retail modernisation and revitalisation, we begin by addressing two overarching aspects, common to both “*Business-oriented*” and “*Location-oriented*” approaches. The first concerns the development of a strategic policy framework, which is the starting point for many, perhaps most, of the regional and local initiatives. It is relevant, therefore, to say something on the type and scope of activities undertaken when formulating (local) policy frameworks and any accompanying policy support measures. The second concerns measures and actions that, one way or another, have the objective of bringing together (small) retailers and other stakeholders in such a way that they can collectively engage in modernisation and revitalisation processes. In particular, the retail sector – particularly small independent retailers – can be highly fragmented and, in a more general context, so can the community of local business that may be implicated by either urban or rural regeneration initiatives. In this context, particularly where there may be resistance to the imposition of top-down policy initiatives where stakeholders feel they are being told what to do by public authorities, then actions that bring stakeholders together and facilitate collective bottom-up engagement, consultation, and peer knowledge exchange through business and location-based networks are important elements of modernisation and revitalisation strategies.

In the following sections, we first provide insights on the background, origin, framework and set-up of initiatives. This covers the policy framework formulation, but also operational aspects such as the definition of implementation support and stakeholder organisation. We then provide further



details on the different types of initiatives comparing business-oriented and location-oriented measures.

### *3.2.1 Background, origin, framework and set-up of initiatives*

The basis for every initiative is the policy framework formulation and implementation support and the identification and integration of stakeholder organisations.

#### **Policy framework formulation and implementation support**

Initiatives supporting the small retail sector are initiated in response to negative developments in traditional “brick and mortar” retailing activities. Often, though not always evident, the starting point for regional and local initiatives is with activities to formulate a strategic (public) policy response, beyond the definition of an overall strategy.

#### *Strategic reflections*

This covers activities, typically initiated by local public administrations but it can also be by business associations, to set priorities, develop strategies and outline actions for modernisation and revitalisation. Included in the kinds of preparatory actions found among the initiatives identified by the study are:

- Collection of supporting information, such as development of an **inventory of local retail businesses** or an **inventory of commercial/retail property** (and occupation status);
- **Public-private consultation and dialogue** processes with relevant stakeholders (e.g. retail associations and community forums);
- **Reflection on retail sector developments and future directions**, including aspects such as new business concepts and location-related concepts (e.g. “future high streets”, “smart cities”, etc.).

#### *Regulatory and public policy reforms*

In addition to specific measures and activities targeting “modernisation” of retail business or the regeneration of retail locations (described later), public policy measures may encompass reforms to public policy levers that, to a greater or lesser degree, fall within the competence of regional and local administrations. Among the areas addressed by initiatives identified by the study are:

- **Planning legislation, rules and procedures**, including strategic plans for zoning of commercial districts. This may include “negative” measures to restrict certain types of commercial developments (e.g. large scale “out-of-town” retail developments). Or, as an intermediate form of control, requirements to implement impact studies before granting planning permission may be reinforced. Within the setting of urbanism plans (and public works programs), “positive” examples of planning reforms from the initiatives covered by the study include: (re)designation of property use, designation of tourism, cultural etc. zones, and targeting of specific categories/types of retail stores in particular districts and locations, which may be implemented as part of a plan to restyle the identity of different districts within a city;
- **Legislation of opening hours**, along similar lines to planning legislation, other initiatives include reform of legislation on shopping hours (i.e. to extend or increase flexibility of shopping hours), for example to allow late night shopping. Such measures may be accompanied by other activities and special events to animate retail areas and encourage visitors;
- **Fiscal reforms** – in particular this may include reforms to reduce the burden of local business and property taxes, thereby reducing costs for retail activities;
- **Labour reforms** – again, these might consist in reducing the tax burden of workers in the retail sector or introducing greater flexibility in labour contracts, including working hours. Typically, such measures are outside the competence of local administrations.



### *Financial support frameworks*

Various forms of financial support measures may be integrated within initiatives supporting (small) retailers. These may be in the form of grants, subsidies or the provision of loans at preferential rates, which may be available for a variety of purposes. Examples from the initiatives identified by the study include financing for:

- **Rent subsidies** for retail space, particularly to maintain or encourage occupancy of retail properties that would otherwise become or be left vacant;
- **Building renovation and regeneration projects;**
- **Technology investments**, e.g. to support investments in ICT technologies (hardware, software, training etc.);
- **Other innovation and research activities;**
- **Skills training.**

Such financial support may be provided from a variety of sources (see Chapter 3.3), from regional and local governments, which may be funded independently or as part of national level funding programmes. Equally, funding may be available through EU support programme funds. Other sources may include “mutual” funds available through business associations (e.g. chambers of commerce) or from the private sector, which may include specific schemes targeting the retail sector or urban regeneration projects.

The initiatives identified by the study also include a few examples of (typically) locally organised **discount schemes** set up by business associations – either at a sectorial level or within a particular location – that provide scheme members with coupons or other mechanisms that allow the purchase of goods and services supplied by other scheme members at a discount.

### *Management support actions*

These include the creation of structures, such as support teams and project managers, to provide coordination and support for the implementation of modernisation and revitalisation initiatives. An example, noted in some initiatives, is the creation of a **town centre management team**, with appointment of **local retail managers** for particular districts.

### **Stakeholder organisation and engagement**

Many regional and local initiatives, and even national initiatives, recognise the need to address fragmentation in the (small) retail sector, in order to better activate and mobilise stakeholders and therefore promote cooperation and collaboration amongst them to establish an effective counterpart in policy dialogues. Accordingly, several initiatives include actions geared towards the “consolidation” of small retailers (and other stakeholders) and helping small retailers support one another. While actions may be top-down, for example initiated by local administrations, many are bottom-up and come from the business community itself. As noted earlier, given the independent mindset of many small businesses, bottom-up business-led approaches may be more effective in engaging small retailers. The actual structure and functioning of stakeholder cooperation organisations can vary substantially depending on the local context and purpose. However, among the initiatives identified by the study, the following types of organisations and networks aimed at activating and mobilising retailers and other stakeholders can be observed:

- **Business sector networks**, i.e. (intra-sectorial) associations and networks of retail businesses or local area networks;
- **Local area networks**, such as (inter-sectorial) associations of business within a particular geographical location, which may include other stakeholders, such as private citizens;

- **Cross-sectorial networks**, for example bringing together actors from the retail sector with actors from other specific sectors, such as real estate and property management;
- **Public-private partnerships**, e.g. bringing together public administrations and business representatives. This may include the creation of direct points of access to specific public administrations or public services;
- **Networks of networks**, for example discussion groups or platforms that bring together multiple networks from the same (or different) sectors to share experiences and identify “best practices”.

In some cases, as a precursor to the formation of organisations and structure, specific events may be held to bring together all relevant actors (e.g. retailers, local authorities and private citizens/consumers).

#### Digital aspects of policy formulation and stakeholder organisation

Many actions targeted at addressing fragmentation of the small retail sector and encouraging greater dialogue and participation in policy development and formulation incorporate a digital component. Most notably, these include:

- **Online dialogue platforms** to engage retailers in the policy formulation processes. These may be focussed on specific topics that have themselves a digital focus; for example, dealing with digital and other technological challenges.

In addition, there is a variety of online platforms that serve to bring together retailers, or to improve networks between retailers and other sectors, and that simultaneously fulfil more directly operational functions. These include, for example:

- **Online purchasing platforms** that allow small retailers to purchase supplies and other goods needed for their businesses from one another at discounted prices;
- **Online retail-property matchmaking platforms** that match retailers looking for a new shop location with available (empty) retail properties.

### 3.2.2 Types of initiatives

As outlined above, there are two overarching types of initiatives, “Business-oriented” and “Location-oriented”.

#### Business-oriented measures and actions

This sub-section provides an overview of measures and actions that can be considered to primarily contribute to improvements in the business conditions and performance of small retailers, including in terms of modernisation and competitiveness. The measures and actions are grouped under the following sub-headings that reflect common themes arising from the various local and regional initiatives identified in this study:

- Knowledge-building and knowledge-dissemination;
- Marketing and promotion;
- Business operations;
- Business structures and models.

The sub-section is then concluded by an assessment of the main target groups and governance of such actions.

#### *Knowledge-building and knowledge-dissemination*

Many modernisation and revitalisation initiatives integrate knowledge-building and knowledge-dissemination activities, often as part of broader packages to strengthen business performance and competitiveness. These are typically organised and funded by (local) public administrations

but may also be initiated by business associations (e.g. chambers of commerce) and are usually provided at a reduced cost or free of charge. Specific actions may encompass the provision of information and advisory services to retailers or support for knowledge development and training activities.

In the area of **information and advisory services**, among the modes of provision found in local and regional initiatives are:

- Advice, counselling, and consultancy support;
- Events, seminars, workshops etc.;
- Knowledge sharing and cooperation networks and platforms, including through innovation hubs;
- Competitions, for example to highlight “best practice” for (retail) business or to promote business “innovations”.

These may address a variety of themes, such as:

- **Market information and analysis**, which may extend from a local level to international market developments;
- **Location-based information**, such as mapping the concentration and other characteristics of the retail sector and markets, so as to provide advice on location choice to (new) retail business, using economic geography indicators;
- **Public policy issues**, such as:
  - Legislative, regulatory, and fiscal issues and developments;
  - Support and funding programs/financing opportunities;
- **Access to public services**;
- **Internationalisation**, such as information and advice on export development, promotion of cross-border trade, and foreign investment (e.g. setting-up a business abroad);
- **Technology developments** (including digitalisation) and **innovation actions**.

In the area of **knowledge development and training**, the types of support actions include:

- Training and coaching for businesses, entrepreneurs, and workers;
- Events, seminars, workshops etc.;
- Development of knowledge sharing platforms.

Obviously, the range of potential topics covered under such actions is extensive. On the one hand, these may cover generic fields addressing the competences of workers in the retail sector, including support to improve career development prospects in the sector. On the other hand, these actions may be focussed on specific topics; for example, in the context of this study, knowledge development in the area of new technologies, including digitalisation.

#### Digital aspects of knowledge building and dissemination

There are many examples of measures and actions aimed at knowledge-building and knowledge-dissemination that incorporate a digital component. These are either because modernisation and revitalisation activities address topics related to digital technologies, or because digital technologies are utilised in the delivery of knowledge building and dissemination actions.

In the area of **information and advisory services**, examples found in the local and regional initiatives identified by the study include:

- Online service (website) offering small retailers with an “**e-scan**” that provides a personalised overview of **options for an online strategy** and how it could add value for the retailer;

- **Assessment service for websites** and e-commerce platforms that provide advice on how existing systems can be improved;
- **Diagnoses of the maturity of the digital technologies** in use by small retailers, and provision of support for upgrading and improvement;
- **Awareness-raising campaigns on the “future of shopping”**; covering not only e-commerce but also the use of digital technologies within shops to attract consumers;
- **Dialogue platform for retailers** (and other stakeholders) focussed on digital and other technology-related challenges and responses.

In the area of knowledge development and training, examples of actions with a digital aspect include:

- **Training courses (online)** covering, for example, topics such as “how to build and run a website/use an app/or manage a blog” or “how to improve web and social media marketing”;
- **Tutorials and guidance (online)** covering, for example, “how to set up an online shop”;
- **Interactive (online) platforms**; for example, showcasing digital perspectives and technologies, providing training and workshops on the uptake of these technologies.

### *Marketing and promotion*

Many local and regional initiatives include actions that aim to increase awareness and visibility of small businesses and to position them more clearly in the market. Such actions cover the provision of support services for small retailers addressing areas such as marketing, advertising, communication, and promotion activities, which may also cover advocacy services. Actions in this area may target support for individual businesses but are more typically at a collective level, very often closely linked to a particular place or geographical location (see below); for example, collective marketing and the promotion of retailers within a city or district. Such actions are often accompanied by the definition of a collective identity and branding, which may be linked to some form of quality-label and certification scheme (see below).

#### **Digital aspects: putting small retailers on the map**

As a precursor to the widespread adoption and use of e-commerce platforms (see below), websites that act as e-registries can serve to increase small retailers’ visibility and customer awareness. Some examples of e-registries, or similar platforms, found in local and regional initiatives include:

- **e-registries of small retailers**, operating as a directory, often linked to a particular area and including maps, addresses and opening hours, where searches can be carried out per category of product and links are provided to the websites of the businesses showcased;
- **e-platforms for price comparison** of similar products on offer by small retailers;
- **buy-and-collect e-platforms**, giving an overview of providers from which you can order products to then pick up on site; e.g. listing providers of organic seasonal vegetables from which produce can be ordered (or which offer a subscription service for this) and collected periodically;
- **websites promoting special deals** that gather information on special offers and promotions from (local) small retailers;
- **geo-localised applications**, for example an app providing customers with information on the nearest market/shopping area, what kinds of shops operate there, what products are on offer, and how to get there.

### *Business operations*

Local and regional initiatives in the retail sector often include actions that aim to support businesses improve their operations or make available services that would otherwise be beyond their means, financial or otherwise. Again, the scope of activities that potentially could be covered by such actions is large. Under the initiatives identified by the study, actions relevant for small retailers included support in following areas:

- **Operational and management tools** for which specific examples include:
  - Customised development of advance management applications;
  - Upgrading of invoicing and book-keeping systems;

- Assistance in setting up card payment systems and schemes;
- Help in optimising the assortment and arrangement of goods in a store;
- **Logistics**, including strengthening of retail supply chains and encouraging (or financing) investments in logistics-related infrastructure;
- **Internationalisation** of retail business, including through international expansion of retail business, cross-border trading (i.e. encouraging consumers from abroad) and exporting;
- **Quality assurance**, which includes both the development of trademarks, quality labels and labels indicating region of origin etc. This encompasses also the development of certification systems and support to (retail) businesses in obtaining certification;
- **Licensing**, for example helping retailers to comply with licensing requirements and other assistance to obtain necessary business licences;
- **e-commerce**, see box below.

#### e-commerce platforms for online sales and purchases

This includes actions to develop e-commerce platforms – often incorporating e-registries listing (small) retailers by type or location – that enable customers to make online purchases from small retailers, either directly or indirectly, and typically also providing delivery services. Among the e-commerce platforms identified by the study, specific features or types include:

- **e-commerce platforms covering a particular region** and, for example, showcasing local retailers providing traditional products and craftwork; these may be e-commerce platforms that enable consumers in either urban or regional areas to order/buy from local shops;
- **e-commerce platforms covering a particular product type**, e.g. clothes, electronics;
- **e-commerce platforms specifically showcasing small retailers**;
- **pre-existing platforms differentiating small retailers**, whereby existing platforms (e.g. eBay) provide solutions or implement schemes that are specifically targeted towards small retailers and/or to which small retailers can subscribe;
- **“federating” platforms** that act as a gateway to connect visitors to local-level e-commerce platforms.

#### *Business structures and models*

As noted earlier, as a result of their relative size, small retailers may suffer from a weak individual position in the market vis-à-vis larger competitors and lack economies of scale. This situation may be reinforced by the dispersed nature of the retail sector and the lack of federating structures. This weakness may be offset to a degree by the adoption of business models and approaches that link small retailers together. This may include various forms of cooperative actions among retailers or between retailers and wholesalers; for example, through the organisation of purchasing groups. Other approaches may be for small independent retailers to enter into franchising arrangements or take-up the use of trademark labels that, also, link back to the collective marketing actions mentioned above.

#### *Target groups and governance of business-oriented measures*

When it comes to business-oriented measures and actions, many of those found in local and regional initiatives target SMEs in general rather than specifically focussing on small retailers. Whether the actions target the individual or the collective, it would appear that most often the governance of these actions comes from public authorities and/or chambers of commerce, in the form of top-down support.

#### Examples of initiatives comprising business-oriented measures and actions

**Het internet ook uw zaak (The Internet is also for your business)** (Flanders, BE): Introduced in 2015, the campaign “het internet ook uw zaak” aims to encourage all retailers to have an online presence, not necessarily for online transactions, but to place the business in the customers mind and to inspire shopping activity. An initiative of the Flemish Enterprise Agency, in cooperation with Unizo and with the

support of the ERDF, it provides advice, tools, tips and training sessions for small retail businesses. Rather than focusing on revitalising a particular area, it is aimed at supporting interested retailers in the whole of Flanders.

**Academia de Comercio de Lisboa (The Lisbon Academy of Commerce)** (Lisbon, PT): The Lisbon Academy of Commerce aimed to revitalise the retail sector in Lisbon by implementing new ways of working. It was an intervention programme aimed at supporting entrepreneurs and existing retail through the sharing of innovative tools and methodologies, workshops and training sessions, in order to create networks of cooperation and knowledge exchange. The project was launched by the municipal authorities, the city council, the union of trade and services, and a consulting company, which carried out the training. Despite yielding positive feedback from participants, due to changes in local government only the pilot project (2013-2015) was completed. Returning to the initial plan is currently under discussion.

**PIATIC** (Asturias region, ES): Created to help small retailers and businesses increase their competitiveness, this initiative aims to do so by assisting them in incorporating new information and communication technologies. It covers the implementation and the first year of development and maintenance of their website, and offers help with licence acquisition, implementation, training, and the custom development of advanced management applications. It is run by IDEPA, the governmental authority in the Asturias region in Spain. Since it was started in 2004, 3 900 participants have attended events, seminars, workshops and training, and 1 289 businesses have benefitted directly from technological advice.

**Retail observatory** (GR): Run by the Institute for Commerce and Services (INEMY), the National Confederation of Hellenic Commerce (ESEE) and the National Technical University of Athens (NTUA), this is an initiative targeting the entire retail sector in the major urban centres of Greece, aiming to map the concentration of retailers using GIS (Geographic Information System) technology. Thus far the mapping has been completed, with 270 000 retail enterprises mapped. This information is to be further combined with parameters relevant to the location of customers, in order to provide advice on the optimal choice of location for retail enterprises using economic geography indicators.

**Vrijedne ruke (Precious hands)** (HR, several regions): This initiative began in 2009 and is run by the Croatian chamber of commerce, in collaboration with the Ministry of Entrepreneurship and Crafts and the Croatian Chamber of Crafts. Through the chamber of commerce's regional branches were developed catalogues featuring high quality, traditional and original products. By exhibiting these catalogues at trade fairs and exhibitions at home and abroad, the initiative enabled the promotion of domestic products, knowledge and skills. It contributes to the diversity of the Croatian economy and at the same time it enhances the competitiveness of small retailers and craftsmen.

### Location-oriented measures and actions

Many of the local and regional initiatives identified by the study are concerned with local-level economic regeneration or revitalisation, having a more or less direct focus on the retail sector. In particular, two themes are often present. First, initiatives may target the revitalisation and reanimation of city or town centres or particular districts, with an obvious interplay with retail activity and retail businesses. Secondly, initiatives may harness a deep connection to the local community and spirit to help revitalise their local economies, which include actions to encourage consumers to shop locally. Often these efforts go hand-in-hand, though it is possible to discern differences between initiatives that emphasise top-down approaches – typically focussed on actions addressing areas within the domain of public authorities – and bottom-up initiatives championed by associations of local retailers and other local business and citizens.

In the following sub-section, we distinguish between initiatives targeting:

- Revitalisation and reanimation of town centres and shopping streets; and
- Shop local campaigns.

We then conclude again with an assessment of the main target groups and governance of such actions.

### *Revitalisation and reanimation of town centres and shopping streets*

Measures and actions to revitalise and reanimate commercial and shopping areas, often incorporate elements to connect local shops and shoppers (see next sub-section) include:

- **Planning legislation, rules and procedures.** As a starting point, many initiatives address issues related to planning legislation, rules and procedures (see Section 3.2.1), as part of restyling the identity of different areas in the city; for example, designation of tourism zones or measures to target particular store types etc.;
- **Development of a new commercial “pole”,** located so that it can serve several small towns and bring together small retailers in one central location;
- **Infrastructure and accessibility.** These include investments to improve local public amenities (e.g. parking, toilets, digital infrastructure, etc.) or improved services and maintenance (e.g. cleaning, security and safety, digital services) in town centres and shopping locations. This may also involve specific schemes to increase accessibility, such as increasing the ease of access to parking facilities (e.g. allowing public transport cards to be used to access parking facilities or introducing city passes);
- **Marketing, communication and promotion** activities centred on a given location; for example, promotion of a location as an attractive tourism destination or, equally for local residents, as traditional or cultural areas. Specific examples of actions and promotional tools include:
  - Coupons and other “deals” used to incentivise shopping in certain locations;
  - Promotional cards providing coupons, sales discounts and other promotional offers, such as tourism/sight-seeing discounts, to be used in a particular town or city or shopping location;
  - Special events, such as:
    - A light festival to increase the attractiveness of the city, including e.g. a website, information booklet and an interactive map provided for visitors;
    - Events put on by small retailers/entrepreneurs in a recently renovated “historic” street including a raffle offering prizes/coupons from local businesses (e.g. free meal in a restaurant, tickets to see a show in the theatre, a haircut at the salon, etc.);
    - A city competition, with awards for innovative and effective actions that strengthen the heart of the city and that can be imitated by other cities.

#### **Digital actions to support town centre and shopping street revitalisation**

Alongside e-registries of retailers and e-commerce platforms that serve particular locations (see above), digital approaches can contribute both to local marketing actions and increasingly use digital applications to communicate with shoppers, enhance the shopping experience and facilitate transactions. Examples of measures and actions found in the initiatives identified by the study are:

- Websites showcasing all the shops in a particular town centre or shopping district in the manner of an e-registry, but also advertising shopping schemes (e.g. vouchers) and promoting special events;
- Local shopping “apps” which, for example:
  - allow the user to locate different shops on the street, make purchases in a shop, access a loyalty scheme, pay for parking fees, visit tourism sites and partake in events;
  - display information about parking meters and about local shops and shopping promotions, and allow coupons to be printed out along with or directly on the back of the parking ticket.

### *Shop local campaigns*

Many initiatives incorporate actions to encourage citizens to “shop locally”, which can cover elements of both shopping in local small independent retailers and buying locally produced produce and goods. These are often bottom-up in character but can also be supported by local administration and chambers of commerce. Measures and actions to encourage shopping locally include:



- **Local, neighbourhood markets**, set up and run by local entrepreneurs and involving local communities and local farmers supplying fresh and seasonal produce;
- **Collective ordering from local farmers**, whereby produce is ordered collectively and individuals can collect their orders on site every few weeks at a fixed date;
- **Collective marketing and promotion of local products and retailers**, for which specific examples of actions include:
  - **Marketing of a local market**, e.g. a shared website that enables retailers in the market to have an online presence on which to publicise/advertise their products and where news about the market can be shared among retailers and with the public;
  - **Marketing of a region's local produce and products**, i.e. various actions to promote and to encourage and support consumers to buy locally produced goods;
  - **Nation-wide "shop-local" campaign** which highlights small business successes and encourages customers to "shop local" and support their local independent retailers.

#### *Target groups and governance of location-oriented measures*

When it comes to location-oriented measures and actions, there is a clearer focus on small retailers, although additionally local producers, restaurants, and other local service providers are targeted. Actions predominantly target the collective rather than the individual, as they often focus on the revitalisation of specific areas. There are many examples of digitalised town centres and/or shopping streets. It would appear that more advanced initiatives link these areas with e-commerce platforms, while more basic initiatives incorporate e-registries. Often the governance of location-oriented measures and actions stems from local groups/associations, in the form of bottom-up initiatives. These are often supported or encouraged by chambers of commerce or the local/municipal authorities. In particular, the municipality may provide a neutral promoter which acts as a contact point for such initiatives. Such solutions can be built into existing structures and have enough independent power to be trusted by the small retailers to act on their behalf.

#### **Examples of initiatives comprising location-oriented measures and actions**

**GUUTE** (Urfahr Umgebung (UU) district, AT): To address the drainage of commercial activity from the UU district to Linz, the nearby economic centre, the GUUTE initiative - dating back to 1998 and spontaneously initiated by a few small retailers in the district - aims to encourage and retain local shopping activity. This is done by awareness raising activities on the importance of regional shopping as well as by supporting the cooperation of small retailers in the area. More specifically, the GUUTE initiative involves a website, a bonus card, fairs, apprenticeship days, cooperation with schools, partner programmes with other similar regions, awards, and regular breakfast meetings among the small retailers in the region as a forum for exchange.

**Vital' Quartier and CoSto** (Paris, FR): This initiative aims to revitalise certain districts in Paris by supporting a strong presence of independent small retail. Vital' Quartier was launched in 2004, targeting the cultural retail sector (i.e. bookshops, etc.), by SEMAEST, a semi-public company for urban development pioneering this kind of initiative in France. Building on the success of Vital' Quartier and its good reputation, SEMAEST has developed a support programme to digitalise small retail. This programme, CoSto (Connected Stores), both informs and trains small retailers on digital aspects of their business and offers free experimentation with digital solutions to innovate their businesses by putting them in contact with start-ups.

**Zl'avaDňa (Sale of the day)** (SK): Launched in 2010, this private initiative is a Slovak-owned "discount" platform that aims to provide a marketplace where different types of retailers can offer their services and goods via promotional offers. A more recent objective is to promote different regions of Slovakia, as well as local production and sellers, using the hashtag #ObjavteSlovensko (#DiscoverSlovakia). The inspiration for the platform was the growing popularity of American Groupon. Knowing the Slovak local environment quite well, the founder of the platform quickly acquired the relevant software and entered the market.



**Lubelscy kupcy (Traders from Lublin)** (Lublin, PL): This is a recent initiative in Lublin, started in April 2016, focusing on the promotion of traditional craft and shopping areas in the city centre. The initiative uses references to the local history of Lublin via the use of modern communication media and social media (including Facebook and YouTube), in order to evoke nostalgic sentiment and increase local shopping activity as well as the purchasing of traditional products and crafts. This initiative was started by the local authorities as a pilot programme and includes 42 local traders as well as a marketing agency and media services working to promote it.

**Daje Marche! (Come on, Marche!)** (Marche region, IT): This project was launched in November 2016 in Tolentino, one of the cities severely affected by the earthquake in central Italy in October 2016. It was created by a group of young creatively-minded people (graphic and web designers, programmers, social media managers) living in the area. Working on a voluntary basis, they are currently building an e-commerce platform that will involve small retailers, selling traditional products from the Marche region, that are struggling with the economic aftermath of the earthquake. The initiative already has a significant following on social media and is promoted via the hashtag #DajeMarche.

### 3.2.3 *Conclusion: Initiatives for modernising and revitalising the small retail sector*

Business-oriented measures identified in this study consist of measures targeting knowledge-building and knowledge-dissemination (to strengthen business performance and competitiveness through e.g. advice, events, knowledge sharing etc.), marketing and promotion (actions that aim to increase awareness and visibility of small businesses and to position them more clearly in the market), business operations (to support businesses to make improvements in their operations or to make available services that would otherwise be beyond their means e.g. operational and management tools, logistical support, internationalisation, quality assurance support, licensing and e-commerce) and business structures and models (collective responses to large scale competitors in the form of e.g. cooperative actions among retailers or between retailers and wholesalers such as purchasing groups and target groups and governance).

There are differences between business-oriented initiatives, which are usually driven by the retailers themselves and are often borrowed from large retailers, and location-oriented initiatives, which usually target a wider community within a place including small retailers who may benefit from the overall developments, for example through the uptake of technologies. Public policy may play a role in both initiatives, with the former driven by better education and awareness of new possibilities, while the latter is more likely to involve direct public sector involvement in managing and implementing the initiative.

Many of the local and regional initiatives identified by the study are concerned with local-level economic regeneration or revitalisation, having a more or less direct focus on the retail sector particularly focusing on two themes: First, initiatives may target the revitalisation and reanimation of city or town centres or particular districts, with an obvious interplay with retail activity and retail businesses (including e.g. planning legislation, rules and procedures, development of a new commercial “pole”, improved infrastructure and accessibility, marketing, communication and promotion activities). Secondly, initiatives may harness a deep connection to the local community and spirit to help revitalise their local economies, which include actions to encourage consumers to shop locally (including e.g. local, neighbourhood markets, collective ordering from local farmers, collective marketing and promotion of local products and retailers).

Within the scope of location-oriented initiatives there is a further distinction between shop locally, and buy local products and services. The former, seen for example in rural areas, is about keeping your customer (e.g. GUUTE initiative), while the latter is more focused on bringing in new customers looking for new products and experiences. It is important to distinguish between “buy

local products” schemes that are truly locally or regionally focused (e.g. encouraging consumers to buy products produced in the near vicinity to the store) versus national (country-wide) schemes that may take on a more protectionist character that aims to encourage consumers to purchase domestically produced goods (and services) rather than foreign imports.

### 3.3 Funding of initiatives to support revitalisation and modernisation in the retail sector

#### 3.3.1 Overview of funding sources

The study has revealed a wide variety of funding sources and approaches used to finance initiatives to support revitalisation and modernisation in the retail sector. These range from purely publicly funded initiatives, through various joint-funding models, to privately-financed initiatives operating on a commercial basis. At the latter end of this spectrum, can be found most e-commerce platforms, the large majority of which are privately financed and operate on a commercial basis; for example, through payment of a fee by retailers for listing on the platform or through a margin charged by the platform owner on the basis of the value of sales. Similarly, initiatives such as franchising arrangements, buying groups, and collective marketing and branding activities are usually undertaken on a private commercial basis. Often, these types of initiatives focus on thriving retail activities rather than those requiring revitalisation. Indeed, it is debatable whether such commercial arrangements actually promote decline in areas that are struggling, as failing stores are closed if they cannot pay their way, rather than giving support for revitalisation.

Moving away from purely commercially-based and privately financed initiatives, Figure 5 provides an overview of different funding sources for a sample of 111 retail initiatives for which information on funding was collected as part of the study<sup>44</sup>. Although the representativeness of this sample cannot be properly assessed, it does provide some indications on the type and prevalence of different funding sources used to finance initiatives to support revitalisation and modernisation in the retail sector:

- **Public Administrations** appear to be the most common source of funding for retail initiatives<sup>45</sup>. Typically these are funds provided at a regional or local level; although use of national and even EU funds is not uncommon;
- **Business Associations** including chambers of commerce appear to be the most frequent source of non-public funding<sup>46</sup>;
- **Retail Businesses (self-funding)**, some level of financial participation from the business community (e.g. retailers and other businesses) is not uncommon. This may be in the form of direct contributions to initiate or support an initiative or through payments for specific activities (e.g. training)<sup>47</sup>. Naturally, however, for many small retailers the most significant contribution may not be financial but, rather, relate to the time taken to participate in activities;
- **Business partners**, which covers initiatives led by private businesses or individuals (e.g. a privately developed web-portal to promote local commerce) or supported by third parties (e.g. through sponsorship of initiatives or provision of free or reduced cost supporting services);

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<sup>44</sup> This sample excludes initiatives relating specifically to e-commerce platforms, pure commercial arrangements (e.g. franchising, buyer groups etc.), and actions instigated by individual retailers (e.g. new product and service offerings or new business models)

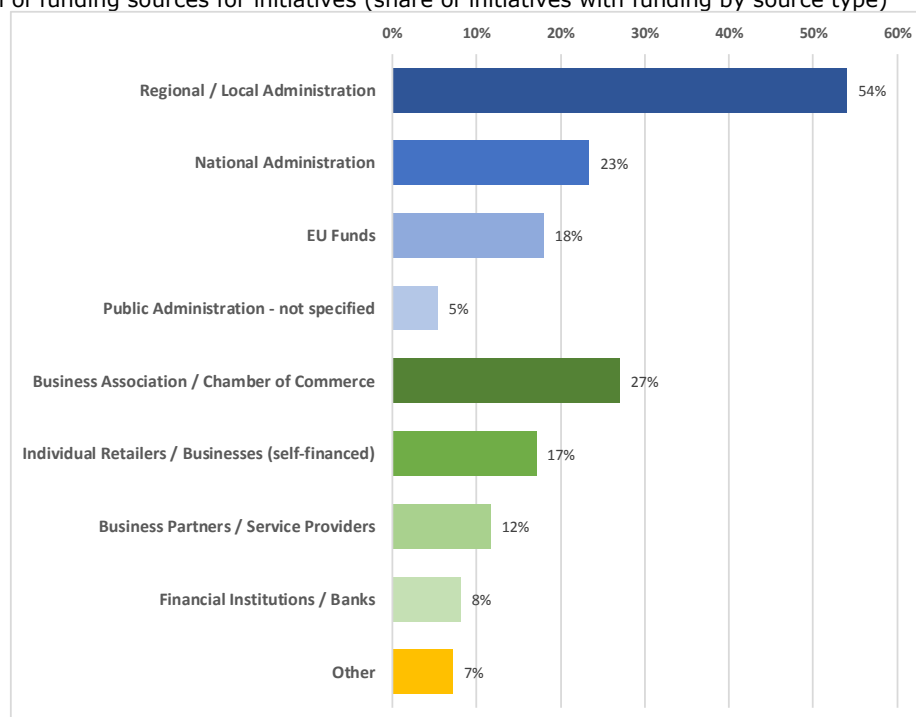
<sup>45</sup> From the sample of 111 initiatives, over half (54%) receive some funding support from regional and local administrations, while just under a quarter (23%) receive funding from national-level administrations. Some 18% of initiatives indicate receiving support from EU level funds, which in most cases come from the European Regional Development Funds (ERDF).

<sup>46</sup> From the sample of 111 initiatives, over a quarter (27%) receive funding from Business Associations.

<sup>47</sup> From the sample of 111 initiatives, 17% of initiatives indicate at least partial self-funding from the business community (e.g. retailers and other businesses).

- **Financial organisations and banks**, which could be in the form of sponsorship or provision of supporting services but can be through specific funding schemes targeting the retail sector or supporting local development initiatives, also.

Figure 6 Breakdown of funding sources for initiatives (share of initiatives with funding by source type)



Source: Author's own elaboration based on case studies and inventory of initiatives

### 3.3.2 Types of funding approaches

It is quite common for initiatives targeting the small retail sector to utilise multiple funding sources<sup>48</sup>. Moreover, even when local municipalities are identified as the primary source of finance, they will themselves often rely on a range of external funding sources to support initiatives targeting the small retail sector. The private sector can also play an important role in financing such initiatives, generally either through collective contributions made by business associations (including chambers of commerce) or specific contributions from individual retail businesses or from business partners, which may also include "contributions in kind" such as making facilities and resources available to an initiative. In general terms, a number of typical funding approaches exist:

- EU funding support with matched public funding;
- Joint-funding by public administrations and business associations;
- Joint funding by public administrations and private partners;
- Joint funding by public administrations and "third party" private businesses.

#### EU funding support

Among the initiatives assessed by the study that have EU funding, usually from the European Regional Development Fund (ERDF), it is provided in combination with funding from within the Member State, typically from national or regional/local public administrations. The examples below show how the focus on the development of small businesses aligns well with the competitiveness objectives of ERDF. Revenue funds are used to provide direct advice and support

<sup>48</sup> From the sample of 111 initiatives, just over half have multiple funding sources.

services to small retailers, while capital projects aim to revitalise urban districts, which can indirectly benefit retail businesses.

#### Examples of initiatives supported by EU funds

**CoSto - Connected Stores** (FR): ERDF has contributed € 720 000 over 3 years to the project designed to inform and train small retailers on digital aspects of their business and offer free experimentation of digital solutions to innovate their business, by putting them in contact with start-ups. The project is funded by Semaest – a mixed-economy company owned in majority by the Paris Municipality, specialised in the economic regeneration of Parisian neighbourhoods.

**Het internet ook uw zaak - The internet, also your business** (BE): ERDF has contributed € 268 800 in a project that aims to incentivise small retailers to use e-commerce for revitalising their business. It offers small retailers the chance to do an e-scan that will provide them with a personalised overview of what an online strategy could bring to their business and how it could add value. The project is led by the Flemish Enterprise Agency, in cooperation with Unizo (an SME trade association).

**Enterpreneurial routes «Επιχειρηματικές διαδρομές»** (EL): Funded by national and EU (ERDF) funds in the framework of the Attica Operational Programme, the project designed a network of routes for urban walks dedicated to specific retail sectors, with the aim of revitalising and promoting thematic retailer clusters.

**GUUTE Initiative** (AT): This project aims to promote local retail among the local population, including development of an online presence for marketing and promotional activities etc. The initiative is funded through membership contributions and through ownership of implementing activities by small retailers at their own expense under the heading of the GUUTE brand (e.g. newsletter). In addition, the initiative also covers a local “bonus card” system, whose implementation was supported by EU LEADER funding (80 % funding).

#### Joint-funding by public administrations and business associations

Chambers of commerce and retail focused business associations will often be willing to work together with public administrations to support a sector focused initiative. The examples below show the important role played by local chambers of commerce in providing funding and specific expertise.

#### Examples of initiatives funded jointly by public administrations and business associations

**E-Shopping-Offensive** (AT): The regional chamber of commerce (WKK) in Carinthia provided about 50 advisors to support companies to develop e-shopping activities. The chamber of commerce organised and trained the advisors. Participating businesses could then select an advisor for whom they paid a fee for their services, which represented about a third of the actual cost with the rest covered by the Regional administration of Carinthia and the chamber of commerce.

**Thess Mall Thessaloniki, Open Mall Piraeus, Alexandroupoli Open Mall, Patras Open Mall** (EL): Each of these projects aim to invest in revitalising the city centre and support the local retail sector and foster cooperation between local authorities, trade associations and retail enterprises. Each has the goal to facilitate a mall-like shopping experience in the city centre providing shopping information, accessibility facilities and organising events for customers. The projects are funded by a combination of contributions from local business associations, regional administrations under the ERDF Operational Programme “Competitiveness and Entrepreneurship” and the Regional Programmes of the National Strategic Reference Framework (NSRF) 2007-2013.

**Town Centre Management** (SI): Town Centre Management (TCM) is a model for revitalising old town centres with the aim to attract new inhabitants and develop lasting forms of economic activity. In 2011, pilot initiatives of this model were taken up by Ljubljana, Celje and Koper, led by the chamber of commerce and industry in Slovenia (GZS) and the city authorities. TCM is based on informal or formal cooperation

between small businesses and local government. TCM can be set-up in different ways; typically, with small retailers/entrepreneurs forming an association to work in their best interest, while the city independently designs the marketing scheme. Ongoing activities are funded by SPIRIT Slovenia and the Ministry of Economic Development and Technology (MEDT) with contributions from the local chambers of commerce and local/regional development organisations.

### Joint-funding by public administrations and private partners

Initiatives will often use some joint funding by public administrations (at national or regional/local level) and private businesses, which may be retailers (and other beneficiaries of the initiative) or other “third-party” private businesses that will help “sponsor” an initiative. The examples below show the potential for small retailers to make a contribution to such initiatives through a participation fee. In some cases, retail businesses are encouraged to contribute where a scheme provides clear benefits for the shopping area through improving the appeal of the area and generating increased footfall.

#### Examples of initiatives funded jointly by public administrations and private partners

**Commerciele inspiratie** (BE): The Flemish government wants to target business-to-consumer entrepreneurs via an individual inspiration trajectory guided by professional coaches. The initiative is funded through contributions from both regional (Flemish) and local governments, alongside a participation fee paid by the entrepreneurs.

**City Marketing Passau e.V.** (DE): This project aims to increase the appeal of Passau as a shopping and leisure city, promote a positive image of the city as a whole, increase visitor numbers and contribute to the development and preservation of Passau as a high quality location for trade and investors. The budget for the project is mainly made up of membership fees (from companies participating in the initiative), sponsorship from private companies, levies and a subsidy from the city of Passau.

**I Shop Braga** (PT): This is an initiative to regenerate the historic city centre of Braga, led by the Commercial Association of Braga. The initiative started with only a few businesses focussed on high value retail segments (e.g. beauty, fashion, gourmet and home), with participants required to meet certain selective criteria. The initiative had initial support under the national recovery plan “Comercio Investe” and from the Agency for Competitiveness and Innovation of Portugal. Retailers now pay a percentage of their turnover to support the initiative.

**Baixa Alive** (PT): This initiative intends to support local commerce and stimulate downtown Porto, through a common strategy of promotion and appreciation of the commercial and cultural attractions in the historical centre of the city. Twenty-one stores in the centre of Porto invested € 1 million to put traditional retail back on the map of residents and tourists visiting the city; 45 % of the invested amount was reimbursed by IAPMEI (National Institute of Support to Small and Medium Enterprises and Innovation) and the rest secured through the retailers’ own equity.

The contribution of other “third-party” private businesses is often provided in the form of some type of sponsorship. These may include banks and other private companies, as shown by the examples below.

#### Examples of initiatives funded jointly by public administrations and “third party” private businesses

**Roeselare Smart City** (BE): This initiative, based upon cooperation with all local entrepreneurs and retailers, provides a digital “application” – incorporating a loyalty card scheme and payment options – and an integrated approach to modernising and revitalising the city centre. The app is an initiative of Digitopia – a digital communication company focused on narrowcasting, also known as Digital Signage or Digital Out Of Home (DOOH) – and supported by the non-profit “Center & Shopping Roeselare” and the city of Roeselare. Several other project partners provide concrete support at their own expense to the initiative:

Mobile-for (4411), NV Parking, Bancontact Mister Cash, Belfius, Electrabel, N-Allo. In 2016, based on the Roeselaar application, Belfius, bpost and Proximus created the "Citie" platform, with the aim to develop Citie nationally.

**Cityshopping.lu (LU):** The city of Luxemburg provides a website with a description of shops, parking areas, markets, etc., and even children's activities. This multilingual website (also in Chinese) caters to the tourists and to the locals, informing them about what is happening in the city. It is managed by the Union of Retailers of the City of Luxemburg, which also has an "info point" location in the city. Cityshopping.lu is sponsored by the City of Luxemburg, Global Blue, and BGL BNP Paribas.

**The Valletta Shopping Festival (MT):** The initiative is part of a holistic campaign to promote Valletta as a major shopping destination for both locals and tourists. The initiative is sponsored by the Bank of Valetta (BOV) and GO (a telecommunications company), together with the financial support of the Malta Tourism Authority, as well as the Valletta Local Council, the Arts Council and the Valletta 2018 Foundation.

### 3.3.3 *Conclusion: Funding of initiatives to support revitalisation and modernisation in the retail sector*

Approaches to the funding of initiatives have not been the focus of this study. However, public available sources have been consulted as part of the desk research to provide evidence on the sources of funding that are available to support initiatives to support revitalisation and modernisation in the retail sector and the types of funding approaches typically used.

The analysis shows that public funds are the most common source of financing for such initiatives. EU funding, particularly ERDF, used in combination with local authority funding is a popular source of financial support for area-based initiatives focused on supporting the small retail sector. Public funds are often used in combination with other sources, and a variety of funding approaches are possible. A more typical approach involves co-financing using public and private sector contributions, with the latter typically coming from business associations but, also, specific contributions from private partners are often used.

An important issue, which is discussed in more detail in Section 3.4.2, is the need to develop self-sustaining funding mechanisms. The initial phase of implementation of initiatives may often rely mostly on public financial (and technical) support but, if they are to be continued over a longer period, require a sustainable financial model. Typically, this requires some form of ongoing financial contribution from retailers and other beneficiaries, which may be through some form of membership fee or participation charges.

The funding of e-commerce platforms, which have not been considered in the above analysis, differs in the sense that the large majority of such platforms are privately financed and operate on a commercial basis; for example, through payment of a fee by retailers for listing on the platform or through a margin charged by the platform owner on the basis of the value of sales.

## 3.4 *Analysis of effectiveness of types of initiatives and platforms and conditions influencing their effectiveness*

Based on an extensive – though not exhaustive – inventory of initiatives in all 28 EU Member States, 20 initiatives were selected for more detailed analysis, including the identification of factors that appear to influence the effectiveness of specific actions. The 20 case studies cover a broad range of initiatives, divided between 15 local and regional initiatives and 5 e-commerce

platforms. However, as many of the regional initiatives partially incorporate e-commerce platforms, this strict distinction has been difficult to apply in practice.

The selected initiatives vary in terms of their scale, timeframe, geographical and political setting as well as their position in the project implementation cycle (completed, on-going or just started). The identified good practices were then validated and assessed with respect to their transferability in the four regional workshops held with a broad range of stakeholders (including small retailers, local, regional and national associations, researchers and public authorities).

In the following section, we first present the types of effective initiatives and platforms and then provide an assessment of the conditions influencing the effectiveness of such initiatives.

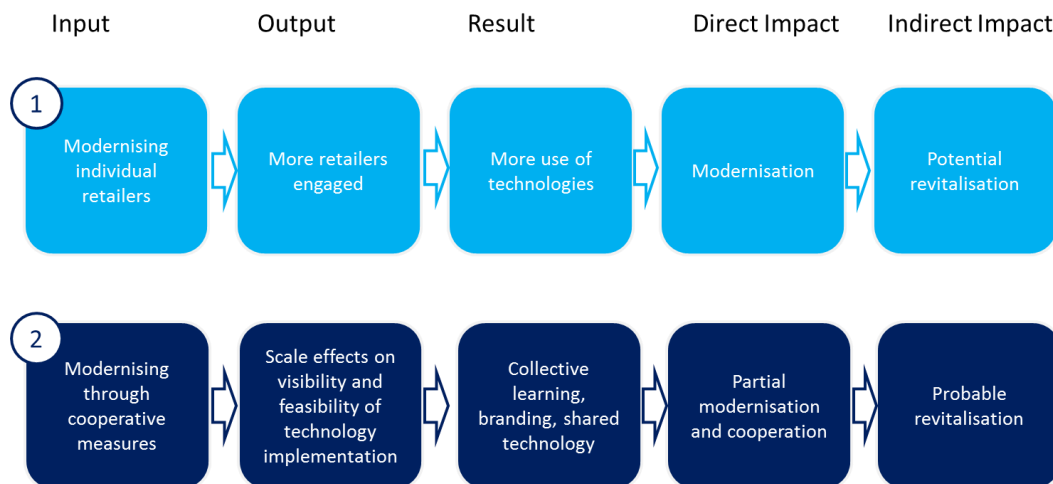
#### *3.4.1 Types of effective initiatives and platforms*

In Section 3.2 above, we have seen that there are two major categories of initiatives: location-oriented and business-oriented initiatives. In practice, the main impact of this classification is that it defines the scope of an initiative in a clear form. When referring to the specific actions to modernise the sector or location, a practical distinction can be made, based on whether actions target retailers individually or collectively:

- **Individual retailer modernisation:** this covers measures made available to individual retail businesses on a one-to-one basis. Examples include technology assessments, training and advisory services, marketing support, and financial support for technology investments. Whether the focus is on retailers within a certain place or on a certain business has no major influence on the choice of initiative, but might have an impact on how flexible the support for modernisation has to be (accounting for the diversity of businesses vs. diversity of location);
- **Modernising through cooperative measures:** this covers measures targeting retailers as a group, such as support for peer group networking and knowledge sharing activities. Such interventions usually aim at increasing cooperation among retailers (and other business sectors and relevant stakeholders) and stimulating collective actions that generate scale (or scope) effects that support modernisation and revitalisation. Modernising through cooperative measures is particularly visible in location-oriented initiatives where the scope of a location defines the need for cooperation. It can however, also be observed when cooperating e.g. in the same business sector.

The most appropriate approach depends not only on the specific policy aim, but also on the local or regional setting. With small retailers often showing an independent mind-set as well as a tendency to act individually (see Chapter 2), the first type of policy intervention, targeting individuals, is easier to implement. At the same time it is however applicable only after having identified a particular need to support individual retailers. The second type of intervention is more complex, but has the potential to create additional synergies that raise the overall effectiveness and efficiency of policy interventions. The logical underpinning of these different approaches and their effects are summarised in Figure 6.

Figure 7 Two types of intervention: modernising the individual retailers or modernising through cooperative measures



Source: Author's own elaboration

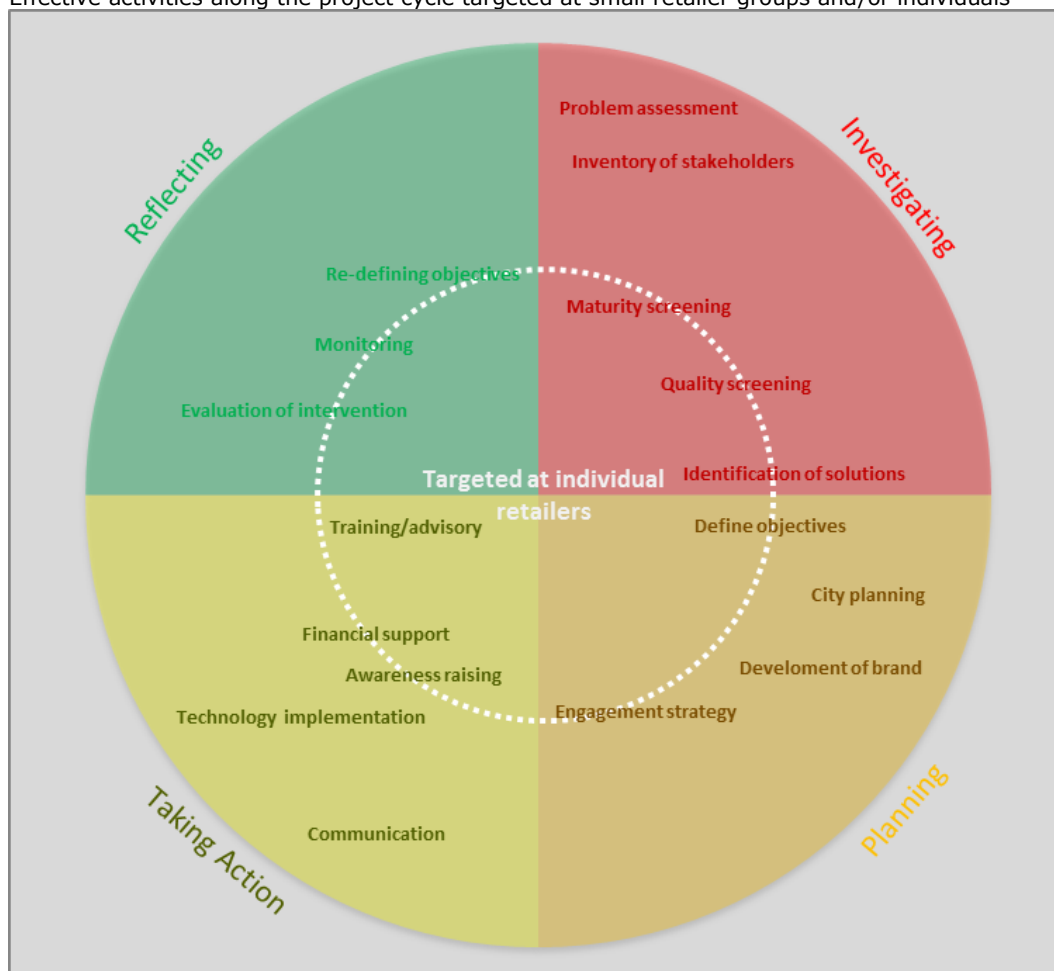
Based on the case studies, we have identified a broad spectrum of specific activities within the categories of intervention categories highlighted above. Each intervention, if targeted at revitalising small retailers, can be illustrated in a project cycle. Effective actions can then be seen along the project cycle:

1. **Investigating:** The development of an initiative starts with the investigation phase moving from a problem assessment of the specific problem of the area/sector to the identification of best suited solutions. Effective actions identified are e.g. inventory of stakeholders, maturity screening and quality screening;
2. **Planning:** The planning stage consists of the concretisation of actions moving from the identified solutions to the implementation of actions. It consists of e.g. city planning, the development of a brand and the outline of a stakeholder engagement strategy;
3. **Taking Action:** Effective actions of implementation cover a broad range of actions such as e.g. communication activities, support in technology implementation, awareness raising activities, financial support and training/advisory actions;
4. **Reflecting:** Having conducted an action, the intervention needs to be evaluated to assess if a follow-up is needed or if the approach can be improved in the future. Effective actions of evaluation and monitoring activities have been identified.

The following figure visualises key effective components of revitalisation interventions along the project cycle of "revitalisation".



Figure 8 Effective activities along the project cycle targeted at small retailer groups and/or individuals



Source: Author's own elaboration

In the following subsections, these effective actions are elaborated upon in further detail.

### Investigating

Every effective initiative starts with a thorough understanding of the specific problem. Chapter 2 of this report outlines the general problem analysis for the small retail sector in the EU, provides insights on geographical and sectorial differences and assesses the challenges and benefits of technology adaptation. In practice, such an overview provides a basis for effective measures, but which needs to be detailed and tailored to the specific setting under observation. Each retailer, sector and area is embedded in a specific local and national context, be it urban vs rural, low-value vs high-value products, strong presence of public authorities vs no intervention, availability of funds vs no funds, touristic vs non-touristic areas etc. The problem assessment also includes the identification of stakeholders affected by and to be included in the initiative. As a next step, the status of the retailers to be addressed needs to be clarified. Effective measures include quality/maturity screenings supported by public authorities.

### Quality/Maturity screening

The case studies demonstrate that the implementation of digital solutions is only one of a number of ways to support the revitalisation of the sector. E-shops can help small retailers to broaden their reach, but, they are also costly to maintain and operate. The case studies show that careful consideration needs to be given to the potential cost-effectiveness of digitalisation initiatives and

in particular to the cost-benefit analysis for the small retailers. It is therefore important that individual retailers (and groups of retailers) undertake a clear self-evaluation of their own capabilities and needs, before implementing new solutions. Various initiatives address this issue by organising structured quality and maturity screenings of retailers and technologies. Such screenings help retailers assess their capabilities and capacities to implement and use new technologies in a successful way. They can also be used to assess the quality of digital services currently used by retailers and assess where to improve and what to adjust. A number of the case study initiatives involved maturity screening of small retailers' digital maturity with a view to identifying specific training and support needs.

#### Examples of maturity screening

The **Commerce Connecte initiative** (Walloon Region, BE) offers a two-stage approach for the retailers:

1. a workshop on possible strategies for using digital technologies to support a business (748 retailers have already participated);
2. the free tools available to enhance their Web presence (592 diagnoses completed).

In addition, the project has supported the development of a simple and user-friendly online self-diagnostic guide that is able to diagnose 9 levels of digital maturity and relevant training needs. A key success factor of this approach is to provide an offer, but leave room for the retailers to decide bottom-up what they need and how to use it. The particular feature of this initiative is on the one hand to initiate modernisation through top-down offers (workshops to provide a first general introduction to "pick-up retailers where they are" and getting them interested in using digital technologies, but also the provision of free web-tools) while at the same time keeping access open by facilitating bottom-up self-assessment and individual implementation and use of tools.

A key feature of the **E-shopping-Offensive** (AT) in the Carinthia region, is the use of a standardised, well-structured advisory guide which specifically trained advisors use during their sessions with small retailers. This guide consists of a series of questions, in the form of a semi-structured discussion, to help retailers identify their current situation, their desired potential future situation and the feasibility and process to get from the current to the desired situation. A key strength of the guide is that it is structured in an easy and open enough form to be applicable to all businesses, while at the same time encompassing all relevant aspects of discussion to successfully implement or improve e-commerce solutions for small retailers in particular. On the basis of the discussion a common understanding can be created between the advisor and the retailer on the extent to which the shop is ready and suited to implement e-commerce solutions or on what it should improve. The project financing is shared between retailers, the chamber of commerce and the region of Carinthia (about 1/3 each). This co-financing partnership successfully lowers the bar for participation and hence incentivises individual retailers to assess the possibility for implementing e-solutions.

The **Het internet ook uw zaak initiative** (Flanders, BE) provides a diagnostic introductory tool called e-scan, which includes a checklist and advice on the retailer's online activity based on the retailer's own perception of their business, customers, and online activities.

## Planning

Having assessed the problem and identified possible solutions, revitalisation initiatives need to be well planned. They need to clearly specify the objectives of their intervention, work towards creating a common understanding, and define what needs to be produced in order to reach the final outcome. Many local communities have existing city planning initiatives which set the scene for revitalisation actions. An effective action to support the effectiveness of the revitalisation initiative is to develop a clearly understandable and functioning brand behind which all participants can support the implementation of actions.

## Branding

Initiatives with a strong branding element involved building on the identity of a local town, area or district to either build a common vision for the development of the small retail sector or the creation of a retail community. The branding elements of initiatives tended to link to wider tourism and heritage strategies focused on developing the visitor economy, and worked by harnessing the local purchasing power and inspiring local people to avoid travelling away from the local area for their shopping. Successful branding is of particular importance to sustain initiatives and to give them room to expand over time. A developed brand however, also needs to be carefully protected as its success can attract other parties to misuse and weaken it.

### Examples of branding activities

The **GUUTE** initiative (AT), in Urfahr Umgebung, Upper-Austria, started with common vouchers under the "GUUTE" brand to be sold before Christmas. It also used stickers and the slogan "Because the good things are so close". To better understand its own brand, the initiative cooperated from an early stage with the University of Linz to conduct a survey amongst locals to better understand what they associate with the "GUUTE" brand. The outcomes were then used as a basis for the collective philosophy which is further advertised throughout all the activities of the initiative.

The **Amsterdam 9 Streets** initiative (NL) builds on the cultural heritage and identity of the city's central streets to promote the area's retail offer to visitors through a promotional website. Through its on-going intensive internal and external branding the brand "Amsterdam 9 Streets" has become known throughout the country. The collective branding, particularly through the use of a common web platform, has allowed individual retailers to create awareness about their shops in a manner which would have never been possible on an individual level.

In the Great **Gloucestershire High Street initiative** (UK), the development of the digital infrastructure and participation is led by the local tourist marketing organisation, Marketing Gloucester (<http://marketinggloucester.co.uk/>), a separate legal entity, wholly owned by the City Council, with a Board from the private sector and funding provided 50:50 between the local council and private sponsors. The digital elements of the initiative (outlined above) are strongly integrated with the separate branding actions being taken forward by the tourism agency.

The **Vetrina Toscana** initiative (IT), which is focused on developing network and supply chains in the small retail and restaurant sector in the region of Tuscany, is supported by a strong focus on regional branding. The region's communication strategy (used in the initiative's social media presence and calendar of events) is based on food as a key element of the local culture. From a horizontal perspective, food is the connection point across several domains, including agriculture, trade, and culture. The food value chain is therefore both a brand and a unifying element of these domains.

The **I shop BRAGA** initiative (PT) is an e-commerce platform which has created a virtual sales channel for smaller retailers in the Braga Historical Centre in Portugal. The platform aims to build on the shared brand of the city's historical centre to enable small retailers to benefit from the city's image which is based on the wider visitor economy including monuments, the culture, the gastronomy, and museums.

## Taking Action

The implementation component of every project, be it for revitalisation or other reasons, is the most visible and diverse in terms of activities as it depends on what exactly a project aims to achieve. The order in which common actions take place may also vary. Concerning revitalisation initiatives we have observed three types of particularly effective actions in the case studies, ranging from training/advisory services to technology support and communication activities.

### Training/advisory

Training and advisory activities generally follow the maturity screening activities provided by local authorities or chambers of commerce. Linked training and advisory activities provide tailored support, responding to the specific needs of retailers. Some of the initiatives offered a menu of support options ranging from promotional events and workshops through to mentoring, one to one advice and intensive hands-on training. For such support activities to work effectively it is important to gain the buy-in and trust of small retailers who can be sceptical about the benefits of such support. Buy-in has been achieved by the committed involvement of representative bodies such as chambers of commerce or specific retail associations, who have often engaged retailers on a door-to-door basis, and the appearance of independence of any management of the initiative required for co-ordination purposes. The case studies have highlighted many examples of training and advisory actions.

#### Examples of training/advisory activities

SEMAEST, a public-private urban development agency (Paris, FR), supported by the Mayor of Paris, provides a service called **CoSto** ("Connected Stores") to provide local shopkeepers with tools to deal with changes in consumer patterns and to help them in organising new services and in strengthening their communication based on digital technologies. CoSto provides shopkeepers with the ability to test digital solutions in their shops for free during several months. This offer allows small retailers to familiarise themselves with digital solutions without having to take any financial risk.

The Malta Communication Authority (MCA) has re-visited its **E-commerce Guides for Business** (MT) which were first published in 2009. These guides, together with a more intuitive online directory, BLINK, seek to provide the necessary information that retailers need to take into account when setting up an e-commerce-based service. On this dedicated website, information can be found on areas related to the applicable legislation and authorisation requirements, IT requirements, online security, online payments, digital marketing, order fulfilment and customer service. The initiative hence provides a top-down free service to Maltese retailers who can use the service or not based on their interest. The advantage of this strategy is that it does not force small retailers to participate. The disadvantage however is that it also does not actively encourage the use of the information.

The **Great Gloucestershire High Street** (Gloucester, UK) initiative aims to provide support and advice on a range of digital initiatives, from marketing to transactions online. Local and UK government decided that active intervention was required to provide the right tools and training to get the UK's towns and businesses online to bridge the digital divide between them and their local community, visitors, tourists, and other potential stakeholders. The Gloucestershire initiative utilises a group of industry experts to provide strategic advice, measurement, digital toolkits and hands-on digital training. The intention is then to roll this out across the UK from 2017 onwards. The initiative was driven by the main service provider, Maybe, supported by a sustainable funding model with public and private funding contributions.

The **PIATIC** initiative (Asturias region, ES) has focused on encouraging the incorporation of new information and communication technologies (ICTs) through applications aimed at improving corporate management and the promotion and creation of web pages by small retailers. The initiative aims to address the low levels of digital maturity of Asturian small retailers. The project has used a range of different promotion and advice mechanisms to encourage small retailers to increase the uptake of digital solutions. These have included seminars, workshops, promotional events and networking events to increase as much as possible the success of the action. The use of a combination of mechanisms appears to have been a key success factor in the high level of uptake of advice and support.

The **Commerce Connecte** (BE) and **E-shopping-Offensive** (AT) provide further examples of advisory services. Following a maturity screening process, as detailed above, small retailers are able to access a range of support services to allow them to develop appropriate digital adoption strategies. The maturity screening tools could be considered a key success factor in allowing businesses to develop solutions that respond to their specific levels of digital maturity. The campaign **het internet ook uw zaak** (the internet is also for your business) (Flanders, BE) provides advice, tools, tips, and training sessions for small retail

businesses. The campaign covers a wide range of activities from strategy, social media, online marketing, websites, blogs, online sales, including international business online. Digital applications include generic applications, such as Facebook, Twitter, LinkedIn, Instagram, Pinterest, and YouTube, as well as Google products, such as email, search engine optimisation, and online advertising, as well as training on content marketing and affiliate marketing. The initiative offers a wide variety of activities, such as workshops and events, available to a wide community of different types of small retailers. The action is an initiative of the Flemish Enterprise Agency, in cooperation with Unizo (an SME trade association), with the support of the European Regional Development Fund.

### *Technology support*

The provision of specific technologies to support the revitalisation of the retail sector is a more costly option. The suitability of this solution therefore needs to be considered carefully through needs and feasibility assessments. In some cases an investment from outside can help to build up technology capacities and capabilities of using and maintaining the technology. The case studies provide many examples of initiatives that aim to encourage small retailers to advertise or sell their goods and services online. A typical model of delivery is for the required technology (the platform) to be provided by a third party provider, while a public sector body or a retail association informs and encourages groups of local retailers to use the platform through advertising, promotion and incentives.

#### **Examples of technology support**

The **Mercado47** platform (Madrid, ES) allows all products and services available from registered small retailers to be automatically aggregated to a central online market place. In this marketplace, it is possible to buy from multiple small retailers in a single transaction. The strategy of the platform to empower retailers to go online by not charging commission on sales, but only asking for a fixed payment for use of the platform to sell goods online, has proven to be effective. In return for payment, retailers can access the different e-commerce features and have access to training modules to get started. Given that once having paid, full use is possible, retailers are incentivised to make use of their investment, which accelerates the implementation of e-commerce. To further encourage the use of the platform, various business associations in Madrid have been involved in promoting the initiative among their members and providing training workshops.

The **CoSto** project (Paris, FR) provides small retailers with access to a range of new technological solutions, such as tools to deal with changes in consumer patterns or tools which help to organise new services, such as digital bookings and deliveries. The project continuously offers further possibilities to collectively increase the uptake of digital solutions, as it acts as a platform for testing new digital tools.

The **GUUTE** initiative (AT) provides a centralised loyalty card system where participating retailers can review information about their customers and their shopping behaviour. The technology implementation was supported by LEADER funding (80 % co-financing). This allowed the full implementation of the technology which strengthened the overall initiative. Without external financial support such a system could have not been implemented. Other districts with similar projects in the same region were failing because of the burdensome and costly implementation process. The GUUTE initiative is now offering its system and platform to host other districts who want to implement a loyalty card system without them having to invest the same amount of fixed costs.

The **PIATIC** project (ES) supports the initial development and maintenance of websites for small retailers and trains them on how to make the best use of them. This form of support effectively bridges the difficult development of moving from not being online at all towards the successful use of new online solutions.

A more specific technology support is the provision of collective free WiFi which proves to be an effective add-on to initiatives. This not only provides a connection point with consumers but also potentially between small retailers. WiFi has become a daily reality in many places consumers are visiting. In some cases it has been shown that providing free WiFi in an area has improved the

effectiveness of an initiative. Providing free WiFi is particularly interesting when the initiative builds on web-based information about shops close by or specific paths to walk when shopping.

#### Example of free WiFi initiative

In the Great **Gloucestershire High Street initiative** (UK), the local tourism organisation is supporting the uptake of the initiative by retailers by linking WiFi and 4G to the CCTV network and setting up digital information stands. While such infrastructural aspects appear to be ancillary factors, they can play a crucial role in the use and awareness of the broader revitalisation initiative. In Gloucester, not only did shoppers benefit from the use of free WiFi, but also it provided small retailers with better connection rates, and thus an enhanced capacity to develop online activities.

#### *Communication activities*

Communication activities generally focus on improving the visibility of a group of small retailers to their potential customers. Such activities may be organised around a particular place such as a town or retail district (linking to branding as described above) or a particular type of retail business. Generally the purpose of projects in this category is to promote and raise awareness amongst local customers of the small retail offer available in their local areas. Successful communication strategies usually build on a common brand and a diversified offer of marketing and promotion activities (e.g. social media, website, newsletter, stickers, fairs, events etc.). A common communication tool used in the examined cases is a digital platform showcasing a community of small retailers or providing a common e-commerce shop. Communication activities are however not only outward/customer oriented, but can also be used for “internal” communication between the retailers participating in the initiative. The case studies show the importance of communication between local retailers and wider stakeholders involved in the management and promotion of the shopping area.

#### Examples of digital platforms showcasing a community of small retailers

The **Amsterdam 9 Streets** (NL) uses one official website which is integrated with the platforms the retailers previously used for communication purposes. This integration allows for easy adjustments e.g. if a retailer wants to change opening hours, logo or text, he/she makes the changes on their platform, which are then synchronised with the website. A specific and very effective feature of the platform is that it is used for internal communication between the retailers and external communication to advertise the community of retailers. The attractiveness for retailers to use this system is shown by how many of them use it. From the 187 companies on the platform, 177 activated their profile. Posts are regularly viewed by about 95 % of them within one week. Half of the retail community have installed the app, while the rest are using the platform. The external effectiveness can be judged by the following numbers: There are 1 500 visitors everyday on the website, 1.2 million home page views per year and each visitor views 4 or 5 pages. There are 10 000 views on Facebook per week on average. The page is rated 4,4 out of 5, from 793 reviews. Over 12 000 people liked the page.

The aim of **FacilyShop** (FR) is to bring new customers to the local shops by creating an online community which gives visibility to retailers and visibility to incentives (promotions) that encourage customers to visit them. Currently there are 130 retailers in the network and 700-800 customers registered. The scope is three districts in Nice. The community is set up digitally, but the idea is to get the customer physically in the local shop. Facilyshop has set up a low-complexity IT system which registers the customers in a database. It sends them the promotion via a QR code which they can show on their smartphone or print out on paper. The shop owner scans the QR code with his smartphone to confirm the customer is registered in the database, the customer then benefits from the promotion on his/her instore purchase.

**I shop Braga** is a platform created in 2016 aiming to provide a local e-commerce platform for retailers in the city of Braga. To support the development and success of the platform, the Commercial Association of Braga (who is running the platform) works with the retailers and advises them on their specific needs. It also conducts periodic surveys to assess how the platform is operating. In addition, there are periodic automatic

user surveys when someone uses the platform. To provide further support to customers, the platform uses a Facebook account where users can express any complaints about the platform.

The communication elements of the **Great Gloucestershire High Street** (UK) initiative are built around a "What do you think?" (#WDYT) campaign on Twitter, Instagram and a blog, driven by the main service provider, Maybe, who co-ordinated the central government funding. #WDYT aims to reveal the discussions that are happening during many high street visits triggered by the shopping question: "What do you think?" The #WDYT campaign is actively engaging with shoppers as well as retailers, venues, and restaurants. This encourages shoppers to take pictures and share them online with a chance to win a cash prize.

**Vetrina Toscana** (IT) is a project gathering together small retailers and restaurants involved in the food value chain in the Tuscany territory. Small retailers can join the scheme on a voluntary basis. The project aims to provide a "shopping window" (which in Italian is translated to "Vetrina") for small traders and operators in general. The initiative aims at facilitating cooperation along the food value chain and promotion of typical local products, by targeting small and medium enterprises operating in agriculture, trade, craftsmanship and grocery in Tuscany. Communication between businesses operating in the food value chain (including small retailers) is encouraged through an extensive set of subsidised events which are promoted using the Vetrina Toscana brand (see above).

A further effective communication related aspect found in the case studies is the development of a network through face to face events and meetings. Such events create not only an opportunity to exchange views and trends, but also to create a common team spirit and improve the collective understanding of the issues and challenges faced, alongside the development of potential solutions.

#### Examples of communication activities to develop "team spirit"

The initiative **"Wijn Zijn Arnhem!"** (Arnhem,NL) aims to build a community where shop owners and the company work together, to develop joint marketing approaches. The network contains 19 small retailers who meet each month to discuss opportunities and identify actions in terms of what they can achieve as a collective. The goal is to be a network of small retailers with exclusive and high-end products, local reach, with human interaction and high service standards (where there is a face to face commitment to the customer). The organisation of the network is supported by a private sector consultancy company. The development of the initiative was not easy as there was a reluctance to work together, perceiving other retailers as competitors rather than partners. It therefore took a while for the retailers to understand the benefits of the initiative, which ultimately allowed them to define and highlight the unique selling points of their businesses.

Within the **GUUTE** (AT) initiative, regular retailer breakfasts are organised where retailers part of the initiative meet for a casual get together. The non-formal format of the meeting has proven to be effective as it removes pressures and barriers from the meeting. At a breakfast, retailers feel freer to speak and to exchange information than at a more formal meeting.

### Reflecting

"One-off initiatives" need a reflection phase to assess the effectiveness and efficiency of the initiative so lessons can be learned for future activities. On-going initiatives should integrate regular moments of reflection to support their own learning curve. In the case studies effective monitoring was found to help to improve the functioning of revitalisation initiatives.

### Monitoring

The monitoring and exchange on progress made towards collective targets of initiatives can be a key factor for success in building a successful initiative. Every initiative is only as successful as the interest retailers have in participating in it. To keep them involved in the initiative they need to see progress in achieving the originally set objectives. A presentation of "hard facts" helps to advertise an initiative and attract further attention and participation.

### Examples of monitoring activities

Monitoring information for the **PIATIC** initiative (ES) shows that since 2004, the first year the action was launched, 3 900 participants attended events, seminars and training workshops, 1 289 businesses benefited directly from the technological advice and 11 161 attendees participated in modernisation activities of associations.

The **Amsterdam 9 Streets** initiative (NL) pays close attention to the traffic on its official website and social media pages. The website has 1 500 visitors every day, 1.2 million home page views per year and each visitor views 4 or 5 pages. There are 10 000 views on the Facebook page per week in average. The page is rated 4.4 out of 5 from 793 reviews. Over 12 000 people liked the page.

### 3.4.2 *Conditions influencing effectiveness of initiatives and platforms*

Initiatives can be effective due to the implementation of effective actions along the project cycle. To support the effectiveness of such activities however, they need to be embedded in a setting of favourable conditions influencing their effectiveness. Based on the case study research, we have identified various specific effective conditions, which might be location specific or not. On a horizontal level, we have identified (and validated in the regional workshops) four meta-factors often influencing the functioning of initiatives or their failure. These are:

- **Professionalism** and **competence** of organisation and management of initiative;
- Strength of **stakeholder relationships**;
- A **shared belief** in the positive output of the initiative/the sense of the activities<sup>49</sup>;
- Context and **willingness to change**.

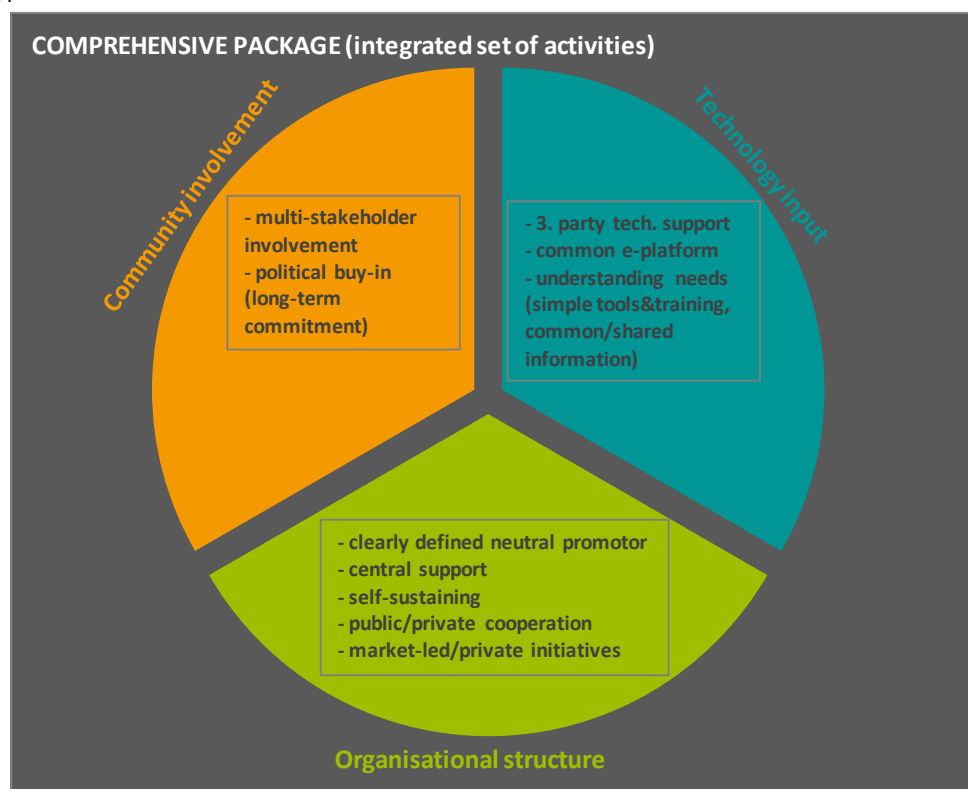
While these meta-factors are very important, they are also generic and applicable for other initiatives, not specifically targeted at revitalisation. On a more practical and specific level we observed three types of success factors influencing effectiveness which are interlinked and can create synergies and increase effectiveness if integrated in one comprehensive package of activities. These are:

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<sup>49</sup> Based on WKO (2015)



Figure 9 Three types of success factors



Source: Author's own elaboration based on 20 case studies

In the following sub-sections, we elaborate on the three main types of success factors and a fourth factor of comprehensive packaging.

### Organisational structure

The initiative's organisational structure is a key consideration in understanding its effectiveness. The case studies have highlighted five particular organisational features that should be considered in the replication of similar initiatives in other countries and regions: a clear promoter, central support, a self-sustaining finance structure, public/private sector cooperation, and private-sector lead.

#### A clear promoter

The case studies show that a clear neutral promoter serving as a one-stop shop connecting point can be key to developing successful initiatives. A promoter can steer the initiative in a targeted and effective manner. A promoter can be a retailer starting an initiative who acts as a role model to attract change and cooperation amongst other retailers. Some case studies have shown how it is important for some initiatives to have a clear "champion" or promoter who can bring the retail businesses together and encourage engagement in modernisation projects.

#### Examples of clear promoters

While the **Facility Shop** platform (FR) was initiated by one shop owner its success ultimately depended upon support from the local chambers of commerce who promoted the site and enrolled the shop owners. This allowed the coverage of the platform to expand into more local areas.

The **Amsterdam 9 Streets** initiative (NL) has been dependent on a dedicated community manager for promotion and advocacy. This is a joint funded position, funded 50/50 by the retailers' annual fee and by a

subsidy from the government, which provides a “champion” for the initiative and gives it a sense of direction and control.

A key success factor in the Great **Gloucestershire High Street** initiative (UK) has been a digital savvy, marketing focused, “champion” (a specialist provider) who has driven the development. Its success is also supported by good relationships between stakeholders who work in collaboration with the key provider to drive the initiative forward.

The **Mercado 47** initiative (ES) is a Hermeneus World initiative sponsored by the City Council of Madrid. It has a centralised structure that builds on in-house software developed by Hermeneus World, with an easy organisational structure and one central contact point for each and every problem. This allows for efficient management of the platform.

### *Central support*

Many of the case studies involved some degree of central support with public sector involvement. The case studies show how it can be important for the public sector to commit to supporting the development of community support structures over time. Some cases also show that the designation of a specialist body to promote digitalisation can help to improve the efficiency of the management and targeting of initiatives, as well as improve the branding of initiatives.

#### **Examples of central support structures**

The **CoSto (Connected Stores)** initiative (FR), by the SEMAEST organisation, shows how an urban development agency can support the small retail sector through a comprehensive redevelopment plan. With money lent by the Paris Municipality, SEMAEST acquires stores, oversees their renovation and rents them to shopkeepers on attractive terms. SEMAEST then supports its tenants in the implementation of their economic projects. After they have settled in, it provides them with services to help them develop, optimise their costs and better meet their customers’ expectations.

The employment of a community manager has been key to the successful implementation of the **Amsterdam 9 Streets** initiative (NL). The community manager acts as a broker to build links between retailers and the local authority as well as providing advocacy, PR, and marketing support services.

The **Commerce Connecte** initiative (BE) is led by a specialist public sector regional digital agency (the Digital Agency of Wallonia) who provides a diagnostic tool for small retail businesses.

### *Self-sustaining finance structure*

A key risk when launching initiatives for revitalisation is that they are not sustainable without continuous financial support. Activities such as training and advice may not need to be provided continuously, as the demand and need for such support may reduce over time. On the other hand, branding or communication activities are more likely to require self-sustaining funding mechanisms to support their longer-term functioning which is often required for them to be successful. The case studies demonstrate that an effective support structure for such initiatives is substantial initial public (financial and technical) support that is implemented in partnership with a club or association or similar type of membership body. The membership fees can then replace the public contributions in the longer term. Small retailers may also be more willing to contribute to a collective initiative in the longer-term as the benefits of collective action start to materialise. The case studies provide a number of examples of self-sustaining support structures where the small retail businesses make an ongoing financial contribution to the project.

### Examples of self-sustaining finance structures

The **WijZinArnhem initiative** (NL) is financed by a monthly payment of 40 euro per participating retailer to the company Ik Ondernem!, which pays for the community management of the website and the specific initiatives.

The **GUUTE initiative** (AT) is organised in the form of a club where members have to pay membership fees. Members who want to conduct a specific activity can then get a licence from the chamber of commerce to make use of the brand. The particular strength of this approach is that the club has a source of income. The licensing concept however helps reduce the financial risks of the initiative itself, as it 'shares the risks' with those using the licence. These remain with the organiser of a particular activity who at the same time has the benefit of being the main promoter of this activity.

The salary of the **Amsterdam 9 Streets** (NL): community manager, is partly funded by the retailers, who contribute 50 % of the salary costs. The other 50 % are covered by a government subsidy. This means that at the moment the initiative is still partially sustained by public authorities. A potential phasing out of such support might however enable a self-sustaining structure to evolve, which would mean increasing the income through higher fees.

### *Public/private sector cooperation*

Linking to the need in some cases for self-sustaining mechanisms, there is evidence from the case studies that a successful public-private partnership is often a pre-requisite for a successful intervention in the small retail sector. The individual nature of small retail operations naturally creates a general scepticism towards purely top-down approaches driven by the public sector alone, creating a challenge of gaining sufficient buy-in. On the other hand, purely private initiatives often lack resources and political weight to organise themselves in a form that has a real impact. Whether the original idea comes from the private or the public sector side is not necessarily the most important issue; what is more important is a shared focus and understanding of the sector's needs and a desire to develop complementary roles and responsibilities in the delivery of the activity. This cooperation can be identified in a number of the case studies.

### Examples of public/private sector cooperation

The **Mercado47 initiative** (Madrid, ES) is the result of an effective cooperation arrangement between the city council of Madrid and a third party technology provider (Hermeneus world). The city council invested in the set-up of an online e-commerce platform, as well as in advertising campaigns, for example on city buses and other high value advertising spaces in the city. Hermeneus World is a technology company that has developed the platform software for several years, and deploys it in several cities (Malaga, Madrid and Badajoz, and aims to do so in Barcelona soon). The retailers pay € 242 per year and sign a contract for one year that includes support for the set-up of their store online and training support.

The **PIATIC** initiative (ES) is an example of a publically supported initiative aiming at increasing the digital maturity of small retailers in the region of Asturias. The concept is to use private financial support to increase the digitalisation of the region (e.g. website development) with a phasing out structure to move from public investment towards private implementation.

The **GUUTE** Initiative (AT) is an example of how a public private partnership can develop over time. The initial idea was launched by the chamber of commerce which provides support and branding. The individual activities are then conducted by retailers who are part of the initiative. The initiative therefore is structured like a club, which is supported and licensed by the chamber of commerce, but to a large extent managed and driven by private retailers.

### *Market-led or private sector initiatives*

Bottom-up, private or market led initiatives can be very effective as long as they manage to sufficiently mobilise resources. In fact, the case studies show some examples of a purely private nature which managed to effectively support the revitalisation of the sector. However the case studies also show that, even with successful private sector initiatives, there is scope for public sector interventions to address particular information failures. These include small retailers' understanding of the benefits of the technology and methods to target appropriate retail businesses.

#### **Examples of market-led or private sector initiatives**

**iZoom** (IT) presents a good example of a private sector initiative as the advertising and promotional platform was developed by a private company and targeted small retailers in Reggio Emilia. The iZoom case study showed that a challenge in rolling out the initiative is identifying appropriate communities of small retailers.

The **Facilyshop** initiative (FR) is a classic bottom-up initiative where the initiator is the owner of a wine bar. His objective was to use simple digital technologies such as email, QR codes, a web platform and Facebook for community marketing. The success of this initiative is strongly based on the personal investment of the originator. Its source of success is its lack of administrative burden and simplicity in implementation.

### **Community involvement**

A key factor supporting the effectiveness of many of the initiatives (particularly larger, more integrated initiatives) is the involvement of the community. Community involvement can be considered in terms of multi-stakeholder involvement and political buy-in.

### *Multi-stakeholder involvement*

Multi-stakeholder involvement means that not only one type of stakeholder (e.g. retailers) is involved, but several layers are.

#### **Examples of effective multi-stakeholder involvement**

**Vetrini Toscana** (IT) is a project gathering together small retailers and restaurants involved in the food value chain in the Tuscany territory. Therefore the initiative by nature already includes stakeholders along the value chain of a product (=food). In addition, the organisational structure of the initiative being initiated and organised by public authorities, but supported by the retailer association creates an additional layer of multi-stakeholder involvement. This broad spectrum of involvement guarantees that the initiative is:

- Well known;
- Has large outreach capacity;
- Is "carried" by the interests of different groups and hence, does not easily risk collapse.

The **E-shopping Offensive** (AT) is organised by the chamber of commerce. It however involves private IT-advisors, who are trained by the chamber of commerce on the specific aims of the initiative and involves the region of Carinthia through financing support. This multi-stakeholder structure has the credibility and participation of retailers (who can choose from the private IT-experts), while benefiting from the organisational strengths of the chamber of commerce and the financial additional support of the region.

### *Political buy-in*

Political buy-in is particularly needed when a broader outreach, public facilities, or financial support are needed. Often good ideas of individuals fail or lack growth, due to limited resources (time and money), or have an insufficient communication infrastructure. Privately originated initiatives therefore often require political buy-in to leverage their idea and broaden the foundation of their initiative. Such examples can be found in the case studies assessed.

### Examples of effective political buy-in

The **E-shopping Offensive** (AT) is organised by the chamber of commerce involving private IT providers managed to arrange a cooperation with the region of Carinthia to co-finance the advisory services. This lowered the cost so small retailers could participate.

An example for an initiative that was at first successful but then suffered as a result of losing that political buy-in is the **Academy Castle**, an initiative under the Lisbon Commercial Academy (run by a consultancy) in Portugal. The initiative started very promisingly and was very well appreciated by participants. It started in 2013, but after a first successful year it lost its political support due to a change in government. It is now trying to "get back on its feet".

The **GUUTE** initiative (AT) managed to acquire 80 % LEADER co-financing of their bonus card system. This public support was also achieved through the support of the chamber of commerce.

### Technology input

Technology support can be the key activity of an initiative (see above). Technology can however also be an enabler of initiatives to achieve other objectives. An effective option is to make use of third party technology inputs or to create common e-platforms. Before implementing any solution it is, however, very important to understand the specific needs of the target group so to develop a targeted support scheme, and hence provide appropriate infrastructure and tools.

#### *3<sup>rd</sup> party technology support*

An effective way to get around the challenge of high fixed costs and the implementation burden associated with acquiring technologies is to seek third party technology support. The case studies show several examples of such third party technology use which has allowed individual initiatives to support small retailers.

### Examples of effective 3<sup>rd</sup> party technology support

The **Digitale Innenstadt** (DE) project, organised by the retail association HDE (Handelsverband Deutschland) in cooperation with eBay, consists of a competition for towns to get specific access to the facilities of eBay. The specific advantage of such a format is that it allows small retailers to take advantage of large international providers, rather than trying to compete with them. The advantage for eBay is that it avoids having local competition and profits from individual sales.

The **iZoom platform** (IT) is provided by Input srl which developed and runs the platform. The platform is then available to users as software as a service. The aim of the platform is to provide small retailers with some visibility online. It then also sells new services to companies which have trouble staying on the market in their current model because of competition from large retail. The specificity of this model is that it is based on a fixed service fee which does not take a mark-up on each coupon sale. This approach provides predictability and affordability of costs for small retailers without them having to implement their own solutions.

#### *Common e-platform*

Instead of joining third party offers, if small retailers join forces it can be an effective measure to increase scale sufficiently to make use of e-commerce opportunities and to compete with large international providers. The case studies on e-commerce platforms show that such joining of forces can be an effective condition to support the revitalisation of small retailers.

### Examples of successful common e-platforms

**IshopBraga** (PT) is an initiative of the Commercial Association of Braga intended to encompass the city of Braga involving Oxys - Marketing Consultants and NKA - New Knowledge Advice who developed and manage the platform. The e-commerce platform covers the city of Braga, specifically the city centre. The platform managed to achieve about 20 000 views per month and continues to grow.

**ZlavaDna** (SK) aims at providing a marketplace, where different types of retailers can offer their services and goods via promotional offers. Its more recent objective is to promote different regions of Slovakia, as well as local production and sellers. The idea took inspiration from the American Groupon platform. It thus is not primarily targeted at including small retailers, but also a series of service providers. This broad setting of involved parties spreads the burden of operating a platform.

**Mercado47** (ES) is an online marketplace developed for the small retailers of Madrid, by the publically supported company Hermeneus World. This start-up has developed in-house the software "Digital Market", aimed at business ecosystems such as cities, private or public associations, confederations of trade or cooperatives interested in scanning quickly and effectively all operations related to the promotion, purchase, sale and distribution of their businesses and shops. They already have implemented their solution in the city of Málaga and the provinces of Biscay and Badajoz. The platform creates a well-known collective e-commerce market place which is professionally managed and does not require individual retailers to expend a lot of effort to participate.

**HKTDC.com** (HK) is an outside EU example of a successful platform in Hong Kong. The unique selling point of the platform is that it is a buyer-oriented online sourcing platform for small quantity purchases. There are 100 000+ products available in quantities of 5 – 1 000 pieces through direct deals with verified suppliers (the supplier quality is evaluated based on international certificates). Today, the platform connects more than 1.7 million buyers and some 130 000 suppliers. HKTDC.com thus provides for seamless integration of Hong Kong SMEs who obtain global exposure to potential buyers.

The HKTDC - on behalf of all suppliers - applies e-commerce good practices such as:

- integrated matching services dedicated to help global customers identify and screen potential Hong Kong business partners;
- Buyer reward programmes;
- Targeted promotions (for example 20+ product magazines and supplements annually reaching five million readers in some 200 countries and regions);
- The use of multi-media channels (e.g. YouTube) and integration of online solutions (such as PayPal payment).

Rather than trying to sell online individually, Hong Kong SMEs can thus leverage this existing platform to promote and sell their goods.

It goes without saying that the target "buyer" group of HTKDC.com are SMEs, including European SMEs.

### *Understanding support needs*

The basis of every effective initiative is to tailor it to the specific needs of retailers in a certain area or sector. This is crucial as it guarantees the efficient use of resources. A good awareness of the context and the specific setting can be created by maturity/inventory activities within an initiative which might be provided through involvement of relevant stakeholders or by detailed feasibility planning.

### Examples of understanding support needs

An early lesson from the **CoSto initiative** (FR), for example, was that the technology offers were perhaps too complex for the stores as they did not feel they had the knowledge or insight to decide how to proceed. An evaluation concluded that a stronger targeting and pre-selection process was needed as well as a more segmented approach in the delivery of technology solutions.

The **Commerce Connecte** (BE) example shows how a simple and user-friendly online self-diagnostic guide can help to determine the digital maturity of the retailer and the type of solutions required in the short term to progress digital transformation. Key to the success of the project was the availability of a personalised diagnostic and training path which provided easily implementable outcomes. The guide is based on a tree of possible digital profiles, with related training topics to follow and digital skills to acquire. The diagnostic guide divides users into 4 groups and offers them a personalised training programme to enable them to develop their digital transformation:

- Retailers who have a low digital maturity are assisted with taking their first digital steps with an email address, a Facebook page and a Google My Business page so they can be geo-located. These actions are proposed if they have a low score (of 25 out of 100);
- The retailers who already have a digital identity which is not necessarily formalised and/or coherent and want to go further are assisted with registering, for example, on some platforms bringing together local shops like Localisy, Nearshop, Amazon, etc. These actions are proposed if they have a score of 50. Those more mature retailers, who have a score of 70, are assisted to have a custom website where they maintain the content themselves.

The retailers who are the most digitally mature, who want to move to e-commerce, are assisted to do so either via their own website or through an e-commerce platform such as eBay or Amazon. This occurs where they score 80.

### Comprehensive support packages

The support to small retailers usually consists not of one, but several measures tailored to the specific setting. Such a package of support actions needs to be developed in a comprehensive way, which focuses on developing synergies and mutual reinforcing of individual actions.

#### *Integrated actions*

The case studies show that if well integrated, a bundle of light measures can achieve much more than more intensive targeted measures. In their implementation, such comprehensive and integrated actions are however much more difficult to coordinate and plan. In practice, we see that effective strategies are often area based strategies (focusing on a specific area) or targeting a specific aspect of modernisation through different angles. The case studies included examples of area-based strategies and integrated actions aimed at addressing the challenges faced by the small retail sector within a particular locality or region.

#### Examples of area based strategies

The **CoSto** (Connected Stores) initiative (FR) is overseen by the urban regeneration agency SEMAEST who acquires stores, oversees their renovation and allows shopkeepers to rent them. SEMAEST then supports tenants in the implementation of digitalisation projects by providing advice and personalised training, with a specific programme "CoSto on the road".

The **Pakt PRO Commerce** initiative (LU) which is currently at an early stage in its implementation, is undertaking feasibility work to identify appropriate actions to develop complementary links between city centres, and commercial centres outside cities. The strategy will aim to position the small retail sector within the global offering of the city (which includes the role of larger shops, tourism and accessibility). Of particular relevance to the small retail sector is the focus on identifying suitable locations (and redundant buildings) that could potentially support the growth of the sector. This initiative will also include programmes of support to the small retail sector including advice on the challenges and opportunities offered by ICT technology tools and the creation of a digital platform to showcase the retail offering.

While the above actions are based on an area and therefore, by nature, broad in their specific activities, the following is broader in terms of specific actions but has a more targeted objective. Such objectives may consist, for example, in targeting an increase of e-commerce possibilities for small retailers by 50 %.

### Examples of Industry or e-commerce strategies

One of the case studies focused on a country-wide e-commerce strategy (Malta). The strategy aims to ensure that all traders have the necessary knowledge to capitalise on opportunities brought about by e-commerce. While the strategy is broad covering all aspects of e-commerce development in Malta, there are particular elements within the strategy that should benefit the small retail sector. These include updating online e-commerce guidance and delivering e-commerce mentoring and support programmes aimed at small and micro businesses.

#### 3.4.3 Conclusion: Analysis of effectiveness of types of initiatives and platforms and conditions influencing their effectiveness

Types of effective initiatives and platforms can be distinguished into two types of effective approach, focusing either on the modernisation of individual retailers, or on modernisation through cooperative measures. The most appropriate approach depends not only on the specific policy aim but, also, on whether the setting is either local or regional. Effective actions can be identified along the project cycle for all types of modernisation initiatives: 1. Investigating (e.g. inventory of stakeholders, maturity screening, quality screening etc.), 2. Planning (e.g. city planning, development of brands, engagement strategy etc.), 3. Taking Action (e.g. training/advisory, awareness raising, technology implementation, communication etc.), and 4. Reflecting (e.g. monitoring, evaluation of intervention etc.).

On a horizontal level, we have identified four meta-factors often influencing the functioning of initiatives or their failure. These are:

- **Professionalism** and **competence** of organisation and management of initiative;
- Strength of **stakeholder relationships**;
- A **shared belief** in the positive output of the initiative/the sense of the activities<sup>50</sup>;
- Context and **willingness to change**.

On a more practical operational level we observed three interlinked types of success factors influencing effectiveness, which need to be seen in the form of a comprehensive package:

- **Organisational structure** (clear promoter, central support, self-sustaining structure, public/private cooperation, market-led/private initiatives);
- **Community involvement** (multi-stakeholder involvement, political buy-in);
- **Technology input** (third party technology support, common e-commerce platform).

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<sup>50</sup> Based on WKO (2015)



## 4 Practical solutions on fostering revitalisation and modernisation

The analyses in the previous chapters have shown that while the economic outlook for small retailers remains fragile and fragmented across Europe and that some small retailers are struggling to adapt to an ever-changing environment (particularly with respect to technological innovations affecting consumer behaviour), there are many successful initiatives across the EU that provide support in modernising small retailers to remain competitive in the future. Such initiatives occur mainly at a very local level, such as a defined district within a city centre, and are thus embedded into local structures, tailored to the specific needs of the target group. Given the diversity of the sector at the heart of our analysis, covering urban and sub-urban and rural stores, generalists and specialist stores, family and small entrepreneurial businesses, a diversity of solutions is of no surprise. One-size-fits-all measures are not appropriate and have a low chance of success in such a diverse setting. The analysis of the case studies suggests, however, that there are best practice examples of specific solutions to specific problems that contain generic elements which may be transferred (and adapted) between towns, regions and Member States. The discussions in four regional workshops (Oxford, Madrid, Warsaw, Lisbon) underline that, while local problems appear to be location specific at first glance, learning from best practices in other regions can provide the necessary edge to tackle these problems. Moreover, the Brussels seminar helped to identify specific practical suggestions for organisations supporting small retailers.

This chapter provides first the conceptual basis of modernisation and introduces a categorisation of practical solutions targeting modernisation. It then proposes practical solutions for fostering the revitalisation and modernisation of the small retail sector based on the analysis presented earlier. The focus is transferable (and mainly soft-policy) solutions with an emphasis on digital technologies (including the use of local e-commerce platforms) that have been validated as “best practices” through the project analysis and the feedback from stakeholders that participated at the regional workshops. The solutions presented have then been further validated and fine-tuned on the basis of an indicative stakeholder survey and the Brussels seminar. The issues and solutions described in this chapter also provide the basis for the separate online guide for local and regional authorities to modernise and revitalise the small retail sector in Annex G.

### 4.1 Identifying practical solutions within a concept of modernisation

Before establishing what set of solutions can be provided to local authorities and stakeholders, it is important to define the aim of the proposed solutions: practical solutions are intended to serve the purpose of modernisation and as such contribute to the revitalisation of small retailers. Modernisation can be conceptualised as a process driven by incentives and pressures on a sector which, through the interplay of the sector’s modernisation capabilities and actions, leads to a more modernised sector. This concept provides the basis for a framework into which different modernisation solutions can be placed. In the following section, the conceptual foundation is presented, as well as the steps towards the identification of thematic support areas. Specific solutions are presented in the subsequent section.

#### 4.1.1 *A concept of modernisation for small retailers*

The factors driving the need to modernise the small retail sector can be categorised under the following headings:

- **Extended framework conditions** such as the regulatory environment, geographical or political conditions, technology trends etc.;
- **Market conditions** such as the unemployment rate, economic growth, demand developments etc.

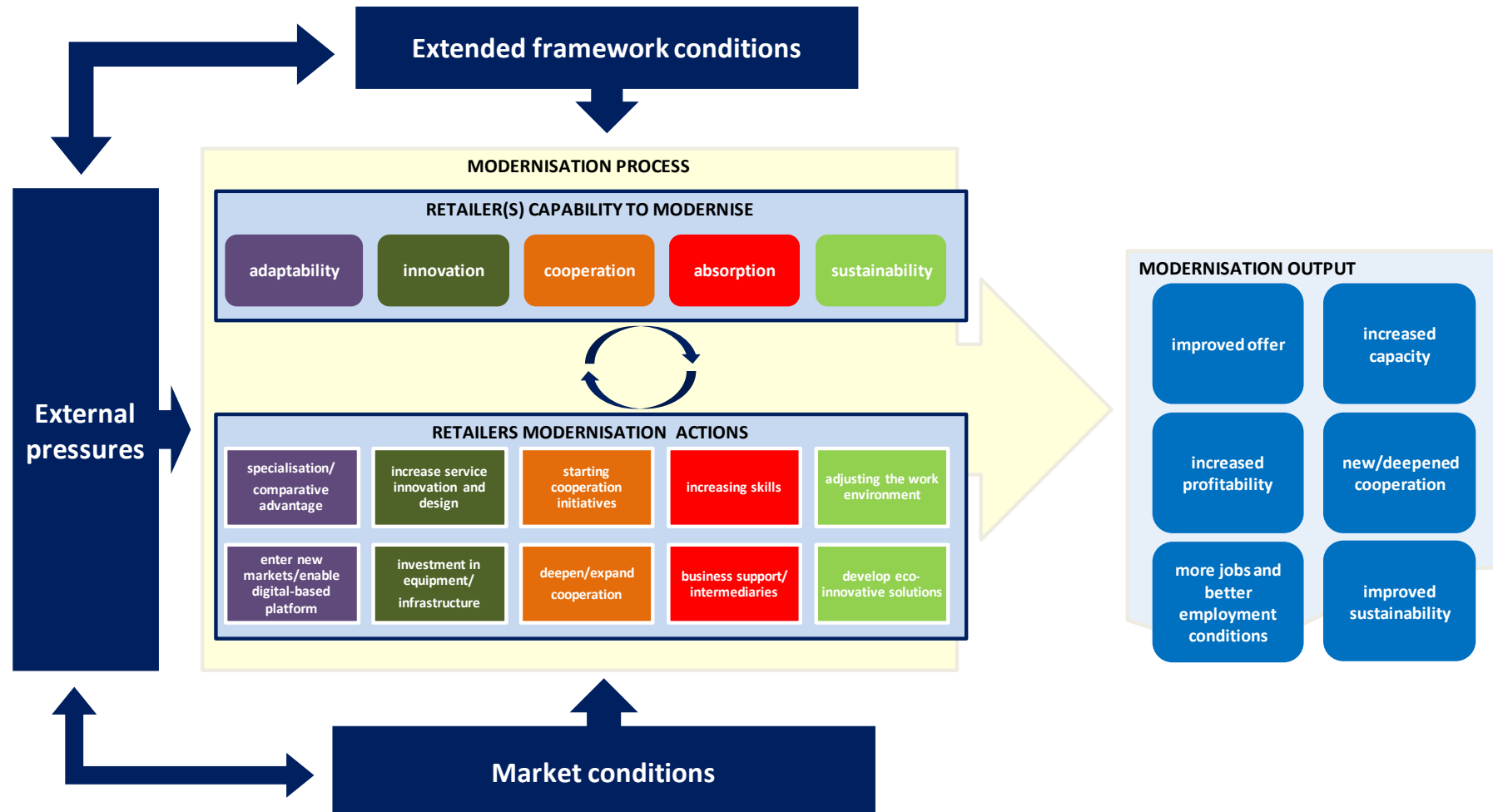
The interplay of extended framework conditions and market conditions determine the pressures on the sector (see chapter 2) which require a “modernisation” response from small retailers, if they are to remain in business and/or thrive. To what extent modernisation is possible will depend on the individual and collective capabilities to modernise. Such capabilities can be grouped into five types:

- **Adaptability:** the ability to respond to a changing environment, to exploit comparative advantages, develop specialisation and access new markets, to respond to the need for greater flexibility in all forms, and to meet the challenge of increasing e-commerce competition;
- **Innovation:** the level of innovative capacity in terms of technological innovation, but also product and service offers;
- **Cooperation:** the capacity of different types of related stakeholders (retailers, other stakeholders along the supply chain, associations ...) to cooperate with each other;
- **Absorption:** the capacity to absorb new increased skill levels in terms of making use of a higher skilled workforce in an effective manner or through the use of specialist business support providers and intermediaries;
- **Sustainability:** the ability to adjust a business to increasing requirements on sustainability (higher environmental standards, but also changing desires for flexible work environments).

The extent of modernisation will then depend on the willingness and ability of retailers to make use of their own and collective capabilities and on how these are translated into specific modernisation actions (e.g. specialisation, investment in equipment, starting cooperation initiatives, increasing skills, adjusting the work environment). The modernisation can then be measured in the form of modernisation outputs, such as an improved offer, increased profitability, more jobs and better employment conditions, increased capacity, new/deepened stakeholder cooperation, improved sustainability.

The following figure illustrates the concept of modernisation.

Figure 10 A concept of modernisation for small retailers



Source: Author's own elaboration

Public policy makers can influence some of the extended framework conditions (such as regulatory issues and the policy environment) through “hard policy” measures, which are mainly determined at a national level. They can also provide “soft policy” support to strengthen the small retailers’ capabilities to modernise or implement actions making use of the existing capabilities. Such support may be provided at a national level, but often needs to be implemented or launched at a local or regional level. Policymakers need to identify the solutions that are best suited to the capabilities of their retailers (What innovation capacity does the retailer have? What cooperation is possible? What change can be absorbed? etc.)

#### 4.1.2 Identifying the right path towards a modernised sector

*Note: A separate practical guide has been produced in the framework of this study, which provides step-by-step guidelines towards the identification and implementation of modernisation actions.*

The concept of modernisation provides a theoretical framework wherein we can locate types of potential support actions to modernise the sector. At the same time, local authorities can learn from best practices across the EU on the practical implementation of actions and which of them are effective and why. Before implementing the actions, however, authorities need to follow four crucial steps for selecting actions:

Figure 11 Steps towards modernisation actions



Source: Author’s own elaboration

- 1. Assessment of the state-of-play:** every successful initiative towards modernisation starts with an assessment of the status quo. The initiator of a support action needs to be fully aware of the market conditions, the extended framework conditions as well as the capabilities of the sector it is addressing. This covers an understanding of geographic (dis-)advantages, infrastructural aspects (e.g. internet access, the IT tools available), existing cooperation structures (e.g. associations, initiatives available etc.), demographic trends etc. It also covers a good assessment of what existing cooperation and support structures exist;
- 2. Identification of desired end-state:** Building on the identification and evaluation of the status quo, a desired “end-state” or final goal of modernisation needs to be defined. The clearer the final objective, the easier it is to assess what actions to undertake;
- 3. Identification of needs to get to end-state:** Comparing the projected end-state and the state-of-play will help to identify the needs to achieve the objective. Questions to consider

are amongst others: Does the offer need to be improved? Or technology used? Does the working environment need to be adjusted or the level of cooperation enhanced? Is the absorption capacity not sufficient?;

*Note: If technology needs are to be assessed, chapter 2 as well as Annex B - Technology might provide relevant insights on technology maturity and expected trends.*

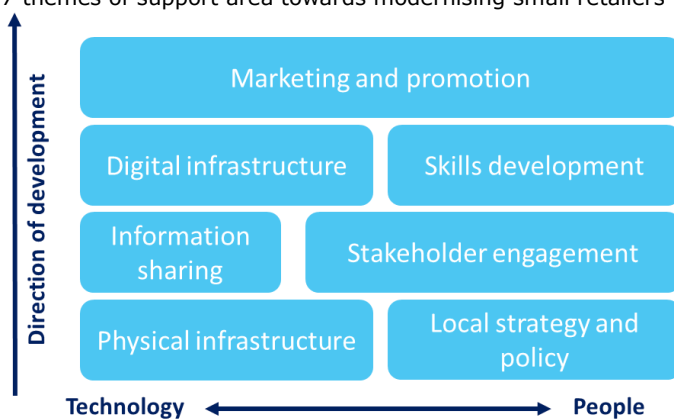
4. **Selection of most adequate solutions:** Once knowledge of the needs is obtained, specific actions can be allocated. In practice, the decision on what actions to pursue will also contain a prioritisation component as (usually) financial and other support means are limited.

The decision on what direction to choose is not always easy and will require a process of discussion and validation with all stakeholders.

#### 4.1.3 7 themes of support areas towards modernisation

Some support actions for local authorities equal the modernisation actions as shown in the conceptual framework (e.g. skills development which can be done individually or provided through training or cooperative initiatives). Others however can be seen as more horizontal measures supporting the building up of modernisation capabilities. Our analysis indicates that there are seven themes of support areas for such capability building under which practical solutions can be grouped. Depending on local conditions, different solutions from within one or more of these themes may be appropriate to the local context and to reach particular targeted outcomes. For example, solutions to address knowledge and skills weakness will be different from measures to address deficiencies in digital infrastructure. Nonetheless, the feedback from the stakeholders that participated in the regional workshops and the wider project analysis indicates that effective strategies should ideally address weaknesses in any or all of the seven thematic areas. Such strategies therefore need to be built, using all necessary components coming out of the themes. The seven themes for support identified in this study are shown below:

Figure 12 7 themes of support area towards modernising small retailers



Source: Author's own elaboration

As the above diagram suggests, successful initiatives require a mixture of people related and technology related tasks to come together (horizontal axis). The main focus is on better marketing and promotion of small retailers and the location in general. However, this should be built upon strong foundations (vertical axis), covering good digital and physical infrastructure, developing stakeholder engagement and information sharing, overlain with skills development.

As stated above, it is for local authorities to make decisions about what areas they should focus on and what precise policy measures to implement. The decision will have to be based on the specific circumstances and precise needs in their location, the existing and desired capabilities, and the existing stakeholder setting and support structures. The indicative survey confirmed the importance of the seven themes of solutions identified. The main priority identified by both trade associations and public authorities was the need to focus on the particular area within which the small retailers exist, confirming the importance of a local strategy and policy. In terms of taking action, the focus of any policies and strategies developed should be to encourage shoppers to visit the area. Marketing and promotional activities organised by the community and local authorities to promote the area through activities and events, such as fairs organised by local associations and interest groups were considered key in achieving this. This should be supported by improvements to the physical infrastructure, which is considered to be a joint responsibility requiring public investment and cannot be left solely to private investment. Of the methods to improve competitiveness through digital technology and innovation, the adoption of digital tools and applications and online platforms (not e-commerce) that create a digital presence for the area and help get small retailers on the digital map were highlighted as priorities.

In the following section, we will elaborate on each of the themes and provide practical solutions/examples for their implementation. A more instructional approach of presenting the key solutions can be found in a separate guide (see Annex G), developed on the basis of the identified themes. The guide re-structures the themes into a logical order of solutions towards developing a local strategy. It also provides tips on how to identify suitable solutions.

#### *4.1.4 Conclusion: Identification of practical solutions*

Modernisation is both an outcome and process which can be defined in terms of the interplay of existing modernisation capabilities and those actions taken to exploit or enhance these capabilities. It is affected by five main categories of modernising capability (adaptability, innovation, cooperation, absorption and sustainability). The modernisation process can then be measured in the form of an improved offer, profitability, employment, capacity, cooperation and improved sustainability. Which specific areas are of the greatest need of modernisation and/or offer the greatest potential to strengthen competitiveness and revitalise the small retail sector depends on the local setting, which requires a specific assessment of local conditions and the desired future end-state.

This project has revealed a broad range of practical examples from across the EU, of initiatives (solutions) to modernise small retailers in specific settings. While every situation is different, there are sufficient commonalities across the EU to allow for solutions to be transferred. Local authorities need however to define clearly what they want to achieve (define the goal) and properly assess what is needed to achieve this goal. The practical solutions identified by this project can then provide inspiration for local authorities to develop their own solutions tailored, as necessary, to their local setting.

Practical solutions can be grouped into seven themes of support. The themes are: Support for local strategy and policy development, retail sector information and knowledge sharing, stakeholder organisation and engagement, public and digital infrastructure improvements, improved competitiveness through digital technology and innovation, skills development and upgrading, marketing and promotion. The section hereafter offers a selection of practical solutions – or a “toolbox” – organised according to these themes.

## 4.2 Practical solutions to modernise small retailers

Practical solutions presented hereafter were developed based on bottom-up research on what works and what does not and what measures identified in case studies have been observed to be particularly effective. On that basis, the solutions have been tested and polished through consultation with stakeholders at regional workshops. The solutions cover a broad range of soft policy support measures supporting modernisation actions and increasing the modernisation capabilities of small retailers. The solutions are presented under the seven themes:

1. Support for local strategy and policy development;
2. Public infrastructure improvements;
3. Retail sector information and knowledge sharing;
4. Stakeholder organisation and engagement;
5. Improved competitiveness through digital technology and innovation;
6. Skills development and upgrading;
7. Marketing and Promotion.

Each solution is described hereafter including relevant real-life examples. The solutions were discussed in the Brussels seminar, where further practical suggestions and improvements to the best practices were collected, which are reported below the examples. A further shortened version of the solutions, which is presented in a more instructional format, can be found in the separate guide at Annex G.

### 4.2.1 *Support for local strategy and policy development*

#### *The solution*

It is generally acknowledged that there needs to be a local dimension to the formulation of strategies and policy initiatives to support small retailers. And, accordingly, that the quality and consistency of local policy-making is an important ingredient in building successful approaches to revitalisation, whether targeted at the retail sector alone or for a particular location. Lack of specialist knowledge and expertise can however present a considerable challenge for retail sector strategy and policy development, especially for smaller local public administrations with limited resources.

Some national administrations have recognised the problems faced by local administrations and have taken concrete steps to help support local-level policy formulation. For example, both in the UK and the Netherlands, national administrations have supported the development of retail “toolkits”, which aim to provide guidance and “best practice” examples to both raise awareness among local policy-makers and offer information and guidance for better strategy and policy development. Similarly, in Flanders (Belgium) the regional government has prepared a guide for local administrations to develop a strategic plan for the retail sector. Meanwhile, Luxembourg as part of its Pakt Pro Commerce puts in place a Legal Expert Pool able to advise regional and local administrations on legal and regulatory issues. In other cases, administrations of the same level from other areas support local authorities by sharing their own experiences and tools (for example, in Austria). In Ireland, town centre health checks are being organised to measure the performance of, and support the revitalisation of historic town centres.

#### **Examples of supporting local strategy and policy development:**

**Regional Partnerships** (GUUTE – AT): Local authorities in other districts of Upper-Austria have identified that the GUUTE initiative is a best practice example to follow. They therefore arrange meetings with the

organisers of the GUUTE initiative to better understand what needs to be done and what challenges might be faced. Given that the bonus card system is an integral part of the success of the GUUTE initiative, and its setup and implementation are costly, GUUTE also provides support by sharing their experiences and gives access to their system to other districts. This is a form of peer-to-peer exchange.

**Legal Expert Pool** (Pakt Pro Commerce – LU): The aim of the “Pakt Pro Commerce” is to support the dynamic development of the retail sector in Luxembourg, consisting of five key actions. Under the action “Urban Commerce”, the Pakt aims to support the professionalisation of municipal policies on trade and economic development to make the city more attractive and dynamic. It has also put together a Legal Expert Pool to advise regional and local administrations of best practices and suggested actions.

**Toolkit** (A strategy for future retail – UK): In 2013, the UK government published its strategy for future retail which included the development of a pilot toolkit for Gloucestershire that could then be applied to other parts of the country. The toolkit makes use of national framework themes (people and footfall, diversity and vitality of place, consumer and business perceptions, economic characteristics), which are then defined in the form of indicators (footfall, retail offer, business confidence, retail sales, etc.). The toolkit elaborates on the definition of each indicator and why it is important to monitor them. This supports local authorities implementing and monitoring their local strategies.

**Toolkit** (The “Retail Agenda” – NL): The “Retail Agenda”, published in 2015 by the Dutch Ministry of Economic Affairs and sector representative organisations, offers an overarching strategy to revitalise the retail sector. It consists of 20 key agreements encouraging investment in shopping areas and their modernisation, including opportunities for entrepreneurship and investment in people. These agreements include new ideas on combined zoning for shops, cultural establishments and hospitality businesses, as well as additional training for shop workers. The plan is to work together with at least 50 towns and villages to develop the ideas into a practical toolkit by the year 2018, which should then provide examples of best practices and suggested actions. As of May 2017, 21 events have taken place as part of the Retail Agenda and the knowledge collected is being shared at Retail Agenda Congresses.

**Guide for local administrations** (Shopping in Flanders – BE): This regional strategy, developed in 2012 by the regional government of Flanders to revitalise its retail sector, provides an integrated retail policy that focuses on strengthening city or smaller districts within them. The strategy sets out support measures to encourage communication between stakeholders, facilitates knowledge-sharing (e.g. through a knowledge centre that provides information on consumers and coaching), and supports spatial planning. It also includes advice on funding, such as a guide on subsidies developed specifically to support small retailers. Such subsidies may apply when public works reduce the flow of customers to small retailers and negatively affects their turnover.

**National Pilot Town Centre Health Check (IE):** This project conducted by the Irish Heritage Council and the trade association, RGDATA, together with a number of other organisations, aims to be an innovative national “Towns” capacity-building programme designed by and for Local Authorities and other stakeholders to support professionalisation. It includes training sessions on how to assess the health and vitality of city centres by reference to vacancy rates, footfall etc., using partnerships with education establishments. It also forms partnerships with professional practitioners who can mentor the Local Authority and help them develop their town plan. It aims to raise the awareness, understanding and appreciation of the role of historic town centres for the vitality of the town and its citizens. The training builds upon innovative aspects in international best practices for collaborative development for revitalisation and its focus is to make the participants aware of these practices. The project was launched in 2016 and will last until 2018.

#### *Practical reflections from the Brussels seminar*

Cultural differences in small retailers' expectations on the responsibility and role of (local) public administrations to initiate and provide support to businesses can have an important influence on determining “who” is best placed to set out policy frameworks and determine strategies. In turn, such differences may condition the types of support expected from local administrations and other actors (e.g. business associations) and, accordingly, the perceived relevance and likely effectiveness of different actions.



Irrespective of whether frameworks for retail policy are determined “top down” (e.g. by national-level administrations) or “bottom up” (e.g. by retailers at a local level), frameworks need to be translated into actionable strategies and policy actions. Providing guidance and offering support to local administrations can be useful, but only if it is followed up at a local level. This may require a “stick”, in the form of national policy requirements that oblige local authorities to initiate steps to translate policy frameworks into concrete actions, and a “carrot” in the form of national funding to support local retail strategy development and implementation.

Lack of coherence between different local initiatives can undermine effectiveness; e.g. where different locations pursue competing strategies that undermine each other (e.g. one location's efforts to support urban small retail are undermined by a neighbouring location promoting expansion of an out-of-town large shopping centre). To avoid such situations arising, it may be appropriate to have some form of oversight or mechanism for dialogue – at a national or regional level – that can adopt a broader view and help to ensure coherence of initiatives in different locations and/or market segments. It needs to be noted that some towns may not want to share their strategy with their neighbours as they fear losing their competitive edge. This can only be overcome by investments in building trust and cooperation between the towns.

#### **4.2.2 Public and digital infrastructure improvements**

##### *The solution*

Improvements in public infrastructure can play an important role in helping (re)connect small retailers and customers.

At one level, this can be through investments in upgrading and maintaining the physical infrastructure in and around retail zones. Enhancing the attractiveness of shopping streets and city centres, where traditional small retailers are typically located – for example, making sure the areas are neat and tidy and putting on family-friendly events – can really help boost the shopping experience and bring in more (potential) customers. Attracting customers can, however, also require aiding their mobility and increasing the accessibility of retail zones; which may require devising solutions and making investments to provide better parking facilities or public transport. A suggestion from one of the workshops is to create a “network” that brings together public transport and local shops – a solution with the potential to appeal to all generations (from elderly citizens who may rely on public transport to access their favourite, traditional shops, to the younger generation who may have a preference for using “green” means of transport).

At the second level of “hard infrastructure”, and becoming ever more important in an increasingly digital world, are solutions targeting digital infrastructure. Providing better 4G (or soon 5G) coverage in city centres and combining it with “soft infrastructure” activities to put retailers – individually or collectively – on the digital map are another way to connect with customers. This can help enable customers to locate stores and check out their offers “on-the-go”, as exemplified by the success of the digitalisation of the Great Gloucestershire High Street in the UK. Providing small retailers with internet access can be a simple but crucial step. By providing the “hard infrastructure” to facilitate their own investment in “soft infrastructure” such as an online presence, enables them to raise awareness of their shops, products, services and promotional offers among consumers. For example, the initiator of Facilyshop in Nice (France) wanted to create a community between the inhabitants and the local commerce via email, QR codes, a web platform and Facebook, which proved to be quite difficult because many small retailers did not have access to the Internet in their shops.

More generally, yet perhaps most importantly, public policies can help increase the quality of life in city centres so that people want to live and, hence, shop there. Working on improving transportation, the environment (e.g. parks and recreation), and cultural offerings (e.g. festivals, theatre, etc.), can do a lot to attract people and, hence, increase commercial activity. As evident from the discussion with several of those interviewed, often the best thing to do to help revitalise traditional retail, is to get young families to move back into town centres.

**Examples for measures to support public and digital infrastructure improvements:**

**Digital infrastructure provision** (Great Gloucestershire High street – UK): In Gloucester, the high street customer experience was rapidly improved. With the support of place-making companies who advised the town centre manager, business district managers and small businesses on a range of digital initiatives, the pilot city improved digital access by linking WiFi and 4G to the CCTV network and set up digital information stands. An extensive social media campaign popularising a linked hashtag (#WDYT) helped to improve engagement with both online and offline customers, and a loyalty card was also created for local residents.

**Easy access to online networks** (Facilyshop - FR): This initiative was started by a single individual, who wanted to provide local small retailers with easy access to an online community of local businesses. This included creating a website to which they could sign up for free, and a Facebook page they could join just by “liking” it. It is important to note, however, that this proved more difficult than expected due to a missing prerequisite - many retailers did not have access to the Internet in their shops.

*Practical reflections from the Brussels seminar*

A more “holistic” approach to revitalisation actions and public infrastructure investments is necessary. For example, to be effective, support for small retailers’ take-up of digital tools and applications makes sense only if adequate digital infrastructure is available, both for the retailers and the customers they seek to attract. Investments in digital infrastructure will not help revitalise a particular location, as long as physical access to the location remains poor. And, actions to improve the attractiveness of a location are unlikely to be successful if they target the retail sector in isolation from other businesses (cafes, restaurants, etc.), public services and amenities. Similarly, the situation and needs of both small and larger retailers need to be considered and, to the extent possible, aligned within adopted solutions. Overall, location-based revitalisation policies and actions must take account of the whole offer to consumers and place it within an overall framework; it must address the question “What is the role of the town/city/village centre?”

Ultimately, this may require a fundamental change in policy and planning mind sets, shifting from a focus on retailers per se towards a broader based support for places, where urban planning approaches take account of both physical and digital activities.

Where the town centre retail districts have public streets and spaces, local administrations are responsible for their quality and maintenance. Where capital investment upgrades are planned, it is wise to involve local partnerships/stakeholders and (potentially) leverage private sector co-investment in the development planning processes.

Where local administrations have influence over transport infrastructure and services, together with signage, parking, traffic information etc. these can be viewed as part of the support process for the town centre retail sector and exploited so that they contribute to the overall discoverability of retailers and cultural/leisure amenities.

Digital access infrastructure is usually provided by private sector companies, but procured by local, regional or national government. As such, local government can have a great influence on this vital aspect of digitalisation as it can impact for example the type of network infrastructure or the quality of future access. This includes fixed line “fibre-to-premises” broadband, wireless networks supporting CCTV for traffic management and security, public access WiFi and private WiFi hotspots, as well as 4G improvements.

#### **4.2.3 Retail sector information and knowledge sharing**

##### *The solution*

Improving the availability, accessibility and quality of information relating to developments in the retail sector and the business environment is crucial for both policy-makers and retailers themselves. Providing thorough and easily accessible and findable statistical information on the sector can enable businesses to better manage their operations on the basis of robust data concerning market developments, competition and consumer behaviour, rather than by “relying on their intuition”. Similarly, it enables public administrations and other concerned organisations – such as business associations and chambers of commerce – to base, and revise, their strategies and policies on reliable information and data.

Such activities may include the collection of information on the availability and occupancy of commercial and retail property. For example, an action under Luxembourg’s Pakt Pro Commerce puts together a unified “national cadastre” of commerce, which should help to overcome difficulties encountered by small retailers seeking a location to open a new business by providing information on available commercial spaces and prices and helping them understand customer habits and shopping behaviours. A similar Greek initiative is targeting the entire retail sector of the major urban centres of Greece, mapping the concentration of retailers against the location of customers using GIS technology. This “Retail Observatory” shall provide advice on the optimal choice of location for retail enterprises.

Going a step further may involve tailoring information to be more easily “digested” by small retailers, who have precious little time available to them during their day-to-day operations to brush up on market trends and cannot always easily translate sophisticated analytics into the concrete actions they should be taking. Useful knowledge - such as what does the customer want - and concrete suggestions - such as what kind of advertising might best target a certain group - would likely be the kind of information small retailers could appreciate. Luxembourg’s Pakt Pro Commerce, for example, also plans to provide better analyses of consumer behaviour so that small retailers can make use of them.

It is also important to make sure that small retailers are aware of where to find information and what types of information are available. The best information might be available, but if it is not being found by small retailers, it will not fulfil its purpose. Trade associations or other representatives of small retailers can be of help creating awareness and guiding them to the information they need.

Finally, a thorough collection and analysis of retail sector information, such as statistics related to the business activity (e.g. type of business, development of the turnover), digitalisation (e.g. use of e-shop, credit card terminals) or customer satisfaction, can support an assessment of whether or not certain policies to revitalise and modernise the small retail sector have worked and how they have impacted the sector. In turn, through monitoring sector trends and developments, particular interventions can be re-evaluated and redefined.

#### Examples for sector information and knowledge sharing measures:

**Analysis of consumer behaviour and setting up a “cadastre of trade”** (Pakt Pro Commerce – LU): The Pakt PRO Commerce, signed by the Ministry of Economy, the chamber of commerce and the Luxembourg Trade Confederation, is an agreement supporting the revitalisation and digitalisation of city centres in Luxembourg by analysing consumer behaviour and demand. The aim is to create a pool of useful information and tools for small retailers, including an audit tool to provide small retailers with an overview of the types of technology they are lacking in comparison to what is available.

Additionally, the agreement will create a national “cadastre of trade” capturing not only retailers, but also businesses such as hotels and restaurants, and will provide members with a digital overview of vacant buildings and who manages them. This overview will include information on available spaces and prices, along with an analysis of footfall and other consumer behaviour, and should help small retailers find the right location to open a new business.

**Mapping concentration of retailers** - (Retail Observatory - GR): To help small retailers find the best locations to open a shop, the Small Enterprises’ Institute of the Hellenic Confederation of Professionals, Craftsmen and Merchants (IME GSEVEE) initiated the development of a Retail Observatory in Greece. This observatory maps the concentration of retailers in major urban centres using GIS (geographic information system) technology, with about 270 000 retailers mapped to date. This information is combined with data on the population (i.e. the potential customers) and economic geographical indicators (age structures, population density, etc.) available from national statistics in order to help small retailers make an informed decision before they invest and open a shop. Local authorities can also use the information to help advise their small retailers.

**Sharing information and developing solutions** (The German Retail Dialogue – DE): This initiative aims at bringing together relevant stakeholders from the retail sector, associations, policy makers and other related stakeholders to exchange best practices and develop together solutions to the challenges faced by the retail sector.

#### *Practical reflections from the Brussels seminar*

The collection and dissemination of information and knowledge can be hampered by reluctance – on the part of both retailers and local administrations – to share data with potential competitors that are seen as trying to attract the same potential customers and visitors to their shops or towns. For small retailers, this may be reinforced by a general mistrust of public administrations and the eventual use that may be made of any information and data that might be supplied. It may be easier to encourage sharing of information and experiences if this is done with more distant retailers and local administrations, which can reduce concerns of the possibility that it will be exploited by direct competitors. In this context, workshop participants suggested that there should be more opportunities to share information and experiences (specifically of policies and actions for the small retail sector) at an EU level; for example, through building upon and promoting participation in existing forums for exchange amongst retail-related stakeholders at the EU level (e.g. URBACT, Retailink), or the creation of a new specialised European-level forum for small retailers if desirable.

Information and data should be provided in formats that are suitable for small retailers and local administrations (e.g. simple and succinct) and that employ relevant business terminology. Data and analysis should be presented in a way that minimises possibilities of misinterpretation. In this context, data collection and analysis processes should involve local partners/stakeholders, to make sure that the provided information is relevant and understandable to all those who need to use it.

There is a lack of common and comparable indicators/metrics for presenting and analysing the situation of the retail sector. There is scope for defining and implementing local indicators

standardised at the national and EU-level, for being able to provide a comparable analysis across the EU and monitoring the situation of the retail sector (e.g. something similar to the Town Centre Personality Test indicators (UK) or following work by academic institutions).

#### 4.2.4 *Stakeholder organisation and engagement*

##### *The solution*

Development of constructive partnerships with associations representing the interests of retailers is widely acknowledged as a key ingredient for successful local policy formulation. Such partnerships offer the basis for effective dialogue to better understand the situation of local retailers and to ensure that the views of small retailers are integrated into the formulation of targeted and well-suited policies and support actions. Moreover, it can ensure a shared sense of responsibility and continued support for the implementation of a policy, which can help maintain the continuity of initiatives beyond a local authority's relatively short political mandate.

However, the fragmented nature of the retail sector can present a significant barrier to the development of effective partnerships within the sector and between the sector, local administrations, and other concerned parties. The possibility for small retailers to network and exchange best practices among themselves can be vital for modernisation but retailers often lack a mechanism to communicate among themselves, to identify shared concerns and exchange experiences. Equally, poor communication among retailers and the absence of a "common voice" can restrict possibilities for consultation and collaboration among different actors (e.g. local authorities, business associations, and small retailers). It is not just fragmentation that explains why small retailers often find it difficult to enter into constructive dialogues with local public authorities, these authorities may themselves not be open to dialogue or it may be that small retailers are not heard above the louder voice of larger retailers. To address the issue of lack of cooperation between retailers, networking events organised or supported by local administrations are a good starting point to engage small retailers in a dialogue or to strengthen dialogue with and between them. Such dialogues can then lead to establishing cooperation or to the exchange of best practices. To increase the willingness of local authorities to engage in revitalisation initiatives and to listen to/support small retailers, networking events and the exchange of best practices between local authorities who already engage in revitalisation and those who do not, can help to jump-start modernisation activities. Such events can for example be organised by regional or national administrations.

One approach to enable and improve communication at all levels, observed in the Dutch case 9 Streets Amsterdam, is to develop a platform for internal communication that shopkeepers and other interested actors (e.g. the police, retail associations) in the district may use to keep up-to-date with activities and events within the community and to react to them in a timely manner. At the same time, effective stakeholder engagement is also very much about securing "buy-in" for a particular initiative from retailers and the broader community, which requires belief in its potential for success in order to make it happen. Several initiatives highlight the importance of "ownership" and a clear identification of a person responsible for the initiative who can then also invest time in one-on-one dialogues with small retailers. To address this, initiatives such as 9 Streets Amsterdam and Wijzijnarnhem have created a Community Manager post. Similar examples of a "retail manager" can be found in France, wherein certain cities choose to create a retail manager post with the support of the chamber of commerce and Industry. Note that this person is often responsible for the development of all the stakeholders within the area not just the small retailers (i.e. the large retailers, restaurants, cafes etc.) albeit that the small retailers may play a vital role in the individual character of a place. The choice of the person and the clear

and visible definition of its role are crucial in guaranteeing its success. Only if the community manager is recognised and respected as such, will he or she be effective in supporting small retailers.

#### **Examples of measures to support stakeholder organisation and engagement:**

**Community platform for internal communication and community manager** (9 Streets Amsterdam – NL): The 9 Streets Amsterdam project was started by local entrepreneurs who created a community with the help of the chamber of commerce and MKB (the largest entrepreneurs' organisation in the Netherlands). It brought together retailers in an area in Amsterdam to create a thriving community, financed by the city and with a yearly membership fee paid by the participating retailers.

The community has an external web presence and Community Manager. It uses an "intranet" communication tool that enables retailers and other actors in the 9 Streets Amsterdam community (e.g. the police, retail associations) to connect with one another and exchange information and knowledge. The intranet helps retailers coordinate and encourages their collective engagement in projects in the district including common marketing and promotional activities. In total, 90 % of the businesses in the district are on the platform including 200 entrepreneurs, 150 shops and 50 hotels/restaurants/art galleries.

**Outreach and engagement activities** (GUUTE – AT): The GUUTE initiative was launched as a branding and awareness-raising campaign to encourage local shopping by residents who mainly work outside their home district, in the urban centre of Linz. It was originally launched by the department of the Upper-Austrian chamber of commerce (WKOÖ) responsible for the district "Urfahr-Umgebung". Together with the support of a private company, the initiative defined a brand, developed a website, established itself as a club and subsequently expanded its activities.

The general logic applied in all activities is that the members of the initiative can organise activities under the umbrella of the club. This helps to continuously strengthen their willingness and ability to cooperate. They started with relatively passive activities such as the creation of a common brand and as the initiative gained momentum, a website was developed. The opportunity to spend points earned in a collective bonus card system (about 670 000 transactions in 2015) established with the support of EU LEADER funding helps to advertise the other retailers who are participating in the scheme, build an even stronger community, and bind about 4 % of the total purchasing power potential to the district. Further community building activities have included school visits and collective apprenticeship days to encourage students to consider retail as a career.

**Retail Manager** (Evreux and Montrouge, FR): In some cases, cities hire retail managers with specific missions that can assure creation and implementation of a specific local strategic project. For example, the city of Evreux has appointed a retail manager in order to work on the extension of the city centre, while the city of Montrouge's retail manager helps to safeguard local trade and traditional crafts.

#### *Practical reflections from the Brussels seminar*

There may be a wide range of different circumstances dictating how local partnerships are formed; however, the one common factor is that they represent the opportunity for retailers to speak with one voice and to have an influence on their local authority's policies and services. Where local retailers view each other as competitors, a local partnership can provide the necessary neutral forum for collaborative initiatives.

The role for local authorities is one of providing opportunities for local partners to convene and build their capacity. Very often, local authorities have the professional officers that can help guide and coordinate a local partnership process, but will need to encourage the "buy-in and ownership" of local retail businesses and property owners.

Where national legislation permits, the Business Improvement District (BID) concept, in which businesses pay an additional tax (or levy) in order to fund additional projects within the district's boundaries (for example to support its attractiveness for customers or improve logistics), can be

a powerful tool for partnerships, providing autonomous funding and resilience, as well as an informed voice in shaping relevant policies.

#### 4.2.5 *Improved competitiveness through digital technology and innovation*

This theme, being a key focus of this study can be further divided in the following five sub-themes:

- Digital awareness;
- Digital maturity screening;
- Digital innovation testing;
- Digital tools and applications;
- E-commerce platforms.

The solutions for each sub-theme are described hereafter. However, before going into detail on the different sub-themes, it needs to be stated that the sequencing of activities relating to digital technologies (e.g. digital tools, applications and e-commerce platforms) is highly important. Feedback at the Brussels seminar has shown that from, for example, the experience in the UK, strategy planning, digital capability appraisals and awareness of the performance of the city centres should be the first stages of revitalisation, followed by businesses receiving digital training and then local collective marketing (including possible tools, apps and platforms that support the plan) to be deployed only once the preparatory work has been effectively completed.

##### **Digital awareness**

###### *The solution*

Many traditional small retailers are being left behind by the rapid progress in digital technologies and changing consumer behaviour, whether in terms of online shopping or simply because consumers rely more on searching online for information about stores and the products and services they provide. Equally, traditional small retailers may have little knowledge of the possibilities to use digital technologies to improve “back-office” functions, point of sale operations, or marketing and promotion activities. Increasing digital awareness is a common theme of many policy initiatives supporting small retailers. These may include information campaigns to promote digitalisation and encourage retailers to develop an online presence or may offer more concrete support in the form of strategic workshops on the use of digital technologies or targeted training and practical assistance.

##### **Examples for measures to support digital awareness:**

**Networking partnerships between shops/city/start-ups to inform on digital tools** (CoSto – FR): CoSto is both an information network on new (digital) practices and a place for exchanges between storekeepers, as well as a platform for experimenting with digital tools. It is set to expand in the coming years.

**Strategic workshops on use of digital technologies and (proprietary/free) tools to enhance web presence** (Commerce Connecte – BE): To encourage small retailers to improve their digital awareness, the Walloon Region has launched an initiative to enhance the digital skills of the region. The core of the initiative is a self-screening tool, which has been developed by the Walloon Digital Agency (AdN). It is a simple and user-friendly online self-diagnostic tool, which allows retailers to determine their own digital maturity and the type of solutions they need in the short-term to progress in their digital transformation. The tool is complemented by strategic workshops that enable retailers to discover the ways that digital technology could strengthen their business and implement the solutions suggested from the self-diagnosis. The workshops introduce retailers to the free tools they can use to enhance their web presence, such as Google My Business, Google Maps and Yelp. So far, 748 retailers have taken part in the programme (which



corresponds to 569 shops), 34 awareness workshops have been organised and 529 digital maturity diagnoses have been completed.

**Diverse activities/campaign to promote digitalisation and online presence** (Het internet ook uw zaak – BE): The campaign *het internet ook uw zaak* (“the internet is also for your business”) aims to encourage all retailers to have an online presence in order to place their business in the customer’s mind and inspire shopping activity. The campaign includes activities ranging from social media, online marketing, websites, and blogs, to encouraging online sales, including advice on the development of online business outside the retailer’s country of residence.

#### *Practical reflections from the Brussels seminar*

Awareness raising should not only focus on the available solutions, but needs to also convincingly raise awareness of the problem of not adapting to digital advancements. The experience of the different initiatives shows that retailers are often not aware of the problem or are not willing to address it (anymore). Awareness campaigns need to also be tailored to their target group according to its level of familiarity with technological solutions.

If awareness raising is conducted in the form of events, these need to be organised and promoted in a catchy way (e.g. using an attractive title). One of the most difficult parts of revitalisation is convincing a small retailer to attend an awareness raising event. Using the right channels to convince retailers through people close to them and trusted (e.g. trade associations) can thereby be useful.

#### **Digital maturity screening**

##### *The solution*

Digital technologies do not offer a panacea for all the problems faced by small retailers and their benefits need to be set against their initial cost and the additional burden of regular operation and maintenance. Both retailers and those seeking to support them need to have a clear understanding of the needs and capabilities of retailers to implement digital solutions. Various initiatives have sought to address this issue by proposing some form of digital maturity screening, aimed at assessing the capability and capacity of retailers to successfully implement and use new technologies. Findings from such screenings may be used to assess the quality of existing digital services and identify where improvements could be made, or used as the basis for identifying specific training requirements and other support needs.

#### **Examples for measures to support digital maturity assessment:**

**Advisory services to assess e-commerce gaps and opportunities** (e-shopping offensive - AT): An advisory service, organised by the regional chamber of commerce of Carinthia and co-financed by the region, identified a pool of 50 IT consultants, drafted a collective digital maturity screening checklist and trained/certified the consultants to carry out the screening for shop owners. Retailers were then able to choose an advisor from the list who would visit the shop and discuss its current digital maturity, its potential and suitable digital solutions. Retailers had to pay 50 % of the advisory cost, with the rest being covered by the chamber of commerce and the region.

In total, 179 retailers were supported by 39 different consultants. Some retailers wanted to find out whether an online shop would make sense for them, others how to set one up, and others how to optimise theirs. Satisfaction with the advice given was high, with 164 scoring the initiative with the highest grade.

**Digital maturity diagnostic tool – “personalised”/modular training** (Commerce Connecte – BE): This initiative offers small retailers a specific diagnostic tool that provides them with a personalised understanding of their profile. The tool recognises 9 levels of maturity, determined following a survey containing about 20 questions. The outcome of the diagnosis consists of a list of recommended training programmes, specifically targeting the knowledge gaps of the small retailer in question, and which provides concrete and actionable suggestions.



**e-Scan** - (Het internet ook uw zaak – BE): This initiative includes a diagnostic introductory tool called “e-scan”, which, using a checklist, generates advice for improving a retailer’s online activity based on the retailer’s own perception of their business, customers, and online activities.

#### *Practical reflections from the Brussels seminar*

Maturity screenings support the setting of reachable objectives. Quite often retailers, when being convinced to implement digital solutions, tend to be over ambitious, aiming too high too quickly and end up with costly forms of unmanageable e-commerce set-ups. Supporting organisations, for example associations or local development agencies, can convince retailers to adopt solutions tailored to their needs and to not roll-out one-size-fits-all solutions outside their capabilities.

### **Digital innovation testing**

#### *The solution*

Often it is difficult to determine in advance whether a particular solution will prove useful, and whether its benefits outweigh the associated implementation and operational costs. As exemplified in the CoSto case in France, so-called “test shops” – pop-up shops with short-term leases where visitors can try out innovative products and trial emerging and existing digital services – can be a good way to allow small retailers to test whether a particular solution works for them. Additionally, these kinds of spaces may also provide visitors with the opportunity to brainstorm ideas, learn about and experiment with digital solutions, and come up with innovative ways to apply them. This is the idea behind the “Living Labs” that are also part of the CoSto initiative.

#### **Examples for digital innovation testing:**

**Living Labs and test shops to experiment with digital solutions** (CoSto – FR): To encourage retailers to adopt innovative digital solutions, the “Living Lab CoSto” project was launched by an agency of the City of Paris. The project enables shopkeepers to take part in tests with start-ups and trial digital solutions for free over several months. In turn, the start-ups can establish a physical presence through a “pop-up shop” with a short-term lease, to sell their innovative digital products (mobile payment, augmented reality, loyalty management, etc.). This provides the perfect opportunity for retailers and start-ups to test out a new concept and also for start-ups to test the benefits of having a physical presence in an area, before making a long-term investment. CoSto covers 700 retailers and 68 start-ups. In 2015, 40 shopkeepers took part and 2016 saw a further 60 join them. Out of the 7 projects tested, 5 start-ups decided to establish a brick and mortar shop.

#### *Practical reflections from the Brussels seminar*

Once retailers are willing to participate in test shops or living labs, they are usually sufficiently convinced to implement new digital solutions. Such a trial can help them make a smooth transition from the status quo to their desired end-state and reduce the risk they are taking in making such an investment. These opportunities to trial new technologies, however, were not considered as important as solutions relating to awareness raising and good quality maturity screening.

### **Digital tools and applications**

#### *The solution*

There is an ever-increasing array of digital tools and applications that are available to small retailers. Any adoption of them though, ideally, should be appropriately tailored to their needs and capacities. Some less disruptive solutions involve bringing established business tools and methods into the digital age – for example, electronic registers or bookkeeping software – that can deliver cost and time savings for small retailers. Implementing a card payment system can be an almost necessary requirement for small retailers to open up their doors to today’s

increasingly “paperless” generation. Electronic loyalty cards and e-vouchers (practiced as part of the GUUTE, iZoom and Gloucester High Street initiatives) have the potential to attract new customers, not just because they can be used for promotions but also because they are easy to use (e.g. anyone, anywhere can simply download an e-voucher and bring it to the store on their smartphone). More advanced management applications, such as commerce integration platforms that allow retailers to manage various commerce related process (logistics, sales, payments etc.) centrally, may also be useful for some small retailers. However, as exemplified in the case of PIATIC in Spain, it may be most effective – at least initially – to have a professional organisation provide such applications as a service rather than have the small retailer try and grasp the technologies fully themselves.

#### Examples for digital tools and applications:

**Advanced management applications for small retailers** (PIATIC – ES): This initiative offers small retailers services from the creation and development of websites to the implementation of a number of advanced management applications, including for financial management, HR management, supply chain management, logistics, document management, so they can digitalise their business.

**Local loyalty card** (Great Gloucestershire High street – UK): The Great Gloucestershire High Street provides, in addition to WiFi and 4G throughout the city and digital information stands placed at high footfall points within the city, loyalty cards for the local residents. The concept of the loyalty card has been modified in 2017 – the loyalty scheme can be now accessed via a website, mobile app or a plastic card, and is now encouraging both residents and visitors to support local businesses. Members of the scheme can use their mobile phone as a “GL Card” or collect a plastic contactless card and scan them at “Touchpoint” kiosks to browse special offers near them and print out vouchers.

**Vouchers** (GUUTE – AT): The GUUTE initiative has set up a collective bonus card system which allows consumers to collect bonus points in one shop when they purchase goods, which can then be used in the form of store credits in any other shop that is part of the scheme (about 670 000 transactions in 2015). The underlying logic is that every retailer provides a self-defined discount on each purchase which is translated into bonus points on the card and can be applied in the other shop. The introduction of the system was co-funded by EU LEADER support.

**Vouchers and loyalty rewarding scheme** (iZoom - IT): This e-commerce platform incorporates a feature inspired by the coupon model in large retail. The voucher model encourages customers to go to physical stores. Once in the store they receive a code which they can use as loyalty points to make purchases on the platform.

#### *Practical reflections from the Brussels seminar*

Digital technology should not be viewed in isolation, rather it should be woven into each of the components of the local strategy, including the town centre’s retail sector. While the adoption of digital solutions is necessary, a properly balanced approach is vital. Over reliance on digital solutions and apps will lead to the exclusion of many small businesses that do not have the skills to use them. It will also create a significant need for resources to market and promote the solutions or apps. Therefore, it is essential that the planning, preparation and training of small retailers is done before solutions or apps are considered. Ill-conceived app deployments are proving to be expensive mistakes in many situations.

Local authorities need well informed, non-commercial national guidance on the assimilation of digital technologies as there are hundreds of commercial providers that will try to promote their solutions. Local authorities should be without preconceived notions, objective and well-informed to avoid making expensive procurement errors. National governments are well placed to provide objective guidelines on digital technology. To do this, local authorities need to relay feedback on

experience at their level with technology and its adoption to the national authorities, as, ultimately, the implementation of the selected digital solutions is done locally and local authorities work closely with the technology providers. There must be clear guidelines from national to local government on what is considered best practice.

## **E-commerce platforms**

### *The solution*

An e-commerce platform has the potential to be one of the most effective digital tools for revitalising and expanding a small retailer's business. But, it is widely recognised that before exploring the possibility for a small retailer to implement its "own" e-commerce platform or even join an existing one, the retailer needs a certain level of familiarity with digital tools and applications, as well as having appropriate structures and resources in place to support the logistics of selling online (e.g. stock-management). Without the right knowledge and skills (i.e. taking suitable pictures of items to display online, updating the database, etc.), an e-commerce platform cannot be used to its fullest potential and may end up becoming an overly costly operation, even when implemented properly. Certainly, experience suggests that the best approach (i.e. most affordable and effective) is often for individual small retailers to join an already established e-commerce platform. Moreover, in many cases, using such platforms has proved to be most successful when they focus on a particular local area – examples include I Shop Braga (PT), ZlavaDna (SK) and Mercado47 (ES) – especially where they have the support of local administrations or are even operated in collaboration with them.

#### **Examples for e-commerce platforms:**

**E-commerce platform** (Mercado47 – ES): There are 46 traditional markets in Madrid. Mercado47 is an initiative sponsored by the City Council of Madrid and implemented by a private technology provider (Hermeneus World) to establish a 47th market online. The project helps small retailers digitise key business processes (e.g. payments, sales, administration, promotion) as a service, through a website development tool, in exchange for a fixed annual fee. Once their website and processes are digitised, these small retailers may join an online marketplace where they can sell their goods, giving them a second method to reach customers.

As the tool is based on a fixed fee, it provides predictability for the retailers and means they do not have to pay a share of their turnover in exchange for participation. 100 SMEs already participate in Mercado47 and this is expected to increase to 500 SMEs by the end of 2017. The platform has about 30,000 visitors per month.

**Website/e-commerce platform** (I Shop Braga – PT): Launched in 2016 and promoted by the Commercial Association of Braga (ACB), this platform was initially funded 50 % by the association and 50 % by the "Comercio Investe" programme. The communication strategy was supported by the municipality of Braga. The aim of the platform is to streamline the traditional business of the city and to give local traders access to global businesses. IshopBraga monitors its success by counting the number of partners involved in the project over time and the sales made (15 % of sales value is directed to cover the maintenance expenses of the platform, guaranteeing the financial sustainability of the platform). At its launch, the platform had 12 partners and this is expected to rise to 50 by the end of 2018

**Website/e-commerce platform** (ZlavaDna – SK): The platform was launched in 2010 as a private initiative and was inspired by the popularity of the American Groupon platform. It aims to provide a marketplace where different types of retailers can offer their services and goods via promotional offers. Currently, around 60 000 customers visit the platform per month.

**Online hub (digital shopping streets) - hosting of webpages on existing platforms (eBay)** (Digitale Innenstadt – DE): "Digitale Innenstadt" is an initiative launched by the German Traders Association "Handelsverband Deutschland" (HDE) in partnership with eBay. Based on a competition, towns can win an online webpage integrated into the eBay platform for their small retailers. This enables small

retailers to combine a local promotional webpage, including personal information about their services, with the ability to make online sales through the outreach capabilities of an existing large platform. Past winners of the competition include the small towns of Diepholzand and Mönchengladbach. Between autumn 2015 and summer 2016, the 79 retailers participating in these towns' eBay platforms sold more than 87 500 items with a total value of more than € 3.2 million, and delivered to 84 countries.

#### *Practical reflections from the Brussels seminar*

Not all e-commerce solutions are provided at the same cost. Local authorities should be careful in assessing what types of platforms are the best fit for their retailers, both in terms of ongoing management and financial commitment. Furthermore, the stability of the platforms is a major concern of retailers. If a local authority is creating a platform (whether alone or in partnership with a service provider), it needs to make sure that the platform can continue to operate, and ideally become financially self-sustainable, to mitigate the retailers' concern of losing their investment if the platform closes down.

The definition of e-commerce encompasses many varied forms of online trade, and when talking about "e-commerce", different people can imagine very different concepts and solutions. It is thus important to understand that e-commerce platforms tailored to small retailers' needs are usually much more than just an e-shop. They can provide personal information about the retailers and their offer. Therefore, they can create a community and a closer connection between customers and retailers.

#### **4.2.6 Skills development and upgrading**

##### *The solution*

Developing and upgrading the knowledge and skills of small retailers is especially important to help them understand and adapt to the digital era. However, such upgrading is not just about targeted ICT training to reduce the digital gap, but should include other aspects that can strengthen the competitive position of small retailers. Among other areas that have been highlighted is the provision of training to improve the professionalisation of store management and to enhance customer service through developing a more service-oriented culture. In light of increasing competition from large chains, the quality of customer service may be a key aspect for small retailers to set themselves apart from the larger, more impersonal, shops and anonymous online sales channels and thereby elicit customer appreciation and loyalty. Service culture is another area being explored and targeted by Luxembourg's Pakt Pro Commerce.

There is a wide range of approaches that may be used to support the development of knowledge and skills: training, advice services, counselling and consultancy support, as well as workshops and participation in online platforms that enable the sharing of knowledge and exchange of best practices among retailers. Academia Comercio de Lisboa is a good example of the provision of training that helps retailers to acquire digital skills such as building of simple website or use of e-shop, provided to small businesses across the city of Lisbon.

#### **Examples for skills development:**

**Service culture** (Pakt Pro Commerce – LU): One of the five key areas of focus for Luxembourg's Pakt Pro Commerce is "Service Culture", which aims to improve customer service and provides the social dimension of the Pakt, which should be part of the overall policy. For example, multiculturalism and multilingualism are two defining factors of Luxembourg's retail culture and they, as well as high quality service, should be embraced and promoted.

**“Intervention program”** (Academia Lisboa – PT): Academia de Comercio de Lisboa is an intervention programme aimed at supporting entrepreneurs through the sharing of innovative tools and methodologies, using workshops and training sessions in order to create networks of cooperation and sharing of knowledge. It also aims to redesign/realign the purpose of existing commercial spaces to adapt to new standards and consumer needs.

**Apprenticeship days** (GUUTE – AT): To address the need for identifying and attracting a qualified workforce, the GUUTE initiative organises apprenticeship days, where retailers can get in contact with young people still in education to show them the opportunities of a career in retail.

**Developing a digital high street** (Wembley High Road - UK): As part of a project to make Wembley High Road a digitally-integrated high street, Clockwork City provided a series of digital skills workshops for 20 SMEs. One-to-one mentoring was also available to ensure that the skills and tools provided were suitable for the SMEs involved, were integrated into their day-to-day operations, could be used regularly and were sustainable. This resulted in increased business confidence when using digital tools, with 100 % of participants saying they found the training useful and would continue using the skills in the future.

#### *Practical reflections from the Brussels seminar*

Significant effort may be required to convince retailers of the value (and urgency) of implementing digital solutions and for them to make time available to participate in events (workshops, training etc.) aimed at helping them to do so. These obstacles need to be overcome, while generating a willingness to change among small retailers. An option may be to target support at those staff members who are more open to change or technologically aware. Invitations to participate in support events/activities should be clear and convincing and, where possible, come via trusted sources (e.g. a sector association, trusted business figure). Initiating actions with those most willing to change can create a “snowball” that brings in more hesitant potential participants.

It may be necessary to first work on awareness raising among local administrative staff (and in other organisations) that may themselves lack knowledge and skills of technological developments. This can be as important as efforts targeting retailers, meaning these staff who are in regular contact with (small) retailers may be able to act as “multipliers” for stimulating change. Moreover, as noted earlier, local administrations will need to cooperate with the national governments on the creation of well informed, non-commercial national guidance on the assimilation of digital technologies. Local authorities should be without preconceived ideas, objective and well-informed to avoid making expensive procurement errors and being able to assess hundreds of offers of commercial providers that will try to promote their solutions.

Awareness raising campaigns aimed at small retailers need to be easily understandable and focussed on positive outcomes (benefits) of actions; for example, illustrated through best practices, success stories etc. and with an explanation of solutions in the specific setting of (small) retail. This practical approach should carry through to actual events and activities; for example, workshops and training should be simple and easily understood and focus on things that are of practical “hands-on” use for retailers. Business support and skills training should be specific to the retail sector, rather than generic. The support and training should cover both digital and non-digital business skills; this should include foundation-level content on business and start-up planning, finance and accounting, human resources, legal and all aspects of marketing. It may sound wide-ranging, but all of this content is readily available.

Attention should be paid to avoid setting unrealistically high ambitions; it may be more useful to target small and progressive improvements on a step-by-step basis rather than a small retailer trying to do too much at one time (e.g. setting up their own e-commerce platform) and thereby creating something that is not sustainable.

Creating a sense of local ownership can increase acceptance and be a key to the successful implementation of support measures. This may be built through the co-development of tailored solutions with key members of the retail community and then by spreading that sense of ownership of solutions to support their implementation. At the same time, an overemphasis on keeping initiatives very local runs the risk of creating overlapping and non-complementary solutions. This implies an important role for organising good coordination among initiatives and thereby exploiting possible synergies.

Follow-up and ongoing support is important. Awareness raising efforts need to be accompanied by information on how and where to obtain further information and support; setting up a “one-stop-shop” providing a single point of reference and a personal contact for information and support can be useful. Similarly, events and training risk leading nowhere unless there is someone who can provide retailers with follow-up support so they can take steps towards implementing solutions. This may require providing additional support on a one-to-one basis, as is already supplied by some sector associations, by going into shops to provide hands-on guidance and advice to small retailers.

Where the local authority has economic development responsibilities, there is a clear role for them to seek out nationally sanctioned skills training programmes. It is important that training at the local level is well-proven and effective, having suitable credentials and relevant content for the local small business community.

#### **4.2.7 Marketing and Promotion**

When assessing solutions for marketing and promotion, we have to distinguish between three types:

- Online platforms (not e-commerce);
- Communication and promotion (including social media);
- Other promotion activities.

The solutions for each type are described hereafter. Before going in-depth on each of them, it is important to remember the division of responsibilities here. Participants at the Brussels seminar pointed out that local authorities should not try to undertake specialist marketing unless properly equipped and resourced to do so. A marketing-led local partnership, that pools experience of local retailers and other relevant stakeholders including local authorities, with professional experience, is the ideal approach to making the town centre retail sector discoverable by modern digitally-connected consumers. It will, however, be the responsibility of the local partnership and/or local authority to provide collective marketing, destination marketing and a suitable schedule of events and activities to animate the retail districts. In addition, digital business skills training should equip small retailers with the ability to show up on major search engines and online maps and to promote themselves individually.

##### **Online platforms (not e-commerce)**

###### *The solution*

An online presence is very important for the visibility of small retailers as, even when out and about in shopping areas there is an increasing inclination for consumers to be as quick and efficient as possible, running errands according to a predetermined route. People tend to plan their shopping trips in advance, looking up stores online, and then navigate their way around town to get to them using digital maps on their phones. It is imperative for small retailers' shops to appear

on such maps, as well as provide their locations and opening hours online. E-registries of shops are gaining popularity and momentum, and do a lot to promote the businesses featured on them. Going a step further, descriptions of the types or even catalogues of the actual products or services offered by the small retailer may be showcased on platforms online. Such additional information may well end up being the deciding factor for whether or not a potential customer, looking up the store online in advance, deems it worth a visit.

#### Examples for online platforms (not e-commerce):

**National Retail Showcase Platform (LU):** The website provides information about shopping possibilities in Luxembourg. The website is provided in English, French, German and Chinese and serves the purpose of promoting and informing consumers about local shopping facilities and how to reach them. The initiative is supported by the city of Luxembourg, a bank and a global shopping network.

**Community (location based) website (9 Streets Amsterdam – NL):** The website of the 9 Streets of Amsterdam provides a common platform for advertising a specific area of Amsterdam. It makes use of the platform to present the history of the area and to provide an enhanced experience to encourage customers to visit the area.

**Website (GUUTE – AT):** The website of the GUUTE initiative was one of the starting points of the whole initiative. It provides a common directory of shops and a place for common promotion. Given the rural area of the district, the website was consciously kept in a technologically simple form, while still containing lots of information. It also became the hub for retailers to get information about how to use the collective bonus card system in their own shop. The GUUTE initiative has deliberately chosen to not (yet) set up an e-commerce platform as it assessed the cost-benefit ratio as insufficiently beneficial in its own specific case, and also because the GUUTE aims to increase the direct and personal connection between customers and stores.

**Website – low complexity (Facilyshop – FR):** The aim of Facilyshop is to use simple technologies such as email, QR codes, a web platform to join the network and Facebook, for community marketing. The site is kept simple, but provides space free of charge to retailers who wish to participate. Also customers can register on the database to receive a QR code to get a discount in physical shops part of the platform.

#### *Practical reflections from the Brussels seminar*

Time and focus is required for small retailers to bring themselves “up-to-speed” on the possibilities of new technologies to modernise and revitalise their businesses. And, thereafter, maintaining an online presence – keeping product catalogues up to date, setting up promotional offers, etc. – can require substantial time and effort which may be difficult for a small retailer. This needs to be brought to the attention of retailers so that they can plan appropriately.

Rapid technology development means that solutions can become quickly outdated and need to be replaced. This needs to be incorporated in the decision or strategy to use a technology if a return on investment is to be achieved over the longer term. In this context, connecting with the eco-system of front running start-ups can be a way forward.

Community/location based platforms are a useful solution for “city branding” and “touristic” promotion. It may be most effective if the focus is on smaller districts within a city and on establishing both an online identity and a sense of community within the area. The effectiveness of such solutions is reinforced when there is strong participation of local retailers. In this context, promotion should be the main priority to create visibility and identity, implying that aspects such as discoverability (e.g. through search engine optimisation) and multichannel promotion actions should be part of the overall solution. E-commerce functionality can be added to such platforms but is not, in itself, a solution for location based revitalisation. Such platforms should be used as



a means to encourage customers to visit stores within an area rather than to encourage them to shop online.

## Communication and promotion (including social media)

### *The solution*

Engaging in a conversation with the public is also increasingly vital in an age where social media interactions are so commonplace in daily lives. Social media is an excellent channel for small retailers to explore, not only to gain a voice and stay in the public eye and customers' minds (many companies have gained massive Twitter followings simply due to their funny and engaging customer service responses) but also to build and show their unique personality and tell a story. For example, one successful initiative in Portugal, called Porto Paralelo, focused on revitalising traditional, old businesses in the local area by creating narratives of their histories, supplemented with pictures that were put online and attracted curious visitors and new customers to visit the shops.

### Examples for communication and promotion (including social media):

**Multi-channel communication strategy** (Pakt Pro Commerce – LU): In the Pakt Pro Commerce the signatories commit to producing a multi-channel communication plan based on the analysis of a survey and studies which should contain multiannual targets. The strategy, therefore, forms a professional promotion campaign for shopping in Luxembourg.

**Social Media – What Do You Think campaign** (Great Gloucestershire High street – UK): The “What Do You Think” campaign is a core part of the Great Gloucestershire High Street initiative, which was launched by the local tourist marketing organisation (owned by the City Council, but involving and co-financed by private partners). The campaign uses social media to connect local stores with potential customers and connect customers with one another. The simple use and promotion of a common Twitter hashtag, #WDYT, has enhanced shopping experiences in Gloucester, enabling small retailers to have a platform through which to promote special offers and provides a forum for locals to exchange opinions on those shops.

**Website/communication campaign/events** (Wij Zijn Arnhem – NL): The WijZijnArnhem example provides a website with basic information about the small retailers involved including information on their products and location. Each retailer is presented there. In addition the initiative organises specific events to raise customers' awareness of the retailers

### *Practical reflections from the Brussels seminar*

The consumer experience of finding out information is increasingly an “omnichannel” experience, meaning that they will use laptops, tablets, smartphones, smart cards, traditional print, and outdoor and broadcast media. The consumer journey is one that will often start online, well before a physical journey starts. It is important, therefore, that small retailers are discoverable at all points of this journey - online, mobile and on-street.

Moving to the online environment is not just about posting a catalogue of products. It requires defining an identity – which may need to be adjusted to resonate online – and understanding how to best communicate it online in a way that distinguishes the retailer from its competitors. While selling online can open up new geographical markets and client segments, retailers' positions may be strengthened the most by communicating a unique selling proposition online. This can be targeted to the local customer base and should best reflect and encapsulate the retailers' competitive edge.

However, maintaining a strong online identity can be difficult for small retailers when their unique selling proposition is often strongly linked to the retailer's individual personality. Selling online



can risk breaking the retailers' link with their customers, especially where this is done through third-party platforms that do not provide mechanisms for dialogue between the customer and the retailer but only between the customer and the platform provider.

## Other promotion activities

### *The solution*

Numerous other promotional activities and events can help small retailers engage with their local communities and boost their businesses. Events and fairs are a popular option, and usually work best when small retailers work together to put them on. For example, “Knights of the Cross Night” is an event sporadically put on by the local businesses on the Knights of the Cross street in Ljubljana, Slovenia - there is food, drink, and sometimes a raffle, where customers can win a voucher for a free item or service from one of the businesses on the street. Awards for best retailers have come up as another appealing and successful option - for example, the GUUTE initiative in Austria organises a “Best Retailer Award”, providing recognition and bringing the community together in the process. The GUUTE initiative also uses the shop windows of retailers to advertise each other. Other options are to link the community to cultural events that can be also used to promote local shopping areas and local products and service as a whole.

### Examples for other promotion activities:

**Promotion of the local supply chain** (Vetrina Toscana – IT) - Organised by the region of Tuscany and its chamber of commerce, the Vetrina Toscana initiative promotes local food through a common brand and events that link food to culture, tourism and retail, increasing sales to those involved in the supply chain (e.g. the producers, retailers and restaurants). As part of its communication strategy, which includes Facebook, Twitter, Instagram, Pinterest and YouTube accounts and apps, it runs an online portal to map participants, events and related initiatives. There is an ad-hoc editorial staff provided by Fondazione Sistema Toscana (a participatory foundation with the region of Tuscany as one of its two partners), which is in charge of website management and the social media strategy.

**Best retailer award** (GUUTE – AT): Once a year a competition to become the “best retailer” is organised. Retailers can submit their applications and are requested to provide a thorough self-assessment. Once they win the award, the bar for winning again is set higher, to encourage further improvements in the shops. This initiative has both learning and promotional aspects as retailers are requested to assess their own work and improve on it and they can subsequently use the award to promote their shop.

**Fairs** (GUUTE – AT): Fairs have been organised for many years in the different sub-districts to promote the GUUTE initiative and its retailers. On a local level, fairs are a useful tool to provide a specific occasion where all participants in the initiative are brought physically together at the same location and can promote themselves to customers together.

**Awareness raising in schools** (GUUTE – AT): Particularly for rural areas suffering the effects of urbanisation and the loss of customers to other urban areas (where they work and not where they live), raising the awareness of the importance of shopping locally is of high importance. In the case of the GUUTE example, the initiative starts raising awareness with the youngest generation, by organising school visits and explaining why local shopping is important for the district and community. Such campaigns increase the connection between the local population and local shops.

**Trade fairs and promotional activities outside Europe** (Hong Kong Trade Development Council): HKTDC organises more than 330 trade fairs and promotional activities, 590 networking and outreach events, and receives some 640 trade missions, helping Hong Kong's SMEs connect with business clients and partners internationally. The reach of these activities is significant, with for example the fairs attracting around 37,000 exhibitors and 760 000 buyers a year.

#### *Practical reflections from Brussels seminar*

Promotional activities that increase footfall and increase the awareness of a location's "brand" are a useful investment. They can also be used to create a greater feeling of belonging to the same community that encourages customers to shop there.

#### *4.2.8 Conclusion: Practical solutions by theme*

A broad range of practical solutions are identified in the case studies assessed in this study. These solutions can be grouped according to seven themes:

1. **Support for local strategy and policy development:** There needs to be a strong local dimension to the formulation of strategies and policy initiatives to support small retailers;
2. **Public and digital infrastructure improvements:** Improvements in public infrastructure can play an important role in helping (re)connect small retailers and customers by providing the basis for soft policy support and activating the existing capabilities;
3. **Retail sector information and knowledge sharing:** Improving the availability and quality of information relating to developments in the retail sector and the business environment is crucial for both policy-makers and retailers themselves;
4. **Stakeholder organisation and engagement:** Development of constructive partnerships with associations representing the interests of retailers is widely acknowledged as a key ingredient for successful local policy formulation;
5. **Improved competitiveness through digital technology and innovation:**
  - a. Digital awareness: Many traditional small retailers are being left behind by the rapid progress in digital technologies and not aware of adequate solutions. Events, training and other campaigns provide help.
  - b. Maturity screening: Both retailers and those seeking to support them, need to have a clear understanding of the needs and capabilities of retailers to implement digital solutions;
  - c. Innovation testing: Often it is difficult to determine in advance whether a particular solution will prove useful, and whether its benefits outweigh the associated implementation and operational costs. Test labs provide an opportunity for small retailers to test technological solutions before making risky investments;
  - d. Digital tools and applications: There is an ever-increasing array of digital tools and applications that are potentially available to small retailers (e.g. e-vouchers and electronic loyalty reward schemes); though, ideally, they should be appropriately tailored to their needs and capacities;
  - e. E-commerce platforms: An e-commerce platform has the potential to be one of the most effective digital tools for revitalising and expanding a small retailer's business;
6. **Skills development and upgrading:** Developing and upgrading knowledge and skills is especially important to help small retailers understand and adapt to the digital era;
7. **Marketing and Promotion:**
  - a. Online platforms (not e-commerce): An online presence is very important for the visibility of small retailers;
  - b. Communication and promotion (including social media): Social media is an excellent channel for small retailers to explore not only to gain a voice and stay in the public eye and customers' minds, but also to build and show their unique personality and tell a story;
  - c. Other promotional activities: Numerous other promotional activities and events can help small retailers engage with their local communities and boost their businesses.

Every solution will have to be tailored and adjusted to the local setting, but the existence of different best practice examples strongly reduces the risk of failures. The guide developed in addition to this study provides a practical approach towards the implementation of the practical solutions described (see Annex G).



# ANNEX A – Further insights on sector characterisation

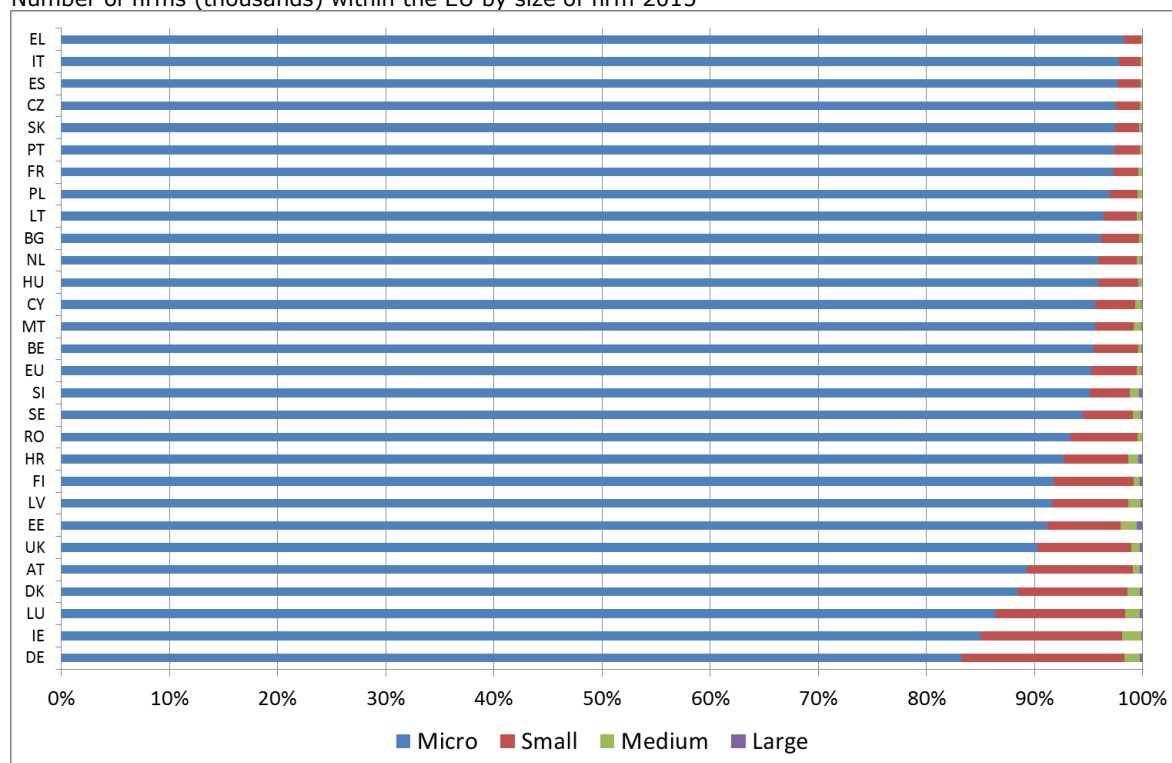
This annex provides more detailed information on the role of small retailers within the European economy and society.

## Characterisation of the sector

### *Number and relative importance of small retailers*

The relative importance of small retailers within the retail sector varies significantly across EU Member States. For example, micro and small enterprises – defined as enterprises with less than 50 employees – account for over half of the retail turnover in Greece, Cyprus, Italy, Belgium, Bulgaria, Hungary and Portugal as compared to barely a fifth in Slovenia and the UK, with a similar picture arising for employment, where the share of small retailers reaches close to 80 % in Bulgaria and Greece but is below half this level in the UK, Slovenia and Estonia. This is partly a reflection of different stages in economic development, but much appears due to cultural, geographic, legal, and demographic differences. Between countries, figure 12 illustrates the varying influence of small retailers, which reflects their differing importance in individual markets.

Figure 13 Number of firms (thousands) within the EU by size of firm 2015

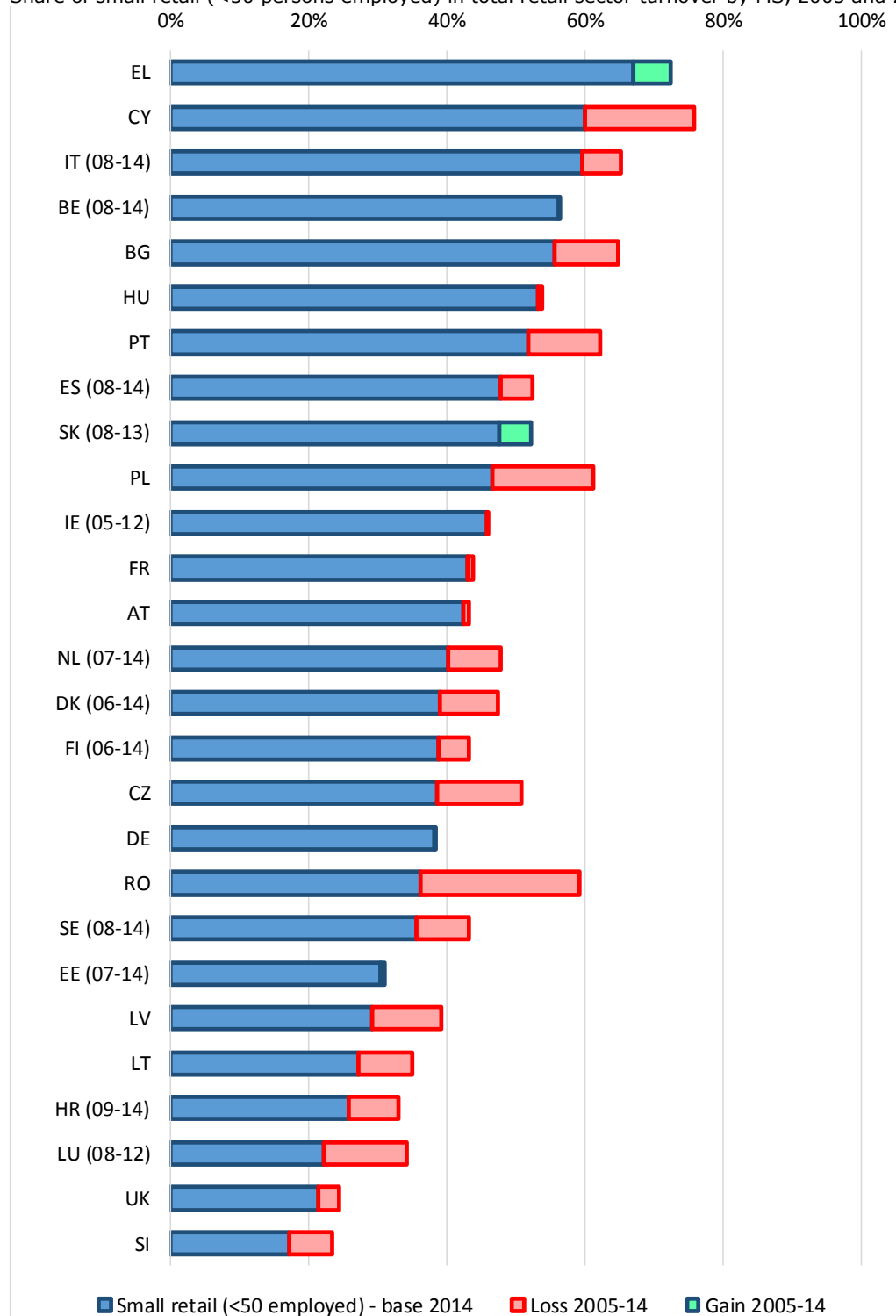


Source: own calculations based on Eurostat SBS (sbs\_sc\_dt\_r2)

The data illustrates that the UK has a higher concentration of large retailers due to public policy and consumer demand encouraging centralisation and economies of scale in a large, densely populated market. In many southern European markets, such as Greece and Italy, the retail market is highly fragmented with many small enterprises, and co-operative and buying groups in operation. In Nordic markets, the dominance of centrally controlled co-operative groups in food retailing in these relatively small markets deters global players from national coverage, though mass non-food retailers are found in the major towns. In Eastern and Central Europe, retailing has consolidated quickly as these markets have opened up to western products and services. While there is likely to be some long term commonalities, particularly those based around technological developments, other local differences are likely to persist.

There has been a general trend towards concentration in the retail sector, though the share of smaller retailers seems to be comparatively stable in a few countries, notably France, Germany, Austria and Belgium. Greece, Ireland and Slovakia also show some signs of stabilisation and even growth in the share of smaller retailers.

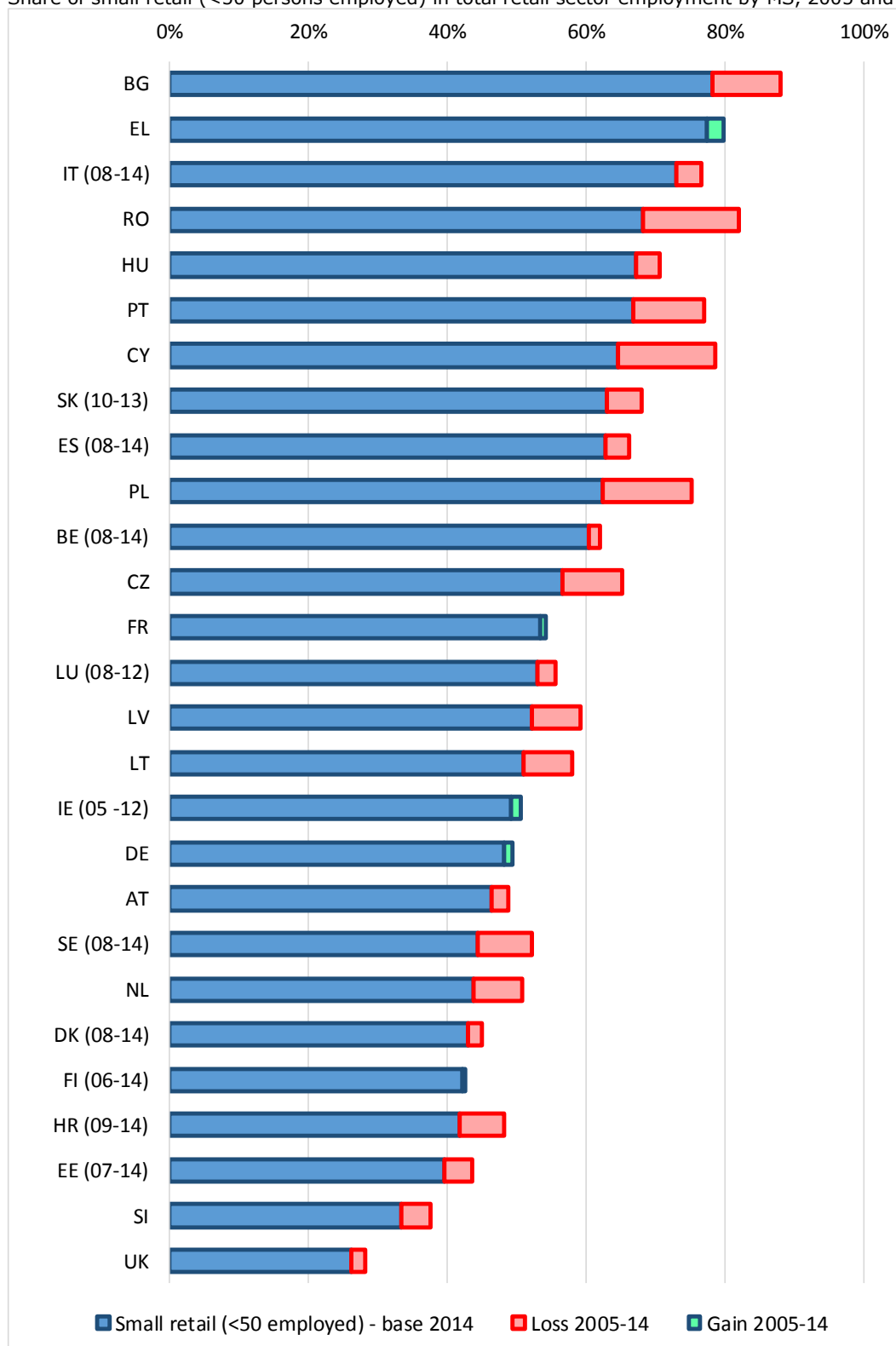
Figure 14 Share of small retail (<50 persons employed) in total retail sector turnover by MS, 2005 and 2014<sup>51</sup>



Source: own calculations based on Eurostat SBS (sbs\_sc\_dt\_r2)

<sup>51</sup> G47 - Retail trade, except of motor vehicles and motorcycles. Data is unavailable for Malta.

Figure 15 Share of small retail (<50 persons employed) in total retail sector employment by MS, 2005 and 2014<sup>52</sup>



Source: own calculations based on Eurostat SBS (sbs\_sc\_dt\_r2)

<sup>52</sup> G47 - Retail trade, except of motor vehicles and motorcycles. Data are unavailable for Malta.



### *Generalist and specialist stores*

An analysis of 23 EU Member States (excluding Greece, Luxembourg, Malta, Croatia and Finland for which countries the figures are unavailable), shows that general in-store retailing generated 41 % of turnover in the retail sector, while specialist store based retailing generated 54 %, and non-store retailing, including online and catalogues, accounted for the remaining 5 % (Eurostat, 2014). There are however very different mixes of generalist and specialist stores across European countries. The turnover share in specialist store based retailing is highest in Austria, the Netherlands and Bulgaria at almost 66 %, whilst the turnover share of retail generalists is highest in Croatia at 57 %, Finland at 55 %, and the UK at 53 % of sales (Eurostat, 2014). While these differences are partly attributable to consumer preferences, other more structural features, such as planning policies, transport access to town centres, geographical constraints, and population densities, are hugely influential. In particular, different public policies have been adopted, some designed to encourage smaller, more specialist retailers and some designed to incentivise larger, more generalist retailers. However, in all cases, the split between retail generalists and specialists means that neither generalists nor specialists are dominant in any market, even though variations do exist between markets.

### *Store location*

As with all retailers, store location is a major driver of accessibility, shopper footfall, sales volumes, and differentiation.

**Centrally based urban stores** attract high footfall, high costs, and high levels of competition. They are typically at the centre of urban shopping areas, which may be on a High Street or a more local suburban shopping precinct. In centrally located stores, sales volumes tend to be high but high competition means that retail prices and margins are restricted. Staff requirements tend to be high as footfall is high and shopping hours tend to be long. Central stores are usually very well-defined in terms of the retail offer, being either limited or comprehensive but rarely in between. Small retailers tend to focus on being the local specialist as competition is high from big brands that are able to offer a more comprehensive offer in such locations. Such stores are based close to where people live and work, often with good public transport links.

**Stores at travel junctions** attract high footfall, high costs, but often comparatively low direct competition. They are typically at points in a journey, such as at a railway station or fuel station. Sales volumes tend to be high from a restricted product range that offers choice but within a limited selection. The relative lack of competition means that retail prices and gross margins can often offset the high costs and restricted choice. Such stores are usually very small. Due to the high costs associated with the best sites, these locations are often dominated by big brands. Small retailers may operate as franchisees, or as a very local player with products specific to that location, such as tourist gifts or local delicacies. Such stores allow people to shop without adding a separate shopping journey.

**Out-of-town shopping centres** and retail parks attract high footfall from a large regional catchment area. In the best locations, they have relatively high costs alongside high levels of competition. However, in the secondary locations, online retailing is beginning to undermine the attractiveness of these sites. Thus, out-of-town shopping centres and retail parks may be split between the very attractive regional destination centres and the more local secondary sites. Small retailers are more likely to be found in these secondary sites, though specialist local players may be encouraged into the more attractive centres with subsidised rents in order to bring a local flavour to a centre that is otherwise dominated by global and national brands. Out-of-town centres are typically found at major transport intersection points. Sales volumes tend to be high from a

wide range of products, but high competition means that retail prices and margins are restricted. Staff requirements tend to be high as well as footfall being high and shopping hours tend to be long. Out-of-town stores are usually dominated by global and national brands, and so have less relevance for this study.

**Suburban stores** attract a range of footfall and costs but many have comparatively low direct competition. They are typically found in local neighbourhoods, with sales volumes varying greatly, depending upon the local characteristics of the neighbourhood. Staff requirements tend to reflect the sales volumes. Suburban stores are usually relatively small and focus on providing a balanced range of products, often neither limited nor comprehensive, depending upon the neighbourhood and positioning in relation to the transport infrastructure, and accessibility in general. Suburban stores are often run by small retailers to service the local population and tend to be dominated by everyday products.

**Rural stores** attract low footfall, relatively low costs, and very low direct competition. Hence, they tend to be run by small retailers rather than global brands. In rural stores, while sales volumes tend to be low, the lack of competition means that gross margins may be boosted to help support the business. Staff requirements tend to reflect the low sales volumes. Rural stores, where they exist, can be relatively large for shops run by small retailers as real estate costs are not the prime consideration. Many rural stores offer a wide range of products. Generalist stores have a comprehensive range to service the local community, while specialist stores, such as a saddlery shop, have a comprehensive range to encourage customers to make the journey to them.

As with all retailers, store location is a major driver of accessibility, shopper footfall, sales volumes, and differentiation.

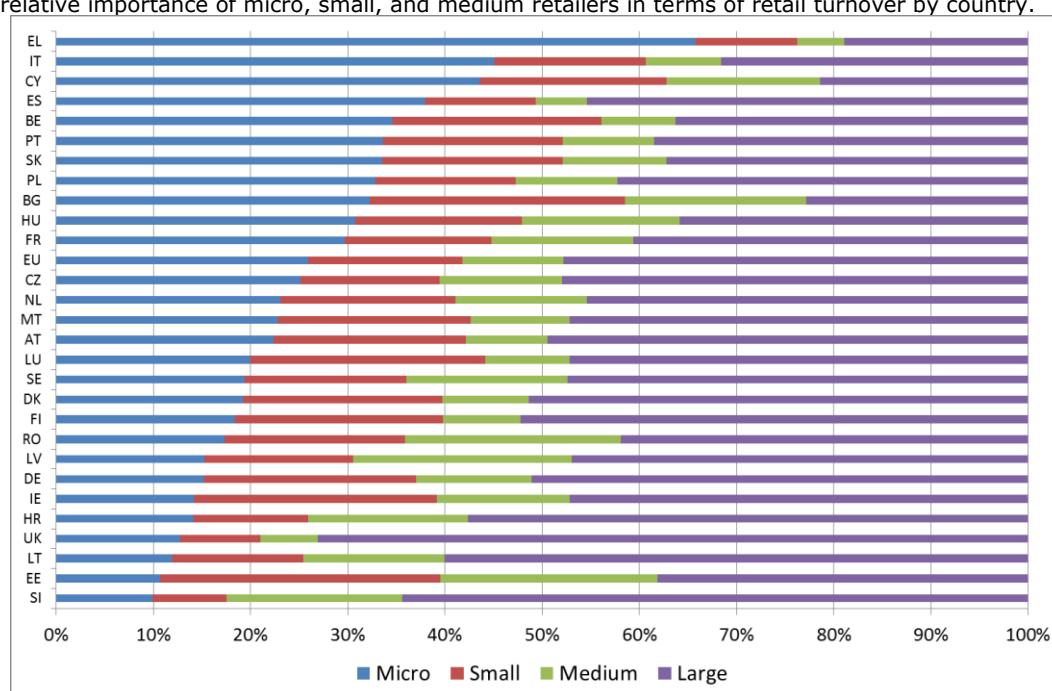
The following table summarises the key characteristics based on shop location.

Table 5 Typical footfall costs and competition based on location of small retailers

Location	Footfall	Costs	Competition
Centrally based urban stores	High	High	High
Stores at travel junctions	High	High	Low
Out-of-town shopping centres and retail parks	High (from large regional catchment area)	High	High
Suburban stores	Medium to low	Medium to low	Low
Rural stores	Low	Low	Very low

## Sales turnover and added value

Figure 16 The relative importance of micro, small, and medium retailers in terms of retail turnover by country.



Source: Author's own elaboration based on Eurostat, 2014<sup>53</sup>

The contribution from small retailers is reducing as consolidation of the retail market takes place in the newer Member States where multiple chain retailers are growing. Small retailers represent around 30 % of all European Small and Medium sized Enterprises (SMEs) across all sectors (Eurostat, 2014).

Small retailers contribute 33 % of the retail sector's added value in the UK (Eurostat, 2014), and less than half of the value added in Austria, Lithuania and Slovenia (Eurostat, 2014). However, small, micro retailers account for more than 40 % of the added value in retailing in Bulgaria, Cyprus, Spain and Italy, reflecting the fragmented nature of the retail market in these countries (Eurostat, 2104). Small, micro retailers generate on average € 40 thousand of added value per firm (Eurostat, 2014).

## Costs

Four main areas for discussion of costs stand out: capital, premises, labour, and product.

**Access to capital** is critical for any business, and small retailers are no different. However, in comparison to larger commercial enterprises, a small retailer's access to capital, and associated costs, may be based on more informal rather than formal mechanisms. Hence, while typical business funding mechanisms, such as bank loans, may be employed, many other sources of funding may also be employed. For example, borrowing money from family and friends is not uncommon. Likewise, mortgaging personal property to raise funds for the business may occur on an ad hoc basis when larger investments, such as a refurbishment, are required. Accounting for the cost of raising capital through these informal mechanisms can be both opaque and problematic. Thus, small retailers may be paying interest rates on capital borrowed that range from those commercially advertised for small businesses, from a few to several percentage points above bank base rates, to almost anything, low and high, from zero interest to short-term

<sup>53</sup> Including estimated figures where missing, based on average across EU.

emergency borrowing with very high interest rates. For a young or struggling business, the cost of capital may be the major cost; for an established or thriving business, capital may be relatively cheap.

The **cost of retail premises** includes the rent or purchase price of a shop, as well as local real estate taxes. These costs are primarily dependent upon the specific location, as well as the size of store. The tenure of the real estate (freehold or rented) has a different impact depending upon how it is accounted for. The accounting practice employed is often related to the ownership of the business. For example, part of the real estate may also be the family home. These accounted costs reflect the local situation and so can vary greatly, perhaps being as much as 25 % of costs when excluding the cost of goods sold. Similarly, local real estate taxes also vary depending upon the exact location, and may represent a significant cost, sometimes as much as 10 % of costs when excluding the cost of goods sold. Rent and local real estate taxes are usually broadly related, though perhaps not as strongly as might be expected, especially when comparing them across national boundaries.

**Labour costs** vary greatly, depending upon the organisation as well as the nature of opening hours, footfall, size of store, type of products and services and so on. The major differentiating factor in labour costs is whether they are derived from operating profits or from regular employment contracts. So, the ownership and operating structure are very important in driving these costs, especially at the marginal level, ranging from almost zero when provided directly by the owner up to 50 % of costs excluding the cost of goods sold. Thus, a small retailer may have no visible variation in such costs if the owner is the main worker, even though the hours worked may vary greatly across any period of time. Longer opening hours, greater footfall, larger stores, and more tailored products and services can all add to the cost of labour. For example, a busy suburban larger store, open all hours, and providing a wide range of products and services will require more labour than a florist in a sleepy (small) town.

**Product** for resale can account for 80 % or more of a small retailer's costs for generalist stores whose main service is in providing other suppliers' products at a convenient location, but may be relatively little for a specialist retailer whose main service is to make available their own products to the market. Thus, a local pottery shop may pay little for clay, while a town centre convenience store may only be able to add a small margin to the bought-in product. The balance between product costs, sales price, and the associated margin varies hugely between different types of small retailers. For example, a traditional convenience store may buy in a limited range of product categories, such as confectionary, tobacco, and newspapers, and sell at a small mark up, thus requiring a high throughput to survive. On the other hand, a boutique fashion store may rely on a few sales but much higher margins. These differences reflect the profit margins that the market will sustain for the type of product, store location, service provided and so on. The considerations are many and varied. It is worth noting that food does not always require high throughput, neither does non-food always rely on low throughput. For example, a specialist chocolatier may rely on high margins rather than high throughput, while a tourist store may require high throughput to survive on low margins. There is no dominant strategy or situation – hence average figures are of little value, and even ranges of figures are uninformative.

Other significant costs in certain instances may include utilities, especially energy consumption, marketing, wastage, and security. Again, these will vary greatly according to each particular situation. It is possible to find very different shops with similar cost structures, as well as very different cost structures in apparently very similar shops. For example, the marketing costs of a rural butcher relying on bringing in customers to the village from elsewhere may be similar to the

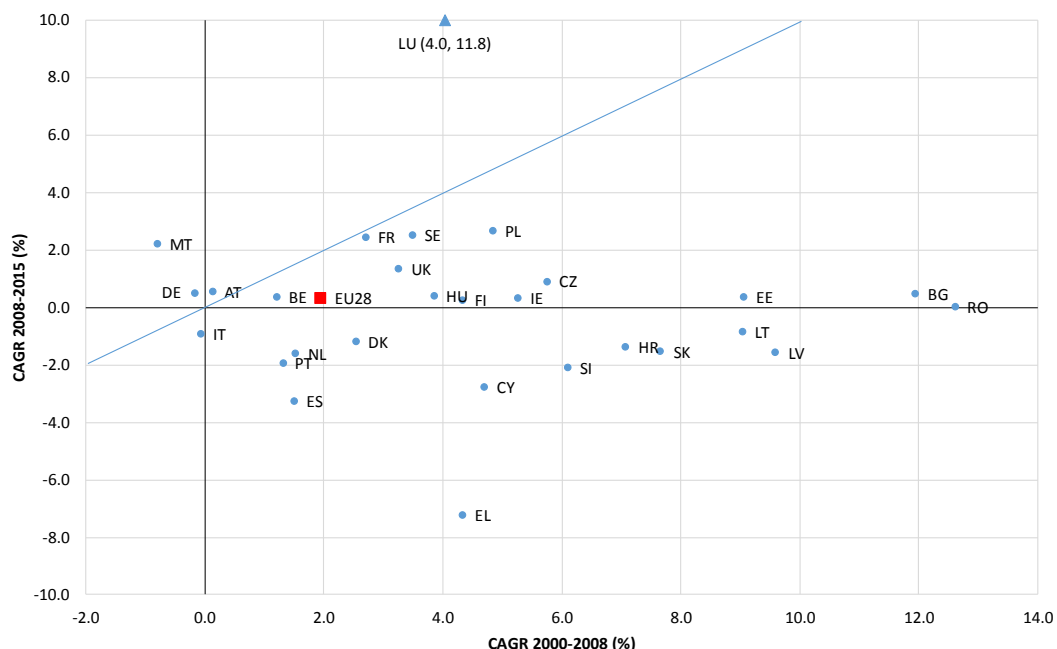
marketing costs of a city centre souvenir shop relying on customers choosing their shop rather than the one next door. Similarly, one city centre souvenir shop may choose to spend more money on marketing material, while another chooses to spend more money on securing unique products. The costs for small retailers are not easily categorised and can change markedly from one season to the next.

### *Direct and indirect employment*

Prior to the onset of the economic and financial crisis, the retail sector in Europe displayed average turnover growth of around 2 % p.a., with employment growing above 1 % p.a.; see Figure 17 and Figure 18. These overall figures mask wide variations across Member States, with growth in the retail sector being particularly strong in south eastern Europe (Bulgaria, Romania) and the Baltics (Estonia, Lithuania, Latvia), where the sector recorded annual turnover growth at or close to double-digit levels. By contrast, between 2000 and 2008, growth in the longer established Member States was typically healthy but not particularly spectacular.

Growth in the retail sector, both in terms of turnover and employment, was significantly curtailed during the period of the recent economic crisis. Whereas the retail sector grew in almost all Member States over the period 2000-2008, around half have seen turnover and employment fall over the period 2008-2014; notably in the “bail-out” countries (Greece, Cyprus, Spain, Portugal, Ireland) and, also, other countries where the retail sector had been expanding rapidly before the crisis (e.g. Croatia, Lithuania, Latvia, Slovenia). The only country for which the available data indicate that growth in the retail sector has been significantly stronger over recent years compared to the pre-crisis years is Malta. At the aggregate EU level the retail sector has stagnated, with (real) turnover and employment in 2014 at essentially the same level as in 2008.

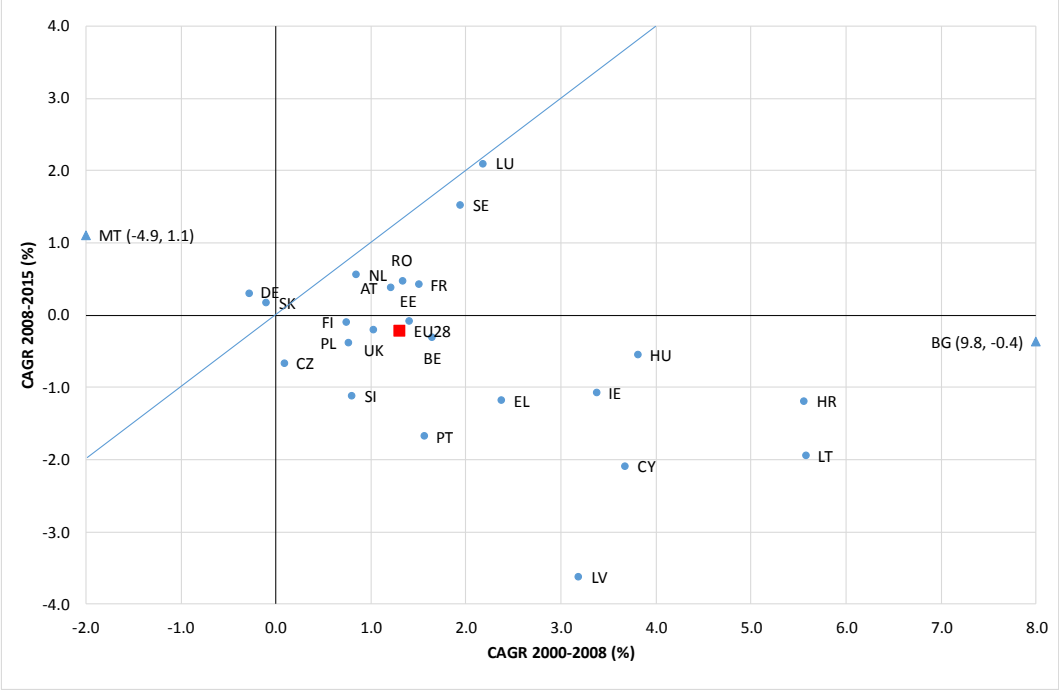
Figure 17 Growth rates of (deflated) turnover in the retail sector by MS<sup>54</sup>



Source: own calculations based on Eurostat STS (sts\_trtu\_a)

<sup>54</sup> G47 - Retail trade, except of motor vehicles and motorcycles

Figure 18: Growth rates of employment (number of persons employed) in the retail sector by MS<sup>55</sup>



Source: own calculations based on Eurostat STS (sts\_trtu\_a)

*Conclusion: characteristics of small retailers*

Small retailers can be grouped on the basis of where they are, what they sell, and how they are run, as follows:

Table 6 Classification of small retailers

Place	Market	North/South/East/West Europe
	Location	Urban/Rural
Product	Supply	Standalone/Group
	Offer	Generalist/Specialist
	Range	Limited/Comprehensive
People	Resources	Large/Small
	Expertise	Strong/Weak

“**Place**” dictates the overall context for the small retailer. At the national level, there is much variation in legislation and geography between those countries of the North, South, East, and West of Europe. At the local level, an urban small retailer, with high footfall but higher costs, has a different challenge to the rural small retailer, with lower footfall and lower costs.

“**Product**” indicates the structural choices made by the small retailer. By standing alone, a retailer has a simpler business in many ways focused on buying and selling. However, without the support a larger group, whether other small retailers, a buying group, or co-operative support, it is difficult for a small retailer to access the economies of scale necessary for investing in new technology, identifying new products, or exploring new services.

“**People**” indicates the ease and ability of making the right decisions for a particular small retailer to be sustainable over the long term. This will be down to the individual personality, experience

<sup>55</sup> G47 - Retail trade, except of motor vehicles and motorcycles. Data are unavailable for Denmark, Italy and Spain.

and background of the individual retailer and their situation. Thus, a wealthy individual wishing to set up a store that reflects their own interests or a successful store passed down through the generations where the real estate was paid for a long time ago may have considerable resources at their disposal, while a new immigrant setting up a store for the first time or an existing traditional store with marginal profits or losses from year to year may both have very limited resources to invest. Likewise, one individual retailer may be an expert at reading the market and adapting accordingly, while another selling a similar product in a similar market may not have had the same training or instinct for being a successful retailer.

## Retail and digital commerce technologies

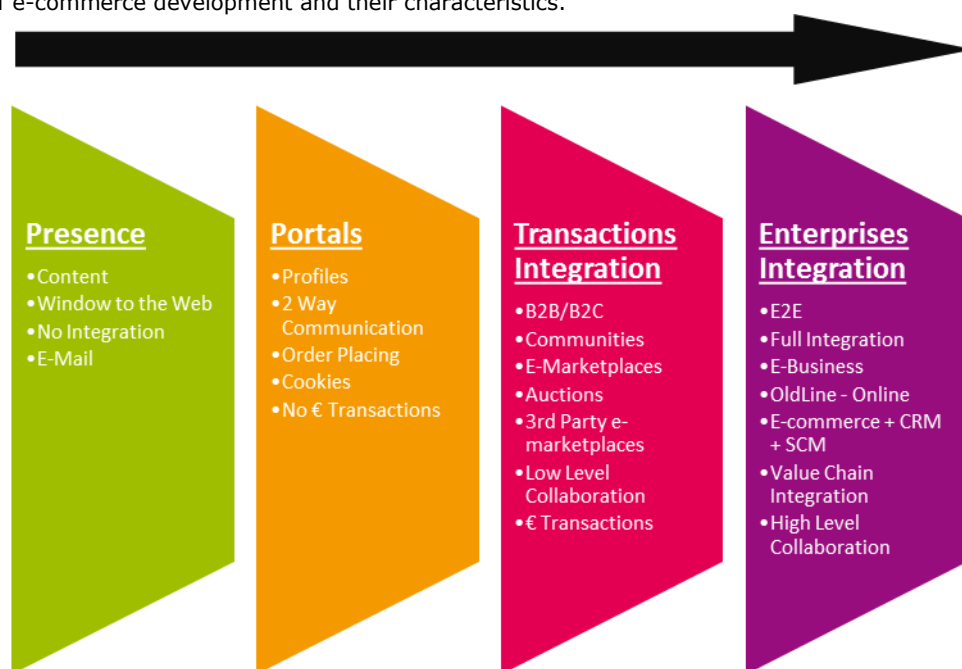
An increasingly digitalised society increases the pressures to make use of new technologies to facilitate customer contact and render the supply chain and store operations more efficient. Many small retailers struggle to keep up with the pace. Most of them only leverage basic, enabling technologies (such as in-store WiFi or emailing lists) and have a basic, portal-centric web presence (managed by themselves, but in many cases also by others or groups of retailers). Direct personal contact between small retailers and their clients has always been the competitive edge of such stores. Adjusting to the new digitalised world to retain this competitive edge will be one of the key challenges for small retailers in the coming years. No "one size fits all" recommendations can be made, however, on which technologies to adopt, as this will largely depend on the retailers' maturity, contextual setting, appetite for innovation and mostly their clients' expectations and needs.

### *Sophistication of technology enablement*

Application of technologies in retail is an evolutionary process and this evolutionary process can be illustrated on a continuum, starting at basic online presence, via participation in online portals, integration at transactional level, to full Business-to-Business (B2B) and Business-to-Customer (B2C) integration.

While some small organisations have integrated ICT in their daily working patterns (both internally & facing their customers), many of them are still at a relatively early stage of technology usage. Examples of what such technology usage typically looks like are provided below.

Figure 19 Stages of e-commerce development and their characteristics.



Source: Author's based on Rao et al (2003, p.15).

### Many micro retailers are still at Stage one – Online Presence

Many retailers are at the early stages of ICT usage, having some limited presence, without links to online portals or with limited transactional capabilities. It is important to recognise that, in fact, for some retailers, even simple and relatively “traditional” technology which is well established and used for years everywhere else can be perceived as something new. Presence can include: joining an online platform, the creation of a social media page, or presence in an online directory. Some presence can be taken care of by third parties, without direct involvement from a retailer: for example, traditional, hard copy, paper- based phone books are being replaced by online versions, and as a result a small business is listed online in an address/phone directory, or added by a local authority or another organisation which is updating companies’ online profiles. More active presence, such as the creation of a web-page or a social network account, requires more advanced skills and capabilities as well as internet access which are not always a given for small retailers.

### Some micro retailers reaching Stage two – Portals

The second stage includes two way communications via technology. So, there is not just a web-page but it is possible to exchange with the owner of the page (e.g. place orders or get more information, which is not displayed on the portal). The online profile is updated on a regular basis and new content is added. The retailer is “actively” using the technology for communication with business partners (customers or/and suppliers – B2B and B2C). Online portals can be dedicated to a certain market (product type – sport, hobby, including niche markets), or region (city, province). However, despite using technology, this stage still lacks transactional capabilities.

### Stage three – Transactions Integration – observed in small retailers’ back office operations

At this stage, a shop is transaction-wise integrated with some of its business partners. It might be possible to order goods from a supplier (manufacturer or wholesaler) or customers (placing orders online). The whole process is supported by technology: search, order, payment, delivery and/or in store collection and returns management. Such technologies can be integrated with a



“traditional” store, and used to attract customers to the store. Online shops created by a retailer are an example of such a solution – when a “click and collect” option is added an online store may generate additional footfall, as a customer must visit the store to collect the goods ordered online. This transactional platform could also be provided by a third party (online marketplaces, buying groups or online auctions), or business partner (such as an online catalogue created by a supplier). Examples of such third party B2C solutions are, at both the international and country level, eBay, Amazon, or the Polish online platform Allegro. This is not an uncommon solution for small retailers that operate in a certain product/market niche (fashion, hobby, DIY, sport) – so they can run a traditional retail store as well as an online store via an online trading platform.

This stage can incorporate earlier stage levels, such as presence in portals, directories and social media. However, there could be also a different option, as small retailers might “leapfrog” the two first stages, and use Business-to-Business (B2B) portals for procuring products, checking availability and offerings. Such portals could be provided by wholesalers or/and producers. Thus the retailer is connected, but at the back office only – and customers might not be aware of such connections. This option is common when smaller retailers cooperate and create buying groups or join franchising schemes. Thus the integration starts from the back office and supply chain integration (customer side technology can be used, but it is not interlinked with back-office supply chain management systems).

Such integration between Supply Chain partners can occur at three levels (Kotzab, Skjoldager, et al. 2003):

1. Technical integration is at the data integration level and concentrates on data exchange between companies;
2. Application integration: this is the physical integration of software and hardware systems;
3. Business integration: this implies deep cooperation between organisations. Sharing plans, schedules, and inventory levels and so forth.

The integration, in case of small retail, can be top-down - initiated by wholesalers or producers, and bottom-up when small retailers join together to create buying groups and supporting online solutions. Another option is to join third party online marketplaces, which allow retailers to select and order products online. Back-office supply chain integration aims at cost reduction, reduction of buying prices, and increased bargaining power due to economies of scale achieved by co-operation and resource pooling, while at the same time maintaining a front (customer) side which feels like a “traditional” shop, as technology is not visible for the final customer. Such solutions, however, mean a reduction in the degree of independence of the shop and require the creation of different types of alliances, including forms of loose franchising and the establishment of store networks.

#### **Stage four – Enterprises Integration – mostly out of reach for micro retailers**

This fourth, and last, stage includes full end to end integration, from manufacturers, suppliers, via retail to customers (both B2B and B2C integration). It covers applications such as those which support Supply Chain Management and Customer Relationships Management. In the case of retail it is more likely to be large retail organisations, which have a powerful position in the supply chain, that will be at such a level. Small retailers, especially independents, usually lack such capabilities. At this stage the whole supply chain, both back-office and customer-facing connections are via online solutions, and in addition to this, transactional level analytical tools are used to support the decision-making process, including real-time analytics and forecasting.

#### *Combination of physical and online presence*

### Mostly we see a combination of physical and online store elements

No matter their stage of sophistication of technology maturity, in many cases, retailers will combine physical and online presence. Extreme scenarios such as traditional “physical, only brick and mortar” stores, where interaction with customers and suppliers does not involve any technology, or “pure e-commerce” stores, where all interaction is via technology, such as online stores, remain rare.

In many cases, even in the case of traditional physical stores there is an “online” element; it could be presence in the online address book or directory (created by a third party), or using technology to order goods from a wholesaler – so technology might be not visible to the final customer (back-office use only), or not even treated as “retail technology” by the store-owner (such as placing orders by e-mail, or web-page).

The second extreme, “pure e-commerce”, also is limited by product characteristics. There are very limited product categories which can be delivered online (electronic books, games, music, video). Other goods, given their “physical existence”, need to be delivered or collected to reach their final customer. Thus, in fact, in the case of retail trade we are dealing with a spectrum of online-physical models, which depend on the integration level between each of the retail channels. When referring to integration between online and physical, integration implies common policies and actions, such as marketing, pricing, customer relationships management, brand building, promotion, return management and all other relevant areas (Cao, 2016 in print).

Within integrated online-offline companies four models focused on customer-side integration can be observed:

1. **Multi-channel, silo model:** where a company has two separate units, or even companies. Each of them manages a single channel: online and physical. There is no, or very little integration between each channel;
2. **Multi-channel, minimal integration:** there is integration at brand and marketing communication levels. A single brand is used for both channels, communication is consistent;
3. **Multi-channel, moderate integration:** this level also includes transactions, such as order fulfilment, between channels, this includes store pick up of goods ordered online and returns regardless of the channel of buying as well as store management. Online access also is possible via mobile devices. Additional technologies are utilised, such as in-store WiFi, promotional codes etc.;
4. **Multi-channel, full integration:** this is an “omni-channel” level where there is full integration between all channels in addition to all communication, strategies and transactions being interlinked. The organisational structure is adjusted to serve this new model. There are also digital links between the organisation and its suppliers.

There are a very limited number of companies, even large ones, which are at level 4 (full integration – omni-channel retail), so the majority will be at level 2-3. In the case of small retail, it is very unlikely that they are at level 1, due to their small size. The majority of retailers are at level 2 and to some extent level 3. Another option is back office (supply chain) integration only, while the front end, customer facing side, may still be traditional. Product characteristics play again a role here, for example in grocery retail there will be less online sales, while in specialised niche goods, online trade might be an opportunity to reach a wider group of customers.

Integration, especially in the case of traditional grocery retail without a strong online commerce presence, could be via supply chain and back-office systems. In such integration, a shop is treated

as the final customer in an electronic supply chain, which coordinates flows of information, goods and finances from wholesalers, or producers to the shop.

### *Available technologies*

#### **Micro retailers mainly use basic technologies**

Before moving to any technology there is a need for basic infrastructure. Whilst electricity is available across the EU, this is not always the case for broadband access and Internet use. Some countries, and regions (such as rural areas), might have poor quality, slow and costly Internet access to fixed or mobile connections, which are necessary for the implementation of more advanced solutions, while some do not<sup>56,57</sup>. Similarly, access to WiFi is not equal (lack or limited number of WiFi hot-spots), and this influences the usage of technology in retail. Also, geolocation and related to it, online business directories, need to be available in the region or local area, to guide potential online customers into the store.

However, for some retail businesses, some technologies, even those widely used elsewhere (web-pages, social media accounts, e-mail), might be considered as “new” as they might be behind in technology adoption. This is visible when looking at Internet usage among enterprises, where some countries have reached full saturation, with almost 100 % of enterprises having access to Internet (e.g. Finland, Netherlands), and other countries such as Bulgaria (76 % usage) or Greece (85 %) who lag behind (Eurostat 2015). Similarly, Internet access among customers is not equal; there are again regional differences, with the least connected regions, such as the Bulgarian region of Severozapaden where just 50 % of households have Internet access (Eurostat 2016). Thus, when looking at technology usage there is a need to consider local context and the availability of technological enablers, which are necessary to implement technology solutions in retail – without basic IT infrastructure it is impossible or too costly to implement more advanced solutions.

The table below summarises digital enablers for retail as they were identified in Gartner Research in years 2000/2001. The fact that these technologies are still not fully adopted is a sign of small retailers lagging behind the technology adoption curve by several years compared to medium or large retailers or good practice adopters of technology though small in size for some of the reasons highlighted above.

Table 7 Digital enablers for retail (based on Gartner Research dated 2000, 2001)

Digital enablers for retail
• Internet access
• Websites providing for example shop directories
• Geolocation technology which supports online maps with store location
• In-store free WiFi access which enables multi-channel retailing
• Mobile apps which provide for example an online directory of shops in a specific area
• E-mailing lists used for marketing purposes

#### **A few more advanced technologies are within reach on the mid term**

A corollary to the fact that most small retailers are late adopters of technology is that they are challenged adopting more advanced ICT solutions. Thus whilst many “advanced” technologies would be available, and are being used by large retailers, many of them will be out of reach for micro businesses, mainly for two reasons: the cost of adopting the technologies and the risk adoption brings.

<sup>56</sup> <https://ec.europa.eu/digital-single-market/en/broadband-and-infrastructure-mapping-project>

<sup>57</sup> <http://point-topic.com/free-analysis/the-broadband-competition-map-of-europe/>

Typically, cost and risk are high for immature technologies that could provide retailers with a significant competitive advantage, but where it is rather uncertain if or when such advantages will materialise. Small retailers thus tend to adopt **mature technologies** that are to a large extent commoditised, easy to use and available at low cost. Also, small retailers will adopt technologies that are (risk-) **proportionate** to their business needs in terms of number of clients and suppliers to handle, number and size of stores, and for example IT investment required to purchase and operate the technology compared to revenue. As an example, it will be evidently irrelevant for a retailer dealing with a limited number of clients and orders in only one or two stores to invest in Business Intelligence and Data analytics solutions to capture client and supply chain data in sophisticated ways.

The table below provides an exhaustive map of technologies observed in retail and digital commerce<sup>58</sup>, assessed against market maturity and proportionality to show which technologies are within reach for small retailers realistically on a near-time horizon, both in Retail and Digital Commerce.

Table 8: List of Technologies relevant to Small retailers due to high market maturity and reasonable proportionality to deploy<sup>59</sup>

Enablers	High maturity	Moderate maturity	Low maturity
Retail technologies			
Mainstream	0 – 2 years to mainstream	2 – 5 years to mainstream	5 – 10 years and over 10 years to mainstream
<ul style="list-style-type: none"> <li>▪ <b>Internet access</b></li> <li>▪ <b>Websites for online directories</b></li> <li>▪ <b>Geolocation technology for store location</b></li> <li>▪ <b>In-store free WiFi access which enables multi-channel retailing</b></li> <li>▪ <b>Mobile apps which provide for example an online directory of shops in a specific area</b></li> <li>▪ <b>E-mailing lists used for marketing purposes</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Mobile POS</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Smart Data Discovery</li> <li>▪ Algorithmic Merchandise Optimisation</li> <li>▪ Customer-Centric Merchandising &amp; Marketing</li> <li>▪ In-Store Self-Service: Customer-Facing Applications</li> <li>▪ Intelligent Virtual Store Design</li> <li>▪ <b>Java-Based POS Software</b></li> <li>▪ <b>Loyalty Management Systems</b></li> <li>▪ Multichannel Master Data Management for Retail</li> <li>▪ <b>Retail Mobile Shopping</b></li> <li>▪ <b>Social Commerce</b></li> <li>▪ Unified Merchandise Planning</li> <li>▪ Unified Price, Promotion and Markdown Optimisation</li> <li>▪ <b>Digital Coupons</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Algorithmic Retailing</li> <li>▪ Cognitive Expert Advisors</li> <li>▪ Real-Time Store Monitoring Platform</li> <li>▪ Retail 3D Printing</li> <li>▪ Digital Wallets in Retail</li> <li>▪ Master Content Management</li> <li>▪ Multichannel Location Analysis</li> <li>▪ Real-Time Customer Offer Engines</li> <li>▪ Retail Distributed Order Management</li> <li>▪ Workforce Analytics</li> <li>▪ Augmented Reality in Retail</li> <li>▪ Electronic Shelf Labels</li> <li>▪ Retail Mobile Payments</li> <li>▪ Social Employee</li> <li>▪ Recognition</li> </ul>

<sup>58</sup> This exhaustive list is drawn from Gartner Research, specifically Hype Cycle for Retail Technologies, 2016 (Gartner Research Note reference G00300331) and IT Market Clock for Digital Commerce, 2016 (Gartner Research Note reference G00310673).

<sup>59</sup> Abbreviations used are: POS for Point of Sale, CRM for Customer Relationship Management, DXP and UXF for Digital/user experience, MDM for Master Data Management, CPQ for Configure Price Quote, SaaS for Software as a Service

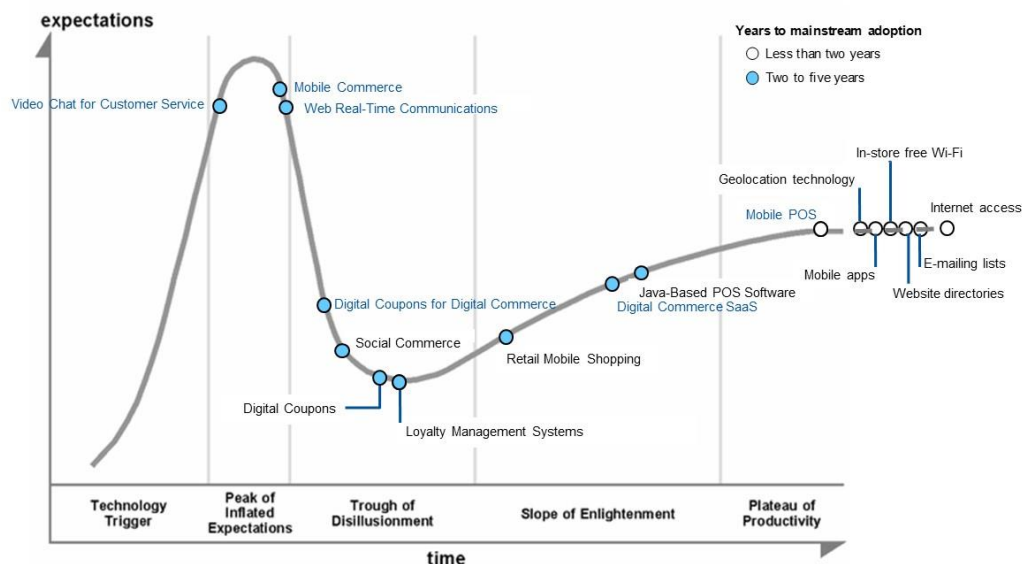
Enablers	High maturity	Moderate maturity	Low maturity
			Systems <ul style="list-style-type: none"> <li>▪ Customer Engagement Hub</li> <li>▪ Digital Workplace</li> </ul>
Digital commerce technologies			
Mainstream	0 – 2 years to mainstream	2 – 5 years to mainstream	5 – 10 years and over 10 years to mainstream
<ul style="list-style-type: none"> <li>▪ <b>Not applicable</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Price Optimisation and Management for B2B</li> <li>▪ Fraud Detection</li> <li>▪ <a href="#">Mobile POS</a></li> </ul>	<ul style="list-style-type: none"> <li>▪ CPQ Application Suites</li> <li>▪ Personalisation Engines</li> <li>▪ <a href="#">Web Real-Time Communications</a></li> <li>▪ Analytics for Customer Intelligence</li> <li>▪ Distributed Order Management</li> <li>▪ Enterprise Feedback Management</li> <li>▪ <a href="#">Loyalty Management Systems</a></li> <li>▪ MDM of Customer Data</li> <li>▪ <a href="#">Mobile Commerce</a></li> <li>▪ Recorded Video Customer Service</li> <li>▪ <a href="#">Video Chat for Customer Service</a></li> <li>▪ Virtual Customer Assistants</li> <li>▪ <a href="#">Digital Commerce SaaS</a></li> <li>▪ <a href="#">Digital Coupons for Digital Commerce</a></li> <li>▪ Integration Brokerage</li> <li>▪ Responsive Design</li> <li>▪ Social for CRM: Social Feedback Management</li> <li>▪ Tag Management</li> </ul>	<ul style="list-style-type: none"> <li>▪ IMC-Enabled, Packaged CRM Applications</li> <li>▪ Thing Commerce (formerly UXPs)</li> <li>▪ Knowledge Management for Customer Service</li> <li>▪ Recurring Revenue Management</li> <li>▪ Shoppable Media</li> <li>▪ Customer Engagement Hub</li> <li>▪ Customer Journey Analytics</li> <li>▪ Augmented Reality in Retail</li> <li>▪ Consumer Messaging</li> <li>▪ Applications for CRM</li> </ul>

Figure 20 below maps the retail and e-commerce technologies relevant to small retail in the form of a Hype Cycle. The Hype Cycle is a graphical depiction of a common pattern (from overenthusiasm around a technology to the technology actually reaching full productivity) often used by Gartner that arises with each new technology or other innovation. As a general rule, the more the technology is on the right hand side of the cycle, the more mainstream and commoditised it is; the more the technology is on the left, the riskier and more challenging its adoption will be even though such adoption will likely provide the retailer with a unique selling proposition or competitive positioning advantage:

- Video Chat for Customer Service, Mobile Commerce and Web-Real Time Communications are passing or about to pass through being hyped and thus in the very near term warrant consideration by more technology-savvy micro retailers;
- Digital Coupons, Social Commerce, Loyalty Management Systems and Retail Mobile Shopping are interesting to retailers for wider deployment. Retailers should focus on selecting and deploying them for use in cases they consider smart and adequate for their particular business;
- Digital Commerce Software as a service and Java-Based Point of Sale Software are about to reach their maximum productivity and should increasingly become affordable to micro retailers;

- Mobile Point of Sale is expected to mature imminently (in less than two years) and similarly reach its full productivity;
- Technology enablers such as In-store free WiFi, web site directors etc. have penetrated the market for a long time, but have little innovation value added, with possibly geolocation technology being an exception here as it is increasingly omnipresent and leveraged in innovative use cases such as providing real-time information to customers based on where they are located.

Figure 20 Hype Cycle for Mature Retail, Enabling and E-commerce Technologies for small retail



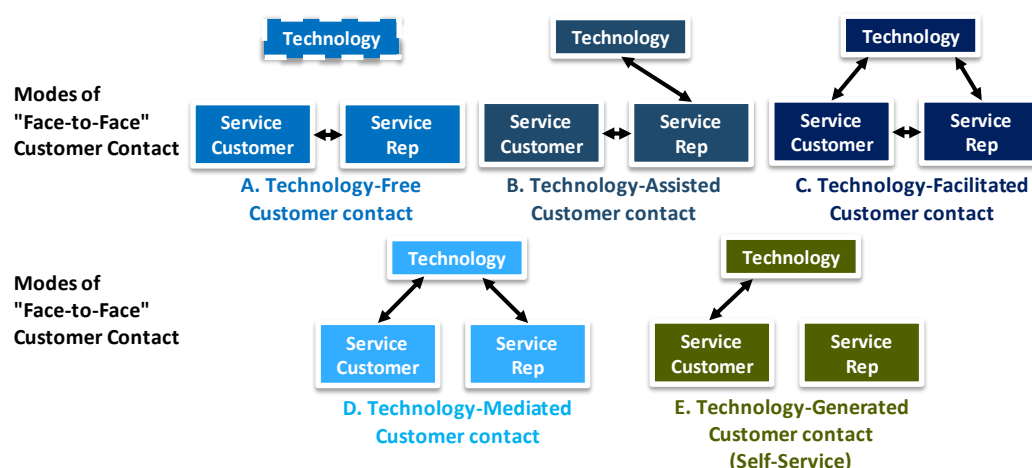
Source: Custom elaboration for this report, Gartner 2016

### *Technology will play an increasingly prominent role in customer contact*

Many technologies relevant on the shorter term to micro retailers are in essence customer-facing technologies. They are technologies clearly visible for customers and used at the "front-office". This includes for example web-pages, POS terminals and e-kiosks. It can be less likely that retailers invest in complex, costly or risky technology at the back end, i.e. between retailer and supplier located in the "back-office", thus "hidden" from a customer, who might not be even aware of their existence. The "front-office" technologies are those considered to make the difference for micro retailers conscious of their constant goal that is to attract and re-attract customers in user-friendly and differentiating ways.

Here, technology allows different types of interaction between customers and retailers, from fully "technology free", via support of different functions and processes, to full self-service, where sales-persons are not required and various machines are used directly by a customer. Self-service technology can be located in or near retail premises, such as ticket and vending machines and information screens in shopping malls or shopping areas, or could be performed online on the customer's own device, accessed by a computer or mobile phone. The figure below summarises the roles technology can play in customer contact.

Figure 21: Role of technology in customer service



Source: Author based on Froehle and Roth (2004): Journal of Operations Management 22, 1-21

### Technology free customer contact out of scope for this study

Technology-free customer contact is beyond scope of this research. It is important to note that technology free contact will include **all contact**, not just direct contact in the retail store. Thus, for example, finding information about store or store location on computers, or mobile devices, then visiting a store and completing a transaction cannot be considered as fully technology free, as technology was used to locate shop and its offerings. As already mentioned pure "offline" models are less and less common across the EU.

### Technology assisted customer contact is an increasingly common pattern but requires small retailers to be familiar with such technologies

In this model technology is used by the store owner, or employee, not by the customer directly. Store employees are performing tasks instead of the final customer. Other technologies used in retail stores by store staff on request from customers, for example service selling via different machines: lottery ticket sales, courier services (store as pick-up point), mobile phone top-ups, cash-back services from the POS, and all other options where the sales-person operates a machine on the request from a customer. Most of such solutions are dedicated to the sale of services, not physical goods and gives extra revenue in traditional retail sales points.

Table 9 Examples of technology which assists in customer-retailer contact

Technology identified	Note
Geolocation service	Used mainly by customers
Mobile app, online directory	Used mainly by customers
Mobile POS	Only when cash is used, in case of card payments it can be classified as technology facilitated
Java-Based POS Software	As above

### Technology facilitated customer contact focuses on the user experience driven by technology and responds to increasingly technology-savvy user needs

In this model technology is used in the "traditional", physical store settings and is utilised by both customer and sales person, such different technologies can be used at different stages of transactions, in some cases the fact that technology was used is not visible to both parties, for example:

**Use by customer, who later visited a store:**

- use of geolocation (for example Google Map) service to identify shop address and location;
- checking reviews about service level and products.

**Use by store:**

- price optimisation;
- stock level, inventory management.

**Use by both parties:**

- loyalty schemes;
- digital coupons.

This model supports traditional, face-to-face connection using different technologies.

Table 10 Traditional, face to face connection using different technologies

Technology identified	Note	Technology used by:
Mobile POS	Card payments, extra services such as phone top-up.	Customer and store
Java-Based POS Software	Card payments, extra services such as phone top-up	Customer and store
Social Commerce	Driving customers to store, sharing shopping experience while instore	Mainly customer, but also store
Social Commerce Applications	Driving customers to store, sharing shopping experience while instore	Mainly customer, but also store
Algorithmic Merchandise Optimisation	Back-office function	Store
Customer-Centric Merchandise and Marketing	Back-office function	Store
Multichannel Master Data Management in Retail	Back-office function	Store
Unified Price promotion and Market Optimisation	Back-office function	Store
Configure Price and Quotation	Back-office function	Store
Order Management	Back-office function	Store, can be also by customer

Technology facilitated customer contact includes both technology and face-to-face interaction, while the next model (technology mediated) is primarily based on “face-to-screen” contact.

### Technology mediated customer contact is relevant when customers and retailers are in different locations

Traditionally in this option customer and staff were in different locations, linked by technology, which includes online chats, or call centres. However, the introduction of mobile devices changed this past situation, so customers can be in store and use technology via smartphone or other devices, but without contact with the store-staff.



Table 11 Technology mediated customer contact

Technology identified	Note	Technology used by:
In-store WiFi	Need for devices and applications	Store and customers
Social Commerce Applications	Part of it, online chats, in real time	Mainly customer, but also store

### Self-Service - technology generated customer service is on the rise through e-commerce

This is an online model, where the customer uses technology. Traditionally in this category all standalone machines were used, such as ATMs (cash machines), but today it is possible to complete the whole transaction online: search, buy, pay, define delivery, with no or little staff involvement (except picking, packing and delivery). So, in this model the customer orders from a store, but might or might not visit it.

Table 12 Types of transaction technologies

Technology identified	Note	Technology used by:
Retail Mobile Shopping	Only when whole transaction is online.	Store and customer
SaaS Commerce platforms	Only when whole transaction is online.	Store and customer
Enterprise Search for Digital Commerce	Only when is followed by transactions	Store and customer
On-premises Commerce platforms	Only when whole transaction is online.	Store and customer
Payment processing	Can it be as part of POS?	Store and customer
Open Source Commerce Platforms	Only when whole transaction is online.	Store (customer does not care what he/she uses)
Order-fulfilment	Only when whole transaction is online.	Store and customer
Personalised engines	When used to find online store, then perform transaction	Store and customer
In-Store Self-Service: Customer-Facing Applications	Used in store	Customer

# ANNEX B - Technology

## Relevant technologies

### Technologies' definitions

What follows is a more detailed description of key technologies relevant to small retailers as per this report.

Table 13 Definitions for relevant technologies<sup>60</sup>

Technology	Description
<b>Social Commerce</b>	<p><b>Social commerce</b> for retail uses social networks and social media content to drive measurable, repeatable and scalable sales transactions, using a variety of applications and approaches.</p> <p>There is a strong link between mobile devices and social commerce. Gartner research shows that interacting with social media is the second-most common use of a mobile device while shopping in store, just after viewing the retailer's e-commerce site. As a result, retailers must ensure that all of their social channels, as well as e-commerce and brick and mortar, are portraying the brand in a consistent manner.</p> <p><i>Business impact:</i> Social commerce can create new customer segments that are based on consumer's interests in a web environment. This can enable the targeted selling of products that are related to group interests and activities. In addition, social commerce can help drive down the cost of sales because it is used in more cost-effective digital channels (marked by considerably less need for human intervention) and can be an extension of brand personality to create greater brand awareness. Gartner research shows that social media content has a direct positive impact on physical retail stores as well as digital channels and, as such, is an important enabler of multichannel retail. The unquestionable convergence of social and mobile offers unique opportunities to respond to consumers in the moment. Organisations should continue to capitalise on these trends since social commerce capabilities differentiate one store from another today. As digitalisation increasingly impacts retail, expect social media to form an important part of the retail digital business strategy.</p>
<b>Mobile POS</b>	<p><b>Mobile POS</b> refers to a point of sale (POS) application that is usually delivered on a retailer-owned, wireless device to enable scanning, queue-busting or payment processing on the store floor.</p> <p><i>Business Impact:</i> Customers cite faster check-outs as a key customer service basic requirement and express a preference for store associate involvement in the check-out process. Mobile POS can improve queue management during the check-out process, especially during peak trading periods, such as the Christmas holiday season, leading to improved sales.</p> <p>If appropriate for the business model, retailers operating smaller-footprint, compact stores should consider mobile POS to replace fixed check-out areas, thus releasing floor space for more merchandising.</p>
<b>Java-Based POS Software</b>	<p><b>Java-based point of sale (POS)</b> software applications are "open" POS applications written to the Java Point of Sale (JavaPOS) standard. This language-centric platform is decoupled from any hardware or operating system specifics and gives the retailer flexibility to be implemented on any platform or device of their choice.</p> <p><i>Business Impact:</i> Java-based POS software can deliver cross-platform</p>

<sup>60</sup> Based on Gartner Research, specifically Hype Cycle for Retail Technologies, 2016 (Gartner Research Note reference G00300331) and IT Market Clock for Digital Commerce, 2016 (Gartner Research Note reference G00310673).

Technology	Description
	compatibility and interoperability therefore, reducing capital costs when retailers upgrade POS solutions and reducing the ongoing costs of enhancement. It can also reduce operational costs, such as ongoing training, thus lowering the total cost of ownership. Componentisation also supports reduction in time to make changes and supports speed to market for competitive differentiation. The newer application architecture can also support functionality to support services to enhance customer shopping experiences and their lifestyles.
<b>Retail Mobile Shopping</b>	<p><b>Mobile shopping</b> websites and applications provide functionality that allows consumers to conduct shopping activities on their mobile devices.</p> <p><i>Business Impact:</i> Retailers can use mobile shopping tools to conduct advertising and marketing and to increase product and brand awareness to improve sales. Gartner retail research indicates that mobile will play a critical part in enabling retailers to make the shift toward digitalising their businesses. According to a 3Q15 Gartner consumer survey, mobile already influences 21.3 % of store sales, and if retailers can improve process execution, it will become the key gateway in driving cross-channel revenue.</p> <p>For example, a mobile app used to find the nearest store that has a desired item in stock may influence a customer to go to that store and purchase the item right away — which means that the item should be physically available on the shelf, as expected by the customer who was "pushed" to the store by the mobile channel. Moreover, while in store, consumers who have opted in can be sent context-aware personalised offers through their mobile devices.</p>
<b>Loyalty Management Systems</b>	<p><b>Loyalty management systems</b> enable retailers to use loyalty functionality (points and profile management, self-service capability) from one centralised management system to transact with, interact with and reward customers across any and all channels. Providing loyalty capability to point of sale (POS), e-commerce, and mobile and social channels is required to move toward the digitalisation of the business.</p> <p><i>Business Impact:</i> Increases in sales due to improvements in marketing and customer services across all channels can be expected from enterprise's customer loyalty systems. In addition, retailers will have an enhanced ability to segment customers based on improved cross-channel visibility into customer activity in channels. Customer satisfaction will also result from the ability to provide loyalty functionality in any channel.</p>
<b>Digital Coupons</b>	<p><b>Digital coupons</b>, also known as electronic coupons or e-coupons, are the electronic form of a paper coupon or voucher. They can encompass several formats, including mobile and social coupons.</p> <p>The benefits of digital coupons for retailers, other than cost savings derived from not having to print, distribute and track paper offers, centre on increasing the frequency of visits to the store and increasing the overall customer transaction value. Through personalisation and customer recognition, these types of coupons can contribute to building customer loyalty and increasing the likelihood of repeat transactions.</p>
<b>Software as a service (SaaS) Commerce Platforms</b>	<p><b>Digital commerce SaaS</b> is a suite of shared software applications to enable online selling that are delivered uniformly to client subscribers in a one-to-many model. The application(s) are based on common architecture, code and data definitions to promote efficiency. These applications are owned, delivered and managed remotely by the provider(s) and are most commonly priced as a percentage of revenue representing operational costs to the customer(s) versus the traditional capital expense of software investment.</p> <p><i>Business Impact:</i> Choosing between on-premises/hosted and SaaS digital commerce platforms means choosing between a capital expense "ownership" model and an operational expense "usage" model, with differences in terms of budget ownership and balance sheet impacts.</p> <p>The advantage of SaaS digital commerce platforms is both speed of deployment and the smaller IT footprint needed, compared with on-premises models.</p>

Technology	Description
<b>On-Premises Commerce platforms</b>	<p><b>On-premises digital commerce platforms</b> support all the basic functionalities required to support an e-commerce site. Digital commerce platforms provide basic functionality that support both Web and mobile commerce for the selling of products and services via multiple digital storefronts and the ability to manage multiple subsites, brands or markets centrally. Business Impact: Choosing the right digital commerce platform directly impacts efficiency and effectiveness. Efficient catalogue management interfaces can drastically reduce implementation times and costs when launching new sites and enable digital commerce managers to react more easily to changes in promotions, branding and experience design. Effective merchandising management can impact average order value, while good cart and check-out processes help to reduce abandoned carts.</p>
<b>Payment processing</b>	<p><b>E-Payment Gateway:</b> This profile has matured beyond the Plateau of Productivity</p> <p>Acceptance of online payments requires both payment gateway and payment processing capabilities. While some processors are starting to offer gateway services, sellers are finding that many processors do not service the seller's branded gift card, branded credit payments or other specialty payment types. A payment gateway supports multiple payment types and connects a seller's digital store, or point of service (POS), to the seller's bank (aka merchant acquirer) and to other processors or authorisers, based on the type of payment (credit, debit, gift card, automated clearinghouse [ACH], PayPal, PayPal Credit [formerly Bill Me Later], and so on). A payment processor, on the other hand, facilitates authorisation and payment settlement between the seller's bank and the buyer's bank and may enable a one-to-one relationship between the seller and the acquiring merchant bank, or a one-to-many relationship between sellers and the acquiring merchant bank.</p> <p>Business Impact: There are six key considerations when selecting a vendor:</p> <ol style="list-style-type: none"> <li>1. Combined gateway and processing services</li> <li>2. The type of processor</li> <li>3. Settlement</li> <li>4. Fee structure</li> <li>5. Fraud capabilities</li> <li>6. Local presence</li> </ol>
<b>Open Source Commerce Platforms</b>	<p><b>Open-source digital commerce platforms</b> support the creation of the whole of a Web store (for example, an entire Web store application) or part of a Web store (for example, a shopping cart). This software has features such as shopping cart functionality and product catalogues that enable store owners to set up, run and maintain online stores. Open-source e-commerce software is generally available for free under a GNU general public licence or other licence types; however, other fees may exist for varying types of memberships. It will take more than five years for this software to mature to the standards of today's enterprise e-commerce licensed software, and at least the same number of years to match the capabilities of the current SaaS e-commerce offerings.</p>
<b>Social Commerce Applications</b>	<p><b>Social Commerce for Multichannel Retail:</b> Some components of this profile have matured beyond the Plateau of Productivity.</p> <p>Social commerce uses social networks and social media content to drive measurable, repeatable and scalable sales transactions using a variety of applications and approaches. The three primary approaches are product reviews and ratings, social network selling, and product (or brand) advocacy:</p> <ul style="list-style-type: none"> <li>■ Product reviews and ratings are the presentation, capture and sharing of product-, service- or experience-specific perspectives among customers and partners, both on- and off-domain. Buyers can write, post and view reviews on an e-commerce or social website while shopping or browsing online.</li> <li>■ Social network selling influences purchases, either indirectly or directly, via social networks. When indirect, social selling enables customers to promote their likes and purchases to others through social networks, in the hope that</li> </ul>









Technology	Description
	<p>others will follow suit. Sellers may also offer incentives for customers to make purchases. When direct, social selling results in a sale, as the prospective buyer is able to make a purchase either on the social network or through a link on the social network to the seller's website.</p> <ul style="list-style-type: none"> <li>■ Product (or brand) advocacy is a personalised product review by an existing customer. Prospective customers correspond with customers (via email or chat) who have previously purchased and are using the products under consideration. This profile has been replaced with the <b>Shoppable Media profile</b>. Shoppable media refers to video, images and other rich media formats that trigger commerce transactions when a user selects an object representing showcased merchandise (such as a hot spot or button on an image or video of a dress or gadget). Desktop, mobile and TV-based versions are available. This profile includes owned and earned media (such as an online, shoppable look book) as well as paid media channels.</li> </ul> <p>Business Impact: The increased incidence of ad skipping, blocking and even fraud has made advertising in a paid context more challenging. Marketers can overcome some of these challenges across all outlets (paid, owned and earned) using shoppable media. Engaging, content-driven shopping experiences presented in a convenient digital context can:</p> <ul style="list-style-type: none"> <li>■ Attract new customers through creative, shareworthy discovery vehicles.</li> <li>■ Encourage upsell and cross-sell of outfits, sets or use cases for increased average order value.</li> <li>■ Enable high-margin, data-rich direct brand-to-consumer sales relationships.</li> <li>■ Overcome ad skipping and blocking behaviour in many contexts.</li> <li>■ Counteract the commoditising effects of online price competition and side-by-side comparisons.</li> <li>■ Provide near-real-time insights on the most compelling creative and messaging to be used in other nonshoppable contexts.</li> </ul>

#### *Details on how the Business case for investing into technologies has been evaluated*

The evaluation of the **relevance of the retail technology assets** to invest in is based on i) the ROI (return on investment) and on ii) customer effectiveness and iii) retailer efficiency.

The **"ROI challenge"** as presented in the core report covers specific criteria/components addressing costs and benefits, such as the payback time and the time to deploy for retailers. All criteria are enumerated herewith. The ROI challenge is rated as high, medium or low.

Table 14: Components of criterion “Feasibility to adopt or use the technologies (ROI challenge)”


	ROI Challenge			
	0	1	2	3
	No Challenge	Low Challenge	Medium Challenge	High Challenge
Time to deploy	< 1 year			3+ years
Ease of measuring benefits	A direct link from the technology to an already-collected metric			Benefits are almost completely qualitative, require significant work/analysis or new workflow to understand
Multiple department dependencies	Stand-alone, with no real dependency			Would require 2 to 3 other departments to change processes or invest in new technology
Multiple project dependencies	Stand-alone, with no real dependency			Project requires 2 to 3 other projects to be completed before benefits or functionality can be achieved
Cultural change required	Little to no change management required			Significant change management program required to implement
Investment required	Falls easily within existing department budgets			Board approval required; investment required at every location to achieve benefits
Perceived risk of tech.	Well-established, with publicly known successful rollouts			New technology, with only minimal pilots to point to
Payback time	< 1 year			3+ years

Note that, however, there is no direct correlation between the degree of challenge of obtaining ROI for a particular technology or application and the priority that should be given to investments in that technology or application. In technology investments, those technologies that are the most challenging to adopt can also generate the most benefits. Simply because a technology is considered a limited challenge in terms of ROI thus does not necessarily mean that it should be given priority in terms of investment of resources.

In general, the technologies that retailers should consider giving higher priority to in terms of investment are those that deliver higher levels of customer effectiveness and retailer efficiency — for example, instore technologies such as mobile point of sale (POS).


The **effectiveness** of each technology related to the customer experience places each technology alongside eight components. These are listed in the table below. The rating scale goes from “no impact” to “significant impact”.

Table 15 Components of criterion "Customer effectiveness"

Multichannel Customer Effectiveness				
	0	1	2	3
	Has <i>no</i> impact	Has <i>low</i> impact	Has <i>moderate</i> impact	Has <i>significant</i> impact
In stock				
Check-out is fast, convenient, secure				
Easy return				
Easy to find				
Product info. and reviews				
Convenient delivery				
Good selection and suggestions				
Assistance available				
	Technology does not directly relate and no impact expected — see customer viewpoint below.	Technology does not directly relate; however, some impact expected — see customer viewpoint below.	Technology is indirectly related and moderate impact expected — see customer viewpoint below.	Technology directly relates and significant impact expected — see customer viewpoint below.

The retailer **operational efficiency** dimension encompasses measures designed to identify the various aspects of retailer business processes (as listed in the table below), and to determine the potential impact of each technology on the overall internal retailer efficiencies. This dimension can be considered as reflecting profitability improvements based on efficiency and cost-saving impacts.

Table 16 Components of criterion "Retailer operational efficiency"

Retailer Operational Efficiency				
	0	1	2	3
	Has <i>no</i> impact	Has <i>low</i> impact	Has <i>moderate</i> impact	Has <i>significant</i> impact
Merchandise				
Labor				
Inventory				
Price				
Supply Chain				
Multichannel				
	Technology does not directly relate and no impact expected — see retailer viewpoint below.	Technology does not directly relate; however, some impact expected — see retailer viewpoint below.	Technology indirectly relates and moderate impact expected — see retailer viewpoint below.	Technology directly relates and significant impact expected — see retailer viewpoint below.

**Maturity** remains an important additional consideration. During the early stages in the life of a specific technology, the value it delivers will be available to fewer businesses, and it will usually be highly differentiating, commanding a higher price. The rate of innovation is also likely to be high, along with the level of skills needed to fully exploit it. If demand and supply grow, processes become more standardised, and the skills required to exploit the technology become more readily available, hence reducing costs. This leads to the technology entering a mass-customised phase during which it becomes semi-industrialised — typically consisting of standardised modules or components that require some customisation in deployment to meet the needs of buying organisations.

As the technology matures, the level of choice will continue to grow and the skills required to use it will cease to command a premium price. Products and technologies from competing suppliers become more functionally equivalent, making it easier to switch among them. The technology will then be at its most commoditised and price competition will be at its highest.

Higher levels of commoditisation typically lead to market consolidation, as scale becomes a requirement for profitably delivering products and services under growing price pressures. Where competition is not evident, the availability of the appropriate skills and support from adjacent products will decline as technology assets approach the end of their support lives. The result is a final phase of market development, during which the level of commoditisation for the technologies decreases. Prices rise because of reduced supplier choice or declining availability of the skills needed to maintain and run the products.



## ANNEX C – Overview of effective actions

1. INVESTIGATING				
1.1 QUALITY/MATURITY SCREENING				
Desc:	Careful consideration needs to be given to the potential cost-effectiveness of digitalisation initiatives and in particular whether the additional revenue generated by the initiative for small retailers outweighs the additional burden created in terms of maintenance and operational costs. It is therefore, important that individual retailers (and groups of retailers) undertake a clear self-evaluation of their own capabilities and needs, before implementing new solutions.			
E.g.	Commerce Connecte initiative (BE): online self-diagnostic tool on digital maturity	E-shopping-Offensive (AT): advisory guide for finding e-commerce solutions	Het internet ook uw zaak initiative (BE): diagnostic introductory tool called e-scan	
2. PLANNING				
2.1 BRANDING				
Desc:	Initiatives with a strong branding element involved building on the identity of a local town, area or district to either develop a common vision for the development of the small retail sector or the creation of a retail community.			
E.g.	GUUTE initiative (AT): common vouchers, stickers, slogan and survey amongst locals	Amsterdam 9 Streets (NL): collective branding through a promotional website	Gloucester (UK): separate branding actions	Vetrina Toscana (IT): strong focus on regional branding, region's communication strategy
				I shop BRAGA (PT): e-commerce platform with a virtual sales channel
3. TAKING ACTION				
3.1 TRAINING/ADVISORY				
Desc:	Training and advisory activities generally follow the maturity screening activities provided by local authorities or chambers of commerce. Linked training and advisory activities provide tailored support, responding to the specific needs of retailers.			

E.g.	SEMAEST, CoSto ("Connected Stores") (FR): tools to deal with changes in consumer patterns, testing of digital solutions in shops for free	e-commerce Guides for Business (MT): information for setting up an e-commerce-based service	Great Gloucestershire High Street (UK): a group of industry experts providing strategic advice, measurement, digital toolkits and hands-on digital training	PIATIC initiative (ES): range of different promotional and advice mechanisms (e.g. seminars, workshops, promotion- and networking events)	Commerce Connecte (BE) and E-shopping-Offensive (AT): advisory services	Campaign het internet ook uw zaak (BE): provides advice, tools, tips, and training sessions
3.2 TECHNOLOGY SUPPORT						
Desc.	The provision of specific technologies or providing the technology as a service to support the revitalisation of the retail sector is a more costly option. Therefore, the suitability of this solution needs to be considered carefully through needs and feasibility assessments. In some cases an outside investment can help to build up technology capacities and capabilities of using and maintaining the technology.					
E.g.	Mercado47 platform (ES): products and services from registered small retailers are automatically aggregated to a central market place	CoSto project (FR): access to a range of new technological solutions	GUUTE initiative (AT): centralised loyalty card system	PIATIC project (ES): supports the initial development and maintenance of websites for small retailers	Gloucester (UK): WiFi channelled through the CCTV throughout the city	
3.3 COMMUNICATION ACTIVITIES						
Desc.	Communication activities generally focus on improving the visibility of a group of small retailers to their potential customers. Such activities may be organised around a particular place such as a town or retail district (linking to branding above) or a particular type of retail business.					
E.g.	Amsterdam 9 Streets (NL): website, which is integrated with a channels software	FacilyShop (FR): online community including incentives for customers (promotions)	I shop Braga (PT): local e-commerce platform, periodic surveys for associates	Great Gloucestershire High Street (UK): campaign on Twitter, Instagram and a blog	Vetrina Toscana (IT): extensive set of subsidised events	Initiative "Wijn Zijn Arnhem!" (NL): network developing joint marketing approaches
4. REFLECTING						
4.1 MONITORING						
Desc.	Monitoring and exchange on progress on collective targets of initiatives can be a key factor for success in building a successful initiative.					

<b>E.g.</b>	PIATIC initiative (ES): monitoring information	Amsterdam 9 Streets (NL): paying close attention to the traffic on its official website and social media pages
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### 3.4.2 Conditions influencing effectiveness of initiatives and platforms

1. ORGANISATIONAL STRUCTURE				
1.1 A CLEAR PROMOTER				
Desc.	A clear neutral promoter serving as a one-stop shop connecting point can be key to developing successful initiatives. He/she can steer the initiative in a targeted and effective manner and/or be a retailer starting an initiative.			
E.g.	Facility Shop (FR): platform initiated by one shop owner	Amsterdam 9 Streets initiative (NL): dedicated community manager for promotion and advocacy	Gloucestershire High Street initiative (UK): town centre manager	Mercado 47 initiative (ES): one central contact point
1.2 CENTRAL SUPPORT				
Desc.	It can be important for the public sector to commit to supporting the development of community support structures over time.			
E.g.	SEMAEST, CoSto ("Connected Stores") (FR): coordination by an urban development agency	Amsterdam 9 Streets initiative (NL): community manager acting as a broker between the retailers and the public sector		Commerce Connecte initiative (BE): led by a specialist governmental digital agency
1.3 SELF-SUSTAINING FINANCE STRUCTURE				
Desc.	A key risk when launching initiatives for revitalisation is that they are not sustainable without continuous financial support. Activities such as training and advice may not have to be offered continuously, as the demand and need for such support may reduce over time. On the other hand, branding or communication activities are more likely to require self-sustaining funding mechanisms to support their longer-term functioning.			
E.g.	WijZinArnhem initiative (BE): financed through monthly payments provided by participating retailers	GUUTE initiative (AT): members have to pay membership fees	Amsterdam 9 Streets (NL): government subsidy plus retailers' contributions	
1.4 PUBLIC/PRIVATE SECTOR COOPERATION				

Desc.	Linking to the need in some cases for self-sustaining mechanisms, there is evidence from the case studies that a successful public-private partnership is often a pre-requisite for a successful intervention in the small retail sector.		
E.g.	Mercado47 initiative (ES): cooperation arrangement between the city council of Madrid and a technology provider	PIATIC initiative (ES): publically supported initiative	GUUTE initiative (AT): example of how public private partnership can develop over time
1.5 MARKET-LED OR PRIVATE SECTOR INITIATIVES			
Desc.	Bottom-up, private or market led initiatives can be very effective as long as they manage to sufficiently mobilise resources.		
E.g.	iZoom (IT): private sector initiative	Facilyshop initiative (FR): bottom-up initiative where the initiator is the owner of a wine bar	
2. COMMUNITY INVOLVEMENT			
2.1 MULTI-STAKEHOLDER INVOLVEMENT			
Desc.	Multi-stakeholder involvement means that not only one type of stakeholder (e.g. retailers) are involved, but several layers.		
E.g.	Vetrini Toscana (IT): involvement of stakeholders along the value chain	E-shopping Offensive (AT): example of an multi-stakeholder structure	
2.2 POLITICAL BUY-IN			
Desc.	Political buy-in is particularly needed when a broader outreach, public facilities, or financial support are needed.		
E.g.	E-shopping Offensive (AT): cooperation within the region of Carinthia	Academia (PT): government change led to a lack of support and reduced success	GUUTE initiative (AT): co-financing of the bonus card system
3. TECHNOLOGY INPUT			
3.1 3RD PARTY TECHNOLOGY SUPPORT			
Desc.	An effective way to get around the challenge of high fixed costs and implementation burden to acquire technologies is to seek third party technology support.		

E.g.	Digitale Innenstadt (DE): cooperation with eBay		iZoom platform (IT): Input srl developed and runs the platform
3.2	COMMON E-PLATFORM		
Desc.	Instead of joining third party offers, bundling forces of many small retailers can be an effective measure to increase sufficient scale to make use of e-commerce opportunities and to compete with large international providers.		
E.g.	I shop Braga (PT): common e-platform	ZlavaDna (SK): providing a marketplace	Mercado47 (ES): online marketplace
3.1	UNDERSTANDING SUPPORT NEEDS		
Desc.	The basis of every effective initiative is to tailor it to the specific needs of retailers in a certain area or sector. This is crucial as it guarantees the efficient use of resources.		
E.g.	CoSto initiative (FR): need for a stronger targeting and pre-selection process		Commerce Connecte (BE): availability of a personalised diagnosis and training plan
4.	COMPREHENSIVE SUPPORT PACKAGES		
4.1	INTEGRATED ACTIONS		
Desc.	The case studies show that if well integrated, a bundle of light measures can achieve much more than more intensive targeted measures. In their implementation, such comprehensive and integrated actions are however, much more difficult to coordinate and plan.		
E.g.	CoSto initiative (FR): initiative is overseen by urban regeneration agency	Luxembourg Pakt PRO Commerce initiative (LU): focus on identifying suitable locations	Country-wide e-commerce strategy (MT): covering all aspects of e-commerce development in Malta

## ANNEX D – Overview of practical solutions

1. SUPPORT FOR LOCAL STRATEGY AND POLICY DEVELOPMENT						
<b>Description</b>	There needs to be a local dimension to the formulation of strategies and policy initiatives to support small retailers. Also the quality and consistency of local policy-making is an important ingredient in building successful approaches to revitalisation whether targeting the retail sector alone or retail zones either in urban centres or peripheral and rural areas. Lack of specialist knowledge and expertise can however, present a considerable challenge for a retail sector strategy and policy development. Some national administrations have recognised the problems faced by local administrations and taken concrete steps to help support local-level policy formulation. For example, through the development of retail “toolkits” or guides, which aim to provide guidance and “best practice” examples to both raise awareness among local policy-makers and offer information and guidance for better strategy and policy development.					
<b>Examples</b>	<b>Regional Partnerships (GUUTE – AT):</b> Local authorities arrange meetings with the organisers of the GUUTE initiative, who provide support from their experiences and grants access to their systems to other districts.	<b>Legal Expert Pool (Pakt Pro Commerce – LU):</b> The Pakt puts together a Legal Expert Pool to advise regional and local administrations of best practices and suggested actions.	<b>Toolkit: (A strategy for future retail - UK):</b> The Toolkit for policy makers offers guidance and information on best practices and preferred actions in a number of key areas (e.g. exploring international opportunities, influencing EU policy, understanding retail etc.).	<b>Toolkit (The “Retail Agenda” - NL):</b> The Agenda includes a toolkit for municipalities that provides examples of best practices and suggested actions.	<b>Guide for local administrations (Shopping in Flanders - BE):</b> The strategy sets out various support measures and funding options, including a guide on subsidies developed specifically for small retailers.	<b>National Pilot Town Centre Health Check (IE) –</b> The focus of the training is on innovative aspects, building on international best practices of collaborative development for revitalisation.
2. RETAIL SECTOR INFORMATION AND KNOWLEDGE SHARING						
<b>Description</b>	Improving the availability and quality of information relating to developments in the retail sector and the business environment is crucial for both policy-makers and retailers themselves. Providing thorough and easily accessible statistical information on the sector can enable businesses to better manage their operations on the basis of robust data concerning market developments, competition and consumer behaviour. Similarly, it enables public administrations and other concerned organisations – such as business associations and chambers of commerce – to base their strategies and policies on reliable information and data. Such activities may include the collection of information on the availability and occupancy of commercial and retail property and pre-analysed market data.					

Examples	<b>National cadastre (Pakt Pro Commerce – LU):</b> The “cadaster of trade” provides a better overview of, as well as information on the management of, vacant buildings along with an analysis of footfall and other consumer behaviour	<b>Analysis of consumer behaviour (Pakt Pro Commerce – LU):</b> There is an on-going study that analyses customer behaviour and demands. The outcome of this study might be a pooling of resources (e.g. a common e-commerce site, centralised purchasing, etc.).	<b>Mapping concentration of retailers - (Retail Observatory - GR):</b> This initiative maps the concentration of retailers in the major urban centres using GIS technology. This information is then combined with parameters relevant to the location of customers and uses economic geography indicators in order to help provide advice on the optimal choice of location for retailers.	<b>Sharing information and developing solutions (The German Retail Dialogue – DE):</b> This initiative aims at bringing together relevant stakeholders from the retail sector, associations, policy makers and other related stakeholders to exchange best practices and develop jointly solutions for the challenges of the retail sector.
	<b>3. STAKEHOLDER ORGANISATION AND ENGAGEMENT</b>			
Description	Development of constructive partnerships with associations representing the interests of retailers is widely acknowledged as a key ingredient for successful local policy formulation. Such partnerships offer the basis for effective dialogue to better understand the situation of local retailers and to ensure that the views of small retailers are integrated into the formulation of targeted and well-suited policies and support actions. Moreover, it can ensure a shared sense of responsibility and support for the implementation of policy, which can help maintain the continuity of initiatives beyond a local authority’s relatively short political mandate. Enabling and improving communication at all levels and clear identification of a person responsible for the initiative is key.			
Examples	<b>Community platform for internal communication (9 Streets Amsterdam – NL):</b> In addition to an external web presence, the platform has an internal “intranet” type of communication tool that allows retailers connect and exchange amongst each other.	<b>Community Manager (9 Streets Amsterdam – NL):</b> A dedicated community manager was hired to take care of all collective actions and facilitate coordination of the retailers (one central communication point).	<b>Community Manager (WijZijnArnhem – NL):</b> The company Ik Onderneem! is the community manager for this initiative. The small retailers that are members of the initiative pay a fee for the community management and for the external website.	<b>Regional Partnerships (GUUTE – AT):</b> The initiative provides support to other similar, but less mature initiatives. It shares experiences and provides access to technology tools which have been developed for the GUUTE case.
	<b>Retail Manager (Evreux and Montrouge - FR):</b> The city of Evreux has appointed a retail manager to extend the city centre, while the city of Montrouge has used a city centre manager to set up a perimeter to the city centre to safeguard local trade and crafts.			
<b>4. PUBLIC AND DIGITAL INFRASTRUCTURE IMPROVEMENTS</b>				

Description	Improvements in public infrastructure can play an important role in helping (re)connect small retailers and customers. At one level, this can be through investments in upgrading and maintaining physical infrastructure in and around retail zones. For example through enhancing the attractiveness of shopping streets and city centres where traditional small retailers are typically located and increasing accessibility of retail zones (provide better parking facilities or public transport). At a second level, through investment in solutions targeting digital infrastructure. For example, 4G (or soon 5G) coverage in city centres combined with activities to put retailers on the digital map. Finally, public policies improving transportation, the environment (e.g. parks and recreation), and cultural offerings (e.g. festivals, theatre, etc.) can attract people to retail zones and hence, increase commercial activity.		
Examples	<b>Digital infrastructure provision (Great Gloucestershire High street – UK):</b> 4G/wifi access has been made available for the whole shopping area of the Great Gloucestershire High Street, which was important to support their #WDYT social media interaction campaign to improve the connection between customers and local shop owners.	<b>Easy access to online networks (Facilyshop - FR):</b> This initiative included the creation of a website to which small retailers could sign up for free and a Facebook page they could easily join by “liking” it.	
5. IMPROVED COMPETITIVENESS THROUGH DIGITAL TECHNOLOGY AND INNOVATION			
5.1 DIGITAL AWARENESS			
Description	Many traditional small retailers are being left behind by the rapid progress in digital technologies and changing consumer behaviour, whether in terms of online shopping or the use of internet searches to find information about what products and services retailers provide. Equally, traditional small retailers may have little knowledge of the possibilities to use digital technologies to improve “back-office” functions, point of sale operations, or marketing and promotion activities. Increasing digital awareness is a common theme of many policy initiatives supporting small retailers (e.g. information campaigns to promote digitalisation and encourage retailers to develop an online presence; strategic workshops on the use of digital technologies or targeted training and practical assistance).		
Examples	<b>Networking partnerships between shops/city/start-ups to inform on digital tools (CoSto – FR):</b> CoSto is both an information network on the new (digital) practices and a place for exchanges between retailers, as well as a platform for experimenting with digital tools.	<b>Strategic workshops on use of digital technologies + (proprietary/free) tools to enhance web presence (Commerce Connecte – BE):</b> This initiative enables retailers to attend strategic workshops to discover possible strategies for using digital technologies to support their business and offers them free tools to enhance their web presence.	<b>Diverse activities/campaign to promote digitalisation and online presence (Het internet ook uw zaak – BE):</b> The campaign aims to encourage retailers to have an online presence, to place their business in the customer’s mind and inspire shopping activity.
5.2 MATURITY SCREENING			
Description	Both retailers and those seeking to support them, need to have a clear understanding of the needs and capabilities of retailers to implement digital solutions. Various initiatives have sought to address this issue by proposing some form of digital maturity screening, aimed at assessing capabilities and capacities of retailers to successfully implement and use new technologies. Findings from such screenings may be used to assess the quality of existing digital services and identify where improvements could be made, or as the basis for identifying specific training requirements and other support needs.		



Examples	<b>Advisory services to assess e-commerce gaps and opportunities (e-shopping offensive - AT):</b> An advisory pool of consultants was put in place that would come to the shop and discuss its current digital maturity, its potential and what solutions are most suitable.		<b>Digital maturity diagnostic tool – “personalised”/modular training (Commerce Connecte – BE):</b> This initiative offers small retailers a specific diagnostic tool that provides them with a personalised understanding of their profile and digital needs.		<b>e-Scan - (Het internet ook uw zaak – BE):</b> This tool includes a checklist and generates advice for the retailer’s online activity based on the retailer’s own perception of their business, customers, and online activities.	
5.3 INNOVATION TESTING						
Description	Often it is difficult to determine in advance whether a particular solution will prove useful and whether its benefits outweigh the associated implementation and operational costs. So-called “test shops” – pop-up shops with short-term leases where visitors can try out innovative products and trial emerging and existing digital services – can be a good way to allow small retailers to overcome this difficulty. These kinds of spaces may also provide visitors with the opportunity to brainstorm ideas, learn about and experiment with digital solutions, and come up with innovative ways to apply them (“Living Labs”).					
Examples	<b>Living Labs to experiment with digital solutions (CoSto – FR):</b> It provides retailers with the tools to deal with changes in consumer patterns, helps them set up new services and strengthens their communication using digital technologies.			<b>Test Shops for innovative products and digital services (CoSto – FR):</b> The pop-up shop with a short term lease allows retailers to sell their innovative products with an offer of digital services (mobile payment, augmented reality, loyalty management) for a limited amount of time.		
5.4 DIGITAL TOOLS AND APPLICATIONS						
Description	There is an ever-increasing array of digital tools and applications that are potentially available to small retailers (e.g. vouchers and loyalty rewarding scheme). However, ideally, such tools should be appropriately tailored to the needs and capacities of small retailers. It is more effective, at least initially, to have a professional organisation provide such applications as a service rather than have the small retailer try to understand the technologies fully themselves.					
Examples	<b>Advanced management applications for small retailers (PIATIC – ES):</b> This initiative offers small retailers services from the creation and development of websites to the implementation of a number of advanced management applications.		<b>Local loyalty card (Great Gloucestershire High street – UK):</b> The Great Gloucestershire High Street provides an electronic loyalty cards for the local residents.		<b>Vouchers (GUUTE – AT):</b> The GUUTE initiative has set up a collective electronic bonus card system which allows customers to collect bonus points in one shop by purchasing goods, which can then be used in the form of store credits in any other shop.	
5.5 E-COMMERCE PLATFORMS						

<b>Description</b>	An e-commerce platform has the potential to be one of the most effective digital tools for revitalising and expanding a small retailer's business. But, before exploring the possibility to implement a retailer's "own" e-commerce platform or even joining an existing one, small retailers need a certain level of familiarity with digital tools and applications, as well as having appropriate structures and resources in place. The best approach (i.e. most affordable and effective) is often for individual small retailers to join an already established e-commerce platform. This can be the most effective where they focus on a particular local area and where they have the support of local administrations or the platforms are in fact, operated in collaboration with them.			
<b>Examples</b>	<b>E-commerce platform (Mercado47 – ES):</b> The platform provides retailers present at the physical local food market to also open up a second form of customer outreach online.	<b>Website/e-commerce platform (I Shop Braga – PT):</b> The platform is primarily an online shop including different retailers from Braga. The site also contains promotional aspects.	<b>Website/e-commerce platform (ZlavaDna – SK):</b> This platform is focused more on the experience factor than the selling of products of small retailers.	<b>Online hub (digital shopping streets) - hosting of webpages on existing platforms (eBay) (Digitale Innenstadt – DE):</b> The winner of the competition gets an online webpage integrated in the E-bay platform.
<b>6. SKILLS DEVELOPMENT AND UPGRADING</b>				
<b>Description</b>	Developing and upgrading knowledge and skills is especially important to help small retailers understand and adapt to the digital era. However, such upgrading is not just about targeted ICT training to reduce the digital gap, but also other aspects that can strengthen the competitive position of small retailers. Among areas that have been highlighted is the provision of specific training to improve the professionalisation of store management and to enhance customer service through developing a more service-oriented culture.			
<b>Examples</b>	<b>Service culture (Pakt Pro Commerce – LU):</b> One of the five key areas of the Pakt is "Service Culture", wherein the promotion of excellent customer service provides the social dimension of the Pakt that should form part of the overall policy.	<b>"Intervention program" (Academia Lisboa – PT):</b> The intervention programme supports entrepreneurs through sharing innovative tools and methodologies; creating networks of cooperation and sharing of knowledge.	<b>Apprenticeship days (GUUTE – AT):</b> The GUUTE initiative organises apprenticeship days, where retailers can get in contact with young people still in education to show them the opportunities in retail.	<b>Developing a digital high street (Wembley High Road - UK):</b> Clockwork City provided a series of digital skills workshops for 20 SMEs. One-to-one mentoring was also available to ensure that the skills and tools provided were suitable for the SMEs involved, were integrated into their day-to-day operations, could be used regularly and were sustainable. This resulted in increased business confidence when using digital tools.
<b>7. MARKETING AND PROMOTION</b>				
<b>7.1 ONLINE PLATFORMS (NOT E-COMMERCE)</b>				

Description	An online presence is very important for the visibility of small retailers. People tend to plan their shopping trips in advance, looking up stores online, and then navigate their way around town using digital maps on their phones. It is imperative for small retailers' shops to appear on such maps, as well as provide their locations and opening hours online (e-registries of shops).			
Examples	<b>National Retail Showcase Platform (LU):</b> The website provides information about shopping possibilities in Luxembourg.	<b>Community (location based) website (9 Streets Amsterdam – NL):</b> The website provides a common platform for advertising a specific area of Amsterdam.	<b>Website (GUUTE – AT):</b> The website provides a common directory of shops and common promotion. It also is the hub for retailers to get information about the use of the collective bonus card system in their own shop.	<b>Website – low complexity (Facilyshop – FR):</b> The aim of facilyshop is to use simple technologies email, QR codes, a web platform to join the network and Facebook for community marketing.
7.2 COMMUNICATION AND PROMOTION (INCLUDING SOCIAL MEDIA)				
Description	Social media is an excellent channel for small retailers to explore not only to gain a voice and stay in the public eye and customers' minds, but also to build and show their unique personality and tell a story.			
Examples	<b>Multi-channel communication strategy (Pakt Pro Commerce – LU):</b> In the Pakt the participants commit to conduct a multi-channel communication plan, which should follow common multiannual targets.	<b>Social Media – What do you think campaign (Great Gloucestershire High street – UK):</b> The simple use and promotion of a common twitter hashtag #WDYT led to increased shopping, an improved shopping experience for locals and enabled retailers to have a platform to promote special offers.	<b>Website/communication campaign/ events (Wij Zijn Arnhem – NL):</b> The website contains basic information about small retailers involved including their products and location.	
7.3 OTHER PROMOTION ACTIVITIES				
Description	Numerous other promotional activities and events can help small retailers engage with their local communities and boost their businesses. Events and fairs are a popular option and usually work best when small retailers work together to put them on.			

<b>Examples</b>	<p><b>Promotion of local supply chain (Vetrina Toscana – IT):</b> The promotional activities range from common branding to events and a strong online presence.</p>	<p><b>Best retailer award (GUUTE – AT):</b> It is a competition where retailers provide a thorough self-assessment. Once a retailer wins the award, they set the bar higher for winning again, which encourages further improvements in their shops.</p>	<p><b>Fairs (GUUTE – AT):</b> Fairs have been organised for many years in the different sub-districts to promote the GUUTE initiative and its retailers.</p>	<p><b>Awareness raising in schools (GUUTE – AT):</b> The initiative organises school visits and explains why local shopping is important for the district and community.</p>	<p><b>Trade fairs and promotion activities outside Europe (Hong Kong Trade Development Council):</b> HKTDC organises more than 330 trade fairs and promotional activities, 590 networking and outreach events, and receives some 640 trade missions, helping Hong Kong's SMEs connect with business clients and partners internationally.</p>
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# ANNEX E – Key conclusions from workshops and seminar

This annex provides the key conclusions from the four regional workshops and the Brussels Seminar organised in the framework of this study.

## **Stakeholder workshops – Revitalising Small Retailers (1, 7, 9, 21/02/2017)**

### *Objectives*

The workshops, which took place in Oxford, Madrid, Warsaw, and Lisbon, presented a good opportunity to discuss the local situation, and from presenting and discussing good practice examples enabled the validation of findings and drawing of conclusions which formed the basis for the development of practical and transferable solutions.

### *Conclusions*

The conclusions obtained from the sessions are presented below as the answers to two questions posed to participants at the end of each workshop:

#### **What are the biggest challenges?**

##### *Oxford (UK):*

- Small retailers often occupy secondary locations (they are lower priority areas for municipalities?);
- Small retailers cover a diversity of locations, customers, product, service, knowledge and expectations (no single customer experience);
- Expectations that the municipality is predisposed to be negative to new ideas (retailers associate them with enforcement of local rules and taxes);
- Small retailers cannot be expected to know everything (including what they do not know!);
- Engaging small retailers is challenging (it is easier to engage on negative issues than positive issues);
- Small retailers focus on today not tomorrow;
- Small retailer locations are diverse (there is no single solution).

##### *Madrid (Spain):*

- 83 % of retailers have 2 or less employees;
- 5.3 % of GDP is generated from micro retail;
- 1 out of 4 self-employed are in retail;
- No other sector gives so many people self-employed jobs;
- In Spain, “when you have savings, you open a bar”, but few consider they in fact open a “business”;
- 98 % are micro retailers;
- Important sector and weakened by the crisis;
- Since 2015, sales have increased by 3 %, but turnover went down;
- All large shops follow the same online strategies, but if you look at small retailers in a street, there is no common strategy;
- According to the DIRCE report 50 % of SMEs have a website, 20 % of micro enterprises have a website and 32 % of SMEs and micro-enterprises have a social media profile (report from 2014);

- Only 10 % of micro enterprises are selling online;
- They strongly need the public sector to support them.

*Warsaw (Poland):*

- Food sector: Small stores can remain competitive due to the franchise/integrated structure – 70-75 % of small grocery stores in Poland are part of such a structure;
- Non-food sector: Very different situation – retailers struggle because they work independently, so e-commerce is more of a threat/need to learn online selling;
- Digital: E-commerce for food did not exceed 1 billion zloty (€ 250 m), for consumption goods it was 34-35 billion zloty, and the whole turnover of internet transactions in Poland exceeded 100 billion zloty (inc. B2B);
- Franchises: Typically franchising means being tied to rigid rules, whereas in Poland franchising comprises primarily a brand name and some good conditions for buying – for merchandising, the back office and front office, there are no set rules;
- E-platforms: These include independent shops in furniture and cosmetics, and they are all ground-up, self-developed initiatives;
- Government support: “90 % of it is reduced to training linked to a broader SME programme and European funds”;
- Location-based initiatives: Transferability depends on the cultural climate in the community and needs to be driven ground-up (initiatives such as the GUUTE example show a strong local buy in is needed – hard to implement e.g. in Warsaw where the population recently doubled; softer initiatives such as WijzijnArnhem already existed in Poland). Most initiatives come from the food wholesalers to protect their businesses, while there are initiatives sprouting up within other sectors as well. Young people in particular tend to turn to the Internet to organise and partake in online knowledge-sharing. There are also government-led initiatives to revitalise centres of small towns and cities with the biggest social and economic problems;
- Business-oriented initiatives: In terms of business advice, there is a lot available online, but it is not always easy to find it. Additionally, not much is free of charge, and if it is then it is a question of value for money;
- Polish retailers mainly compete on prices, products, knowledge about customers. Now need to expand on: 1) the customer experience, 2) use of data to understand/adapt to customer behavior;
- Small retailers need access to knowledge, incl. modern tools to follow market demands, improved skills in marketing, improved skills in store management;
- Small retailers have little time to read reports on market trends etc./not an issue of accessibility, but about easy access to pre-analysed practical suggestions and risks;
- Support network needed, where trust (between retailers and in the system) is key;
- E-platforms normally at private level, thus there is a higher risk to join as they might collapse – backing by a local authority or chamber of commerce would be useful;
- A clear identification of a person taking “ownership” is important;
- Networking is important for identifying best practices and sharing knowledge.

*Lisbon (Portugal):*

- Getting different entities to work together (municipalities, associations & retailers);
- If located together, there is potential for a large retailer to be an “anchor” for small retailers;
- Continuity – surviving past initial funding... making businesses self-sustainable;
- There is a need to professionalise management;
- Need to focus on the customer – there are still businesses trying to sell what nobody wants.

**As a local authority, how would you support small retailers?**

*Oxford (UK):*

- Need to accept small retailer perceptions of the municipality as an enforcer and set up a third party as an enabler;
- Third party should provide a single point of contact;
- Requires a strategy for “place” encompassing the individual flavour provided by local small retailers (not a one - off project);
- Requires relevant digital and physical infrastructure with multiple means of access for customers and small retailers;
- Tools must be simple.

*Madrid (Spain):*

- Take into account the sector associations when doing a project (they can always help to tailor it to better target retailers using their local business knowledge);
- Favour long-term projects, longer procurement cycles (where possible);
- Use resources to train retailers and help them understand the new digital era;
- Invest in tools to provide medium to long term planning and provide support for using them;
- More investment on ICT training to reduce the digital gap;
- Going digital on a blended and collaborative approach with a public and private partnership;
- Use digital techniques for marketing;
- Going digital should complement physical (brick and mortar) growth;
- Going digital with tools that are not impassive, but are respectful to the retailers.

*Warsaw (Poland):*

- Help small retailers’ voices to be heard;
- Enable/provide communication, networking;
- Provide a unique space where entrepreneurs can get all the information they need;
- Provide access to legal advice, which is the most costly aspect of running a business;
- Provide support, including financial, for bottom-up initiatives;
- Help further develop customer experience, i.e. it is also about being attractive for tourists;
- Be transparent, decisive and stable.

*Lisbon (Portugal):*

- Diminish bureaucracy and cut red tape for businesses;
- Improve old public equipment and infrastructure;
- Improve and provide statistical information for the business sector (so companies are not managed “by intuition”);
- Aid the professionalisation of management;
- Help with funding (and funding issues, e.g. training on credit and loans);
- Provide effective judicial framework to facilitate access to finance, digital skills and fair competition;
- Simplify judicial procedures (e.g. for closing down businesses);
- Implement more favorable leasing conditions/legislation;
- Create a consulting service (like Clockwork, for whoever wishes to be part of it);
- Promote a digital platform (it is the future);
- Provide a digital directory of shops in each town/area;
- Listen, then facilitate – form a close relationship to business and listen;
- Aid networking – partnerships and associations are essential to the sector;
- Connect local businesses with local universities;
- Be a mediator, provide information to inform businesses AND customers;
- Simplify and make information clearly available;

- Aid mobility and accessibility, e.g. provide free parking in city centres;
- Create a network between public transport and local shops – a green economy;
- Provide integrated policies, e.g. integrate tourism into local planning;
- Get inside the requirements of local customers to help identify what the customer needs, and what the businesses should provide;
- Modernise commerce, with a focus on the consumer;
- Increase the quality of life in the cities so that people want to live and buy there – work on transportation, the environment, and culture.

## Brussels Seminar – Revitalising Small Retailers (25/04/2017)

### Setting

The key findings of this Seminar were collected in the format of a “World Café” which was organised in the form of four discussion tables and four discussion groups. The groups moved from table to table discussing each of the four topics for 20 minutes each. Each table was moderated by one member of the team. The moderator briefly presented the topic and then discussed the following questions:

1. Do you recognise the situation described?
2. How effective do you see actions in this area to modernise and revitalise small retailers?
3. Do you have experience with the suggested solution(s) in this specific area?
  - a. If yes: what challenges did you face when implementing the solutions(s)?
  - b. If no: Why do you think the suggested solution(s) would/would not work in your context?
4. From your experience, how can/could the identified challenges of implementing suggested solutions be overcome?
5. Do you have any other solutions which fit in this area?

Moderators aimed to build on previous discussion groups to deepen and complement the findings. The discussion tables were:

- **Table 1:** Local strategy and policy development, Stakeholder organisation and engagement, Sector information and knowledge sharing;
- **Table 2:** Public infrastructure improvements, non e-commerce platforms, digital tools and applications;
- **Table 3:** Maturity screening, innovation testing, skills development, digital awareness
- Validating the setting and assessing its importance;
- **Table 4:** E-commerce platforms, communication and promotion (including social media) and other promotion activities.

### Table 1: Local strategy and policy development, Stakeholder organisation and engagement, Sector information and knowledge sharing (Moderator: Paul Baker (Ecorys))

#### Scope

Table 1 addressed three interlinked blocks of solutions related to:

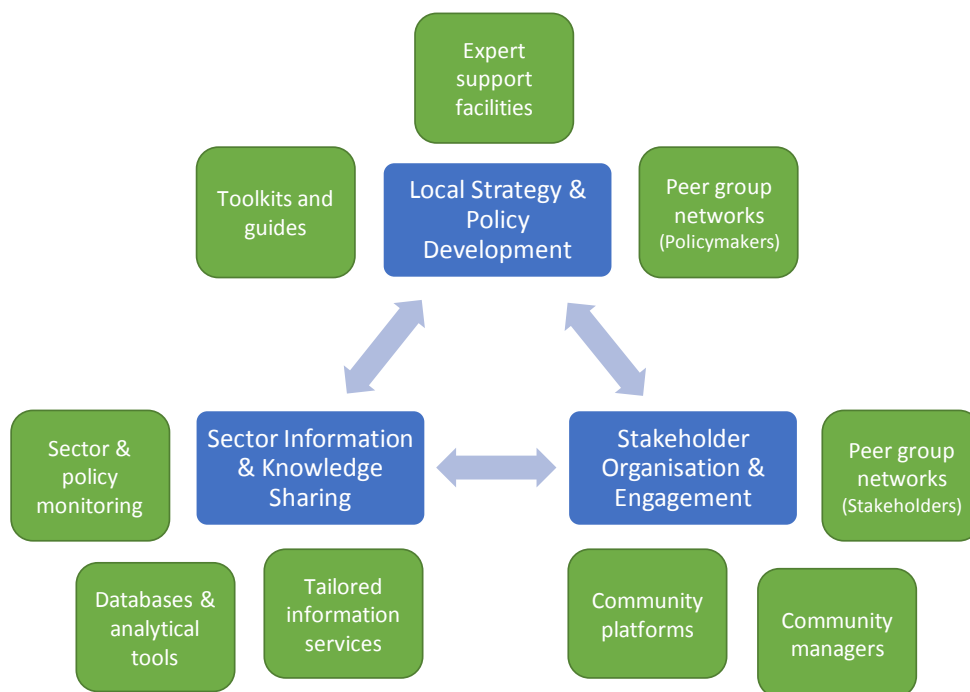
1. **Local strategy and policy development;**
2. **Sector information and knowledge sharing;**
3. **Local stakeholder organisation and engagement.**

#### Context



- Traditional small retailers are an important source of economic activity and employment, which is largely seen as making a positive contribution to the attractiveness, differentiation, and quality of life in local areas;
- Traditional small retailers face multiple challenges linked to (i) general economic conditions; (ii) public policies and regulatory conditions; (iii) technology, especially digital; and (iv) social/consumer behaviour. The decline of city and town centre shopping areas and rural retailing encapsulate these challenges;
- Traditional small retailing is a geographically dispersed activity and public policy tends to be dispersed accordingly, resulting in a multitude of local initiatives;
- Effective strategy formulation and policy implementation can be hampered by, on the one hand, **local policy-makers lack of necessary information, sector knowledge, and specific expertise**. And, on the other hand, by **fragmentation of the sector that limits small retailers' engagement in the formulation and implementation of policy initiatives**.

Figure 22 Identified thematic areas and solutions



#### Sub-topic 1: Solutions to support local policy strategy and policy development

- **"Toolkits/Guides"**: information, guidance, best practice examples and suggested actions for local policy-makers;
- **Expert support facilities**: to provide local policy-makers with access to specialist expertise (sector, legal, etc.);
- **Peer group networks (policymakers)**: to support sharing of knowledge and experience among local policy-makers.

#### Sub-topic 2: Solutions for improved sector information and knowledge sharing

- **Databases and analytical tools**: e.g. to collect, analyse and disseminate information on the status and situation of the retail sector (e.g. mapping, statistical indicators, etc.), market developments (e.g. consumer behaviour, technology developments, etc.), etcetera.

- **Tailored information services:** e.g. to provide information in formats that are tailored to the needs and “absorption” capacities of small retailers, making it more understandable/digestible;
- **Sector and policy monitoring:** e.g. monitoring and evaluation of retail sector developments and policy implementation progress and impact.

#### Sub-topic 3: Solutions to facilitate local stakeholder organisation and engagement

- **Community platforms:** platforms for retailers and local communities to keep informed of “what’s going on”, to network and share experiences and success stories, and to generate “buy-in” for revitalisation and modernisation initiatives;
- **Community/Retail Managers:** the manager should be a visible leader, organiser and point-of-contact for local level initiatives, able to liaise with retailers and other community members (individually and collectively);
- **Peer group networks (stakeholders):** to support sharing of knowledge and experience among local stakeholders (retailers and communities).

#### *Outcome of the discussion*

##### Question 1 & 2

- ✓ The situation described is widely recognised.
  - Policymakers often have little awareness of (nor time to understand) the sector and how (small) businesses operate, in general.
  - Small local retailers face difficulties in entering constructive dialogues with public authorities. It is not just due to fragmentation in the retail sector but also because authorities may not be open to genuine dialogue (especially if not backed by a financial commitment) or because small retailers do not feel that they are considered of equal priority or heard over the voice of large retailers.
- ✓ The relevance and effectiveness of actions may be conditioned by cultural differences in retailers/SME’s expectations on the responsibility and role of (local) public authorities to initiate and provide support to business.

##### Question 3, 4 & 5

##### Strategy and policy development

- ✓ Irrespective of whether “top down” (national authorities) or “bottom up” (retailers), it is not sufficient to only formulate general policy framework. While this should come first, it must also be translated into strategies and specific actions at a local level;
- ✓ Similarly, providing guidance to support strategy and policy development is only useful if it results in local-level strategy/policy formulation and implementation. In some countries, there are plenty of guidelines – arguably too many guidelines – but these are not followed-up at local level because local policy makers need information in simple terms. There is also a lack of information about available cost-effective tools linked to information that can help a public authority understand their advantage:
  - It may be necessary to adopt national policy requirements that oblige local authorities to initiate steps to translate national policy frameworks into concrete actions at a local level. And, at the same time, to back this up through national funding to support local retail strategy development and implementation;
- ✓ Lack of coherence between different local initiatives can undermine effectiveness; e.g. where different locations pursue competing strategies that undermine each other (e.g. one locations efforts to support urban small retail are undermined by a neighbouring location promoting expansion of an out-of-town large shopping centers);

- It may be necessary to have some form of oversight or mechanism for dialogue to ensure harmony/coherence of initiatives in different locations and/or market segments.

#### Information and knowledge sharing

- ✓ Information/data should be provided in formats that are suitable for small retailers and local administrations (e.g. simple and succinct) and that employ relevant business terminology. Data and analysis should be presented in a way that minimises possibilities of misinterpretation using assistance from trade/retailers associations;
- ✓ There is a lack of common and comparable indicators/metrics for presenting/analysing the situation of the retail sector:
  - There is scope for defining and implementing common national and EU-level indicators for analysing and monitoring the situation of the retail sector; e.g. something along the lines of the “digital high street health index” but covering all EU countries.

#### Stakeholder organisation and engagement

- ✓ There should be more opportunity to share information and experiences at a wide EU-level; for example, through the creation of a European-level forum for small retailers.

### **Table 2: Public infrastructure improvements, non e-commerce platforms, digital tools and applications (Moderator: Richard Cuthbertson (Oxford Institute of Retail Management))**

#### *Scope*

Table 2 should address three interlinked blocks of solutions related to:

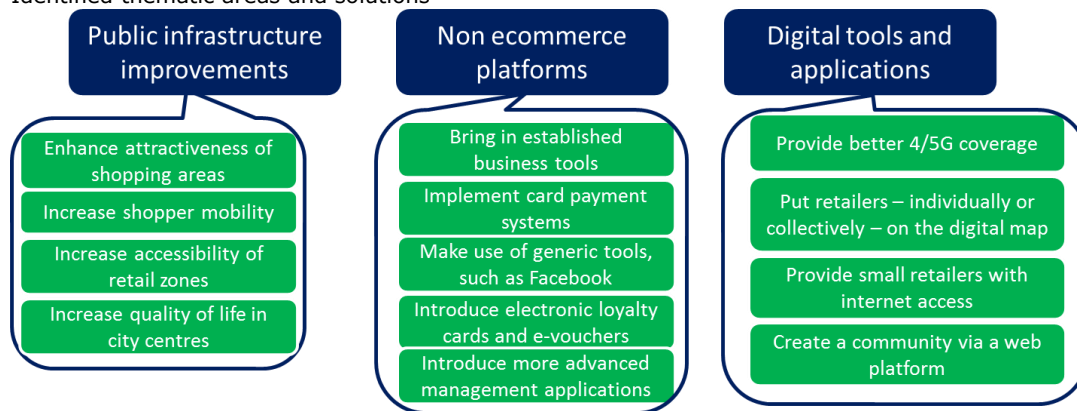
1. **Public infrastructure improvements;**
2. **Non e-commerce platforms;**
3. **Digital tools and applications.**

#### *Context*

- **Improvements in public infrastructure** can play an important role in helping (re)connect small retailers and customers. At one level, this can be through investments in upgrading and maintaining physical infrastructure in and around retail zones. More generally, yet perhaps most importantly, public policies can help increase the quality of life in the city centres so that people will want to live and, hence, shop there;
- At a second level, and becoming ever more important in an increasingly digital world, are **solutions targeting digital infrastructure**. Providing better 4G (or soon 5G) coverage in city centres and combining it with activities to put retailers – individually or collectively – on the digital map are another way to connect with customers. This can help enable customers to locate stores and check out their offers “on-the-go”. Providing small retailers with internet access can be a simple but crucial step to facilitating their online presence, enabling them to raise awareness of their shops, products, services and promotional offers among consumers. This can be done by creating a platform based community between the inhabitants and the local commerce;
- There is an **ever-increasing array of digital tools and applications** that are potentially available to small retailers; though, ideally, they should be appropriately tailored to their needs and capacities. Some less disruptive solutions involve bringing established business tools and methods into the digital age that can deliver cost and time savings for small retailers. Electronic loyalty cards and e-vouchers have the potential to attract new customers, not just because they can be used for promotions but also because they are easy to use. More advanced management applications may also be useful for some small retailers. However, it may be

most effective – at least initially – to have a professional organisation provide such applications as a service rather than have the small retailer try to manage the technologies fully themselves.

Figure 23 Identified thematic areas and solutions



#### Sub-topic 1: Solutions to support public infrastructure improvement

- **Attractiveness:** Enhance the attractiveness of shopping areas, especially to digital activities;
- **Shopper mobility:** Increase shopper mobility, especially through the ease of real time transport information;
- **Accessibility:** Increase accessibility of retail zones, especially to support digital activities, such as click and collect;
- **Quality of life:** Increase the quality of life in the city centres, especially through the integration of digital and physical infrastructures.

#### Sub-topic 2: Solutions for the development of non e-commerce platforms

- **Mobile coverage:** Provide better 4G (or soon 5G) coverage;
- **Digital map:** Put retailers individually and collectively on the digital map;
- **Internet access:** Provide small retailers with internet access;
- **Web platform:** Create a community digital platform for retailers in one place.

#### Sub-topic 3: Solutions to provide digital tools and applications

- **Established tools:** Bring in established business tools, such as bookkeeping software where not currently utilised;
- **Card payment systems:** Implement card payment systems and functionality where not currently used;
- **Generic tools:** Make use of generic tools, such as Facebook;
- **Dedicated tools:** Introduce electronic loyalty cards and e-vouchers specific to retailers in a shared community;
- **Advanced management applications:** Introduce more advanced management applications where appropriate.

### Outcome of the discussion

#### Question 1

- ✓ The situation is recognised as described;
- ✓ Improvements in public infrastructure are seen as vital in connecting small retailers and customers;

- ✓ Providing better digital infrastructure and combining it with activities to put retailers on the digital map is an important way to connect small retailers with customers;
- ✓ There is an ever-increasing array of digital tools and applications that are available to small retailers though, small retailers may or may not know how to best utilise them.

### Question 2

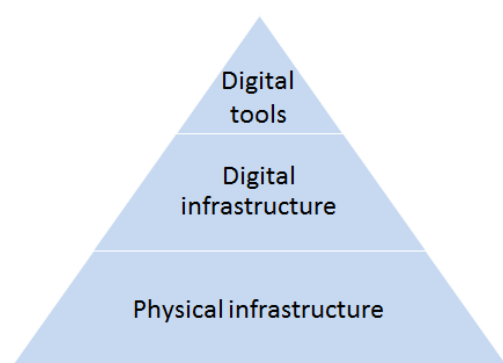
- ✓ The effectiveness of actions depends upon the **level of integration** of public infrastructure, digital infrastructure, and digital tools and applications. For example, the best digital tools are useless if the customer cannot easily access them in the city centre.

### Question 3

- ✓ The challenge of implementing such solutions depends upon the level of **joined up thinking** at the city centre or area level;
- ✓ The needs of small and large retailers need to be considered in any solution and aligned to some extent;
- ✓ Unless very niche, a small retailer cannot survive alone. The **needs of other businesses and services** are important, such as cafes, restaurants, and public services;
- ✓ Implementation must take account of **the whole offer to consumers** and place it within an overall framework. What is the role of the town/city/village centre?

### Question 4

- ✓ The challenge of implementing suggested solutions requires a vision that shapes a clear **identity for the area** that appeals to all major stakeholders;
- ✓ **Leadership** is required that is acceptable to all major stakeholders. In successful solutions, this is not usually a direct employee of the municipality – though the municipality may support them through funding;
- ✓ A major challenge in implementation is to correctly identify and engage **all the key stakeholders**;
- ✓ The successful utilisation of digital tools requires a digital infrastructure in place that is built on an effective physical infrastructure (see diagram below).



### Question 5

- ✓ The above solutions require **a fundamental change in policy mindset** from supporting small retailers to supporting places;
- ✓ A **new approach to urban planning** is required that takes account of both physical and digital activities;
- ✓ Such a new approach to urban planning must be based on:

- **new economic and competition metrics** that include digital retailing as competition is now everywhere there is an internet connection, including via mobile phones;
- **new social cohesion metrics** that include digital access as all citizens should have equal access to commerce;
- **revised real estate and employment taxes** that take account of the differences between physical and digital retail offers, both as individual channels and in combination.

**Table 3: Maturity screening, Innovation testing, skills development ,digital awareness (Moderator: Andreas Pauer (Ecorys))**

### Scope

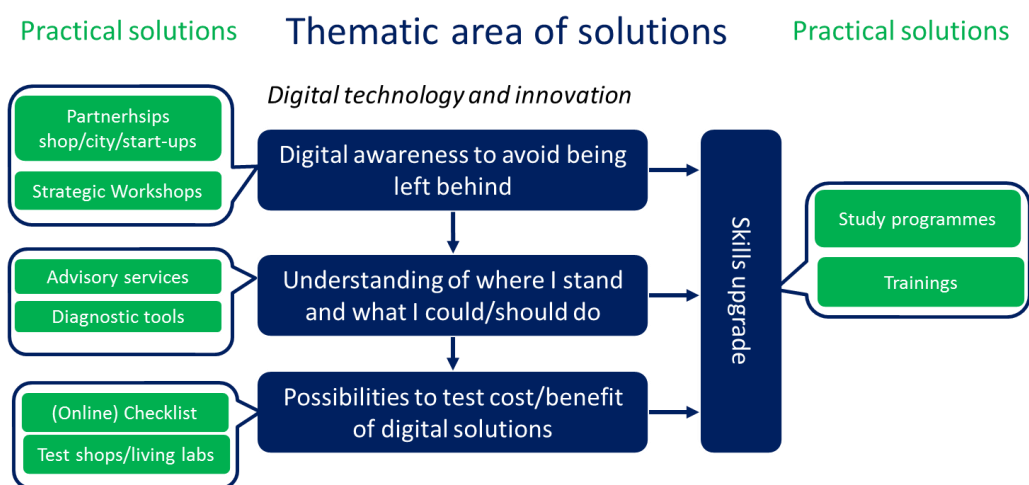
At this table we discuss two interlinked blocks of solutions. Supporting:

1. **Digital technology and innovation;**
2. **Skills development and upgrading.**

### Context

- Many traditional small retailers are being left behind by the rapid progress in digital technologies and changing consumer behaviour, whether in terms of online shopping or simply searching information about traditional stores and the products and services they provide. Thus, **increasing digital awareness** is a common theme of many policy initiatives supporting small retailers;
- Both retailers and those seeking to support them, need to have a clear understanding of the needs and capabilities of retailers to **implement digital solutions**. Various initiatives have sought to address this issue by proposing some form of **digital maturity screening**, aimed at assessing capabilities and capacities of retailers to successfully implement and use new technologies;
- Often it is difficult to determine in advance whether a **particular solution will prove useful**, and whether its benefits outweigh the associated implementation and operational costs;
- Developing and upgrading the **knowledge and skills** is especially important to help of small retailers understand and adapt to the digital era.

Figure 24 Overview of thematic areas and solutions



### Sub-topic 1: Solutions for digital awareness

- **partnerships** between shops/city/start-ups to inform on digital tools;
- **Strategic workshops** on use of digital tools.

#### Sub-topic 2: Solutions for implementing digital solutions

- **Advisory services** (such as e-shopping offensive);
- Digital maturity **diagnostic tool** (personalised/modular training);
- **Online checklist** generating advice.

#### Sub-topic 3: Solution to assess if beneficial

- **“test shops”** or **“Living Labs”**.

#### Sub-topic 4: Solutions to improve general skills

- **Study programmes;**
- **Training.**

### *Outcome of the discussion*

#### Question 1

- ✓ The most important aspect is to raise awareness of threats and opportunities for retailers and solutions for those supporting small retailers;
- ✓ It is crucial to convince retailers, as the main barrier for any adjustment is in the brain.

#### Question 2

- ✓ All identified actions appear effective if used in the right form and are tailored and concrete;
- ✓ Effectiveness depends on the local setting, personal ownership, and the content;
- ✓ Specific measures need to be co-developed making use of existing structures;
- ✓ The focus should be on an iterative process with small steps instead of immediately reaching for the impossible.

#### Questions 3&4

- ✓ **Age gap:** younger people tend to be easier convinced to implement new digital solutions and to acquire digital skills. It thus takes more efforts to convince older retailers to “still” invest in such skills. An option is to support them in a form that not the older owner him/herself acquire the skills, but younger staff;
- ✓ **Time:** For any type of workshop, training or other event it is difficult to get the retailer out of his/her shop. Therefore, the invitation to such events needs to be convincing enough. It needs to be easy and clear, have a catchy title and explain why this is important and useful for the retailers. In addition it is useful to invite them through people they know and trust (making use of existing support structures);
- ✓ **Willingness to change:** The willingness to change is often lacking. Reasons for this might be the “age gap”, the issue of “time” or simply a lack of understanding of the urgency/need to change. A useful way to start is to address first those willing to change, to help them succeed and to do so in a way that creates a “snowball effect” attracting others;
- ✓ **Risk of too high ambitions:** retailers which acknowledge the need to change often risk wanting too much too soon and then risk creating something unsustainable (example: own e-commerce platform). It is more useful to target an improvement of 5 % and to actually implement it before taking the next step;
- ✓ **Not just showing benefits:** awareness raising of solutions needs to also cover information about where to get answers to the solutions and particularly who can help. Personal contacts (one-stop-shops) are useful to provide a point of reference for finding the right solutions;

- ✓ **Lack of follow-up:** all forms of training or events risk not being followed-up or implemented by the retailers. It is therefore useful to use people from existing support structures who actually go into the shops and implement what retailers have learned together with them;
- ✓ **Local ownership:** Local ownership is key in successful support measures. Any type of solution therefore needs to build on local ownership and as such support and co-develop solutions. It might also be useful to spread ownership for different solutions to mobilise more capacity to implement them;
- ✓ **Coordination:** while solutions developed tailored and on the ground appear to be more likely to be accepted and implemented, they risk overlapping or not being complementary with each other. On the other hand a pure top-down approach is not useful either as it lacks local knowledge and proximity to the retailers. It is therefore important to organise a method of good coordination and exchange between initiatives to profit from synergies;
- ✓ **Knowledge on the ground:** also local authorities often lack the necessary skills or do not have policy makers in place who understand technological developments. Awareness raising and training campaigns for local authority staff with responsibilities towards the retail sector can be equally as important as for small retailers, since these staff are in regular, even daily, contact with retailers and therefore can act as multipliers for implementing change.
- ✓ **Workshop format:** the format of many workshops is too technical and too abstract. It needs to be organised in a hands-on form for the retailers, so as to be easily understood and used;
- ✓ **Format of awareness campaign:** awareness campaigns need to be easily understandable and targeted at the outcome (showing the benefits). A format that works in many cases is to introduce best practices and to then immediately explain tailored solutions for the specific setting of the retailer. Creating such stories of success is a convincing format.

**Table 4: eCommerce platforms, communication and promotion (including social media) and other promotion activities (Moderator: Clémentine Valayer (Gartner))**

#### Scope

At this table we discuss three blocks of solutions:

1. **E-commerce platforms;**
2. **Communication and promotion** (including social media);
3. **Other promotion activities.**

#### Context

- Many traditional small retailers are being left behind by the rapid progress in digital technologies and changing consumer behaviour, whether in terms of online shopping or simply searching information about traditional stores and the products and services they provide;
- Thus, increasing the use of **marketing tools and e-commerce platforms** is a common theme of some policy initiatives supporting small retailers.

Figure 25 Overview of thematic areas and solutions





### Sub-topic 1: E-commerce platforms as a solution

**E-commerce platforms:** An e-commerce platform has the potential to be one of the most effective digital tools for revitalising and expanding a small retailer's business. But, it is widely recognised that before exploring the possibility to implement an "own" e-commerce platform or even joining an existing one, small retailers need a certain level of familiarity with digital tools and applications, as well as having appropriate structures and resources in place.

Certainly, experience suggests that the best approach (i.e. most affordable and effective) is often for individual small retailers to join an already established e-commerce platforms. Moreover, in many cases, using such platforms has proved to be most successful when they focus on a particular local area and, also, where they have the support of local administrations or even operated in collaboration with them. Examples include

- I Shop Braga (PT);
- ZlavaDna (SK); and
- Mercado47 (ES).

### Sub-topic 2: Solutions for communication and promotion (including social media)

Engaging into a conversation with the public is increasingly vital in an age where social media interactions are so commonplace in our daily lives. **Social media** are excellent channels for small retailers to explore not only to gain a voice and stay in the public eye and customers' minds (many companies have gained massive Twitter followings simply due to their hilarious and engaging customer service responses), but also to build and show their unique personality and tell a story.

Both retailers and those seeking to support them, need to have a clear understanding of the needs and capabilities of retailers to use **online social media channels**. Various initiatives have sought to address this issue by proposing some form of support or platforms to pool efforts and organise promotion. Examples include:

- Multi-channel communication strategy (Pakt Pro Commerce – LU);
- Social Media – What do you think campaign (Great Gloucestershire High street – UK) - promotion of a common twitter hashtag;
- Website/communication campaign/events (Wij Zijn Arnhem – NL).

### Sub-topic 3: Other promotional activities as solutions

Numerous other promotional activities and events can help small retailers engage with their local communities and boost their businesses. **Events and fairs** are a popular option, and usually work best when small retailers work together to organise them. Examples include:

- Promotion of local supply chain (Vetrina Toscana – IT);
- Best retailer award, Fairs, Awareness Raising in School (GUUTE – AT).

### Outcome of the discussion

#### Question 1

- ✓ Promotion is a priority, and key to the impact of any other solution. Discoverability (e.g.: search engine optimisation for finding the platform through web search) and multichannel promotion are part of this solution;
- ✓ An e-commerce platform as such is not a "solution", it needs to start with bringing online a community with a strong identity and a selling proposition;
- ✓ These solutions should also be used to bring the client in the store, such as social media promotion;
- ✓ Other promotional activities are not seen as key solutions to revitalise small retail.

## Question 2

- ✓ Actions in this area are effective if there is strong participation of the retailers themselves;
- ✓ Visibility and discoverability of the actions are key to their effectiveness;
- ✓ The use of a city platform is adequate for city branding and promoting a city from a "touristic" point of view, as a solution for enhancing overall attractiveness;
- ✓ In terms of the digitalisation of small retailers, it is recommended to address a smaller area than a city (e.g.: in Amsterdam: the 9 streets) and build on an identity of this area, create a strong sense of community and associate to this with an online platform with e-commerce functionality.

**Conclusion:** these solutions are effective if they are combined along the following equation:

Community platform for a local area + e-commerce functionality + Multi channel communication/promotion.

## Question 3

These solutions pose quite a few challenges.

- ✓ **Update costs:** all the information online such as product catalogue, promotions etc. needs to be updated, and small retailers have little time to keep this information up-to-date. There needs to be a warning that this has to be planned;
- ✓ **Speed of technology advancements:** any innovation can easily be outdated in a short time span. The choice of technology is strategic as it needs to be relevant for a long period of years to get a return on investment, so the public sector may not be the right lead for technology because of the slow procurement cycles. The start-up ecosystem is relevant here;
- ✓ **High thresholds of knowledge:** IT takes small retailers a lot of time and focus from their day to day tasks to get up to speed on the possibilities that technology can bring to revitalising their business;
- ✓ **Individualism:** Small retailers have a tendency to individualism which can hinder community-based initiatives;
- ✓ **No link with customers:** selling online breaks the link with the customers. On platforms where there is an option for clients to provide feedback, such as Amazon, the dialogue is between the platform provider and the client, not between the retailer and the client, which is not favoured by the retailer who sees himself out of the game;
- ✓ **Loss of identity online:** A retailer creates an identity, a branding, a unique selling proposition which often is linked with his/her personality. This identity is easily lost online or difficult to convey online;
- ✓ **No funds:** The authorities or retail associations who would like to provide community platforms have a lot of difficulty finding funds because of the "fiscal squeeze": the budgets available at local level are low.

## Question 4

- ✓ **Use existing services** rather than redeveloping again a new solution is the best way forward in terms of controlling resources and other efforts (learning curve...);
- ✓ Some services are better targeted at micro-retailers because of their subscription model which does not take a mark-up on sales but proposes a fixed fee, which caters to the low margins the retailers often have;
- ✓ Putting one's commerce online needs preparation. It is not about posting a catalogue of products. It is about **defining an identity**, understanding how to best communicate it online, adapt it if needed to have more impact online, define a **unique selling proposition** which will make the retailer stand out from competitors;

- ✓ A **Public Private Partnership** is the best approach:
  - Involving retailers ensures uptake and adequacy of the solution;
  - Public funds assure funding sustainability;
  - A public sponsor can ensure communication about the platform;
- ✓ **Community creation and animation** are key roles/skills to have in the project team;
- ✓ Make visible **EU funding** to the local authorities;
- ✓ Even if selling online can open new client segments geographically, a **key message** to retailers in the context of the solutions of Table 4:

**Communicate online your Unique Selling Proposition to local customer base.**

This will best reflect the competitive edge of small retailers online.

#### Question 5

Referring to Question 2, the use of Digital Coupons and other solutions which can bring potential customers who are on line to the brick and mortar store are important too. Another example can be the use of the Pokemon lures (augmented Reality solutions).



# ANNEX F – Revitalising small retailers survey: findings

## Background to survey

Following the workshops, the common elements of successful revitalisation and modernisation could be identified. However, further validation through a survey was considered useful, particularly regarding the effectiveness and priority of the various solutions identified.

### *Participants*

The participants were selected as those with interests in the development of small and medium sized (SME) retailers, either via participation in the workshops, contribution to the case studies, or were representatives of municipalities or small retailers. People were contacted individually and others via their trade or town associations, including EuroCommerce and Independent Retail Europe. 23 participants have provided valid responses, split between public organisations (8 local authorities, municipalities, or town centre managers), commercial organisations (11 trade and other associations) and the remainder, were three independent retailers and a technology company. The respondents represented views from across Europe, particularly as some of the trade associations have pan-European, rather than national, responsibilities. However, the locally focused respondents were biased towards the main case study countries of Austria, Belgium, France, Ireland, and Spain. Notable absent views, (although indirectly represented by pan-European organisations), were those from Eastern Europe, the Nordics, Germany, and the UK. While this data is not enough to carry out a full statistical analysis, it does help to provide indicative results to inform the overall findings. However, all of the results should be treated with caution based on the above shortcomings.

### *Data collection*

The survey was set up using SurveyMonkey and sent to participants in English via a weblink on 15th May 2017, with a reminder being sent on a weekly basis. Workshop participants were also contacted via telephone where possible and encouraged to fill in the survey. The offer of arranging translation was also made if required – though interestingly survey responses were lower in those countries with a high percentage of English speakers. Paper versions of the survey were also made available to those that requested them.

### *Analysis*

The analysis of the results confirms the guidelines for setting the priorities of the actions identified in the workshops, albeit subject to the caveat that this is only the view of a relatively few participants. However, while there is consensus on the main issues, a deeper analysis of the survey also indicates some possible differences between public and commercially facing organisation.

Hence, the charts that follow rank the solutions in order of priority or importance from highest to lowest on the left hand side of the chart, based on the combined results of all the respondents. The bars on the right hand side show the relative priority or importance given to that solution by the public organisations and the commercial organisations. The results from the independent

retailers and the technology company have not been included in this breakdown, as the samples were too small.

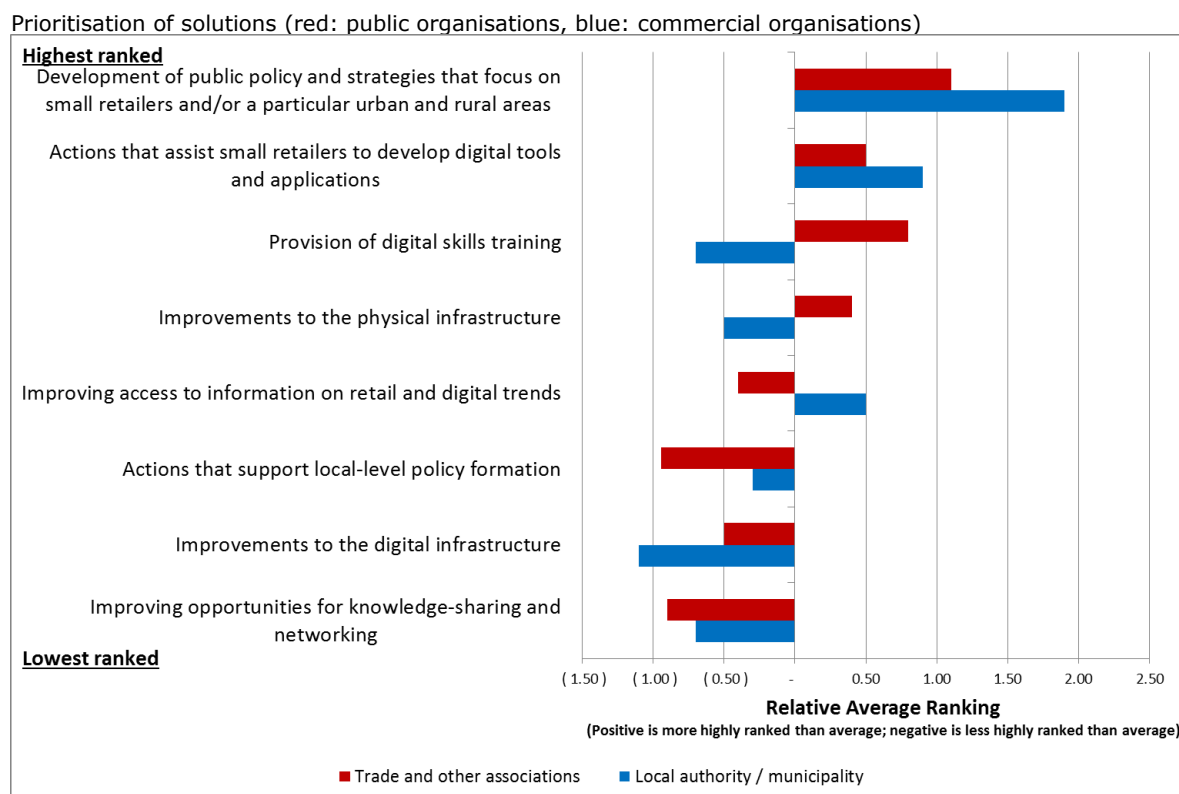
### *Prioritisation of solutions*

The main priorities identified are to first develop public policies that focus on small retailers and/or a particular area and then focus on actions to assist small retailers to develop digital tools and applications (see Figure 26).

Commercial organisations would then focus on the provision of digital skills training and physical infrastructure improvements, while public organisations suggest improving access to information on retail and digital trends to be a higher priority.

All respondents agreed that actions that support local level policy formation, improvements to the digital infrastructure and improving opportunities for knowledge sharing are a lower priority.

Figure 26



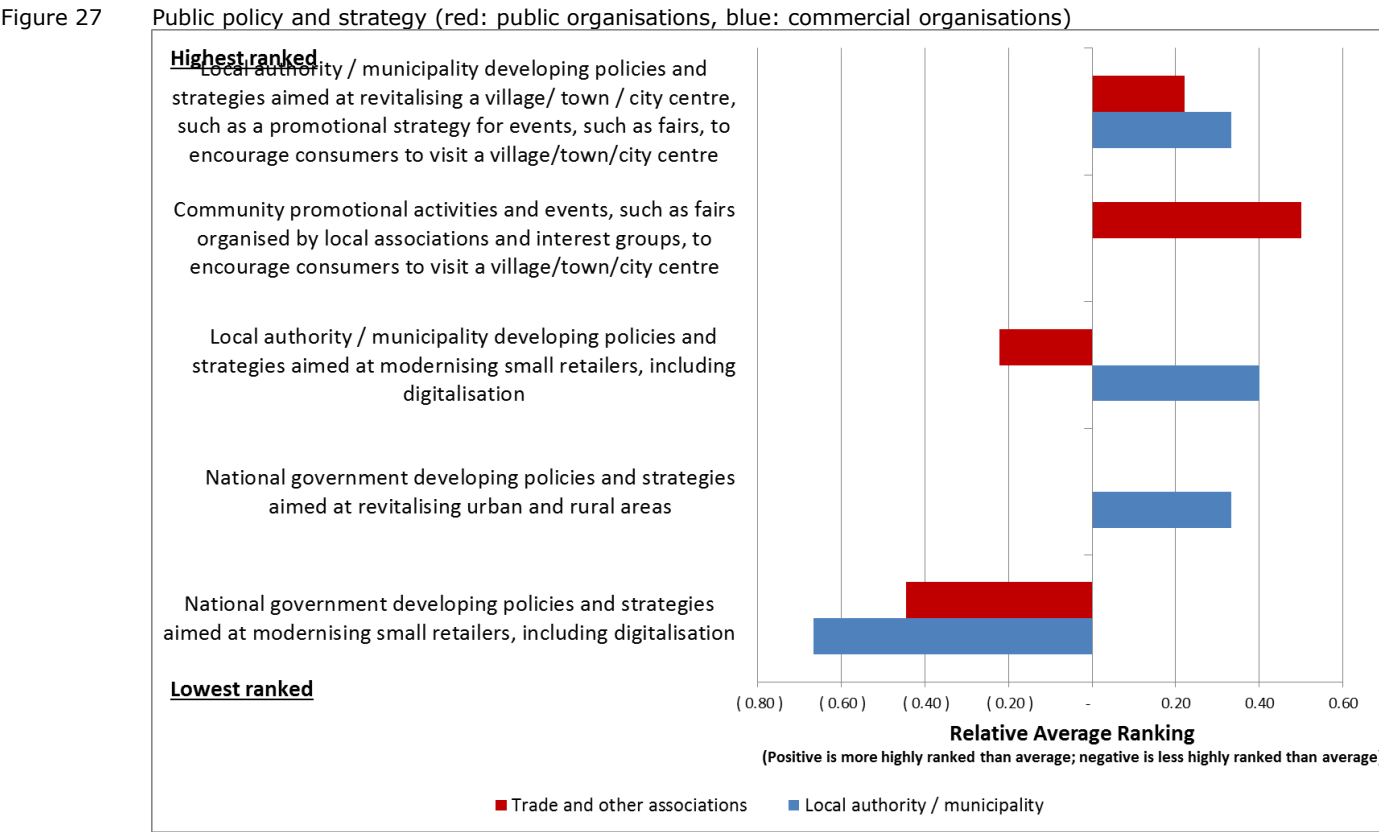
Source: Author's own elaboration based on survey

### *Public policy and strategy*

Solutions to promote shopping areas and to encourage shoppers to visit the area through activities and events, such as fairs organised by local associations and interest groups, were recognised by all respondents as being among the top priorities in terms of public policy and strategy (see Figure 27).

Commercial organisations would also prioritise including the community as whole in such public policy and strategy, while public organisations would focus more on developing policies and strategies aimed at modernising small retailers, including digitisation. Public organisations would welcome support from national government in developing policies and strategies aimed at

revitalising the shopping areas. All respondents are in agreement that national government initiatives aimed at modernising small retailers appear less important.



Source: Author’s own elaboration based on survey

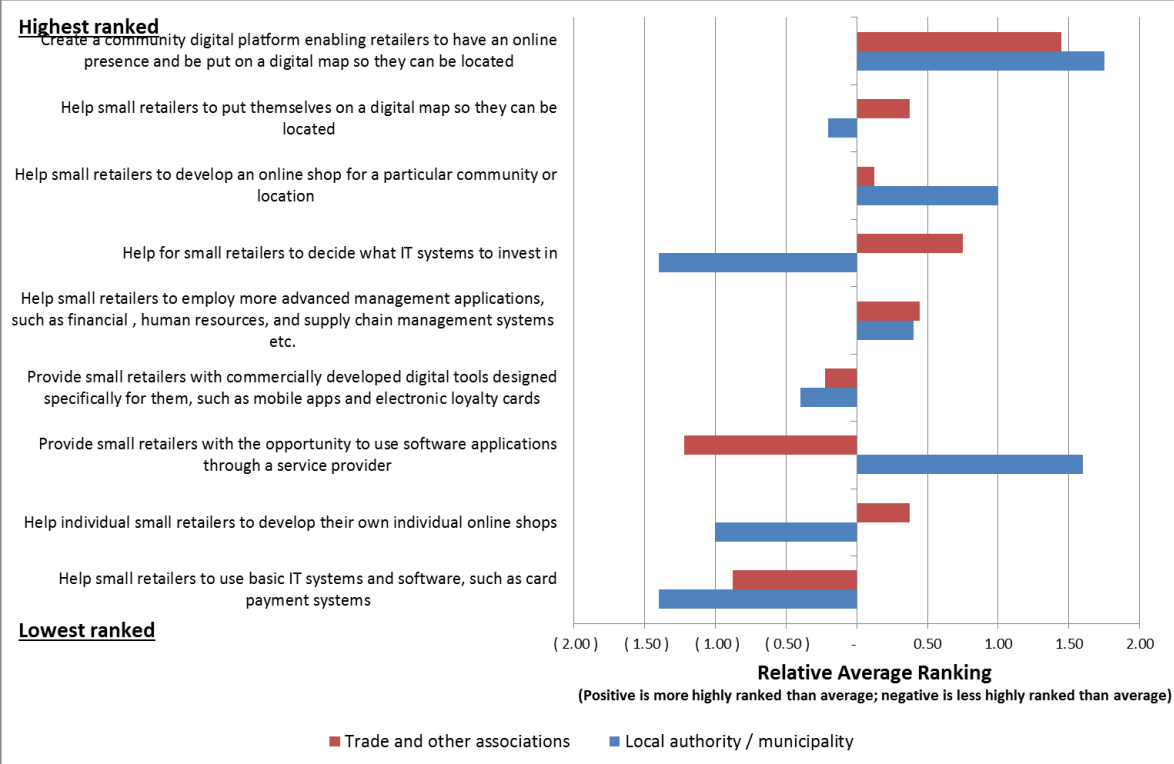
*Assistance in developing digital tools and applications*

Enabling retailers to have an online presence and be put on a digital map so that they can be located, was recognised as the main priority in developing the use of digital tools and applications (see Figure 28).

There is less agreement on the importance of other areas. Interestingly, while public organisations, and to a lesser extent, commercial organisations, both rank the development of an online shop highly, independent retailers do not rate it so highly.

All respondents agree that assistance in the adoption of digital transactional and operational systems, such as card payment systems, is less important.

Figure 28 Assistance in developing digital tools and applications (red: public organisations, blue: commercial organisations)



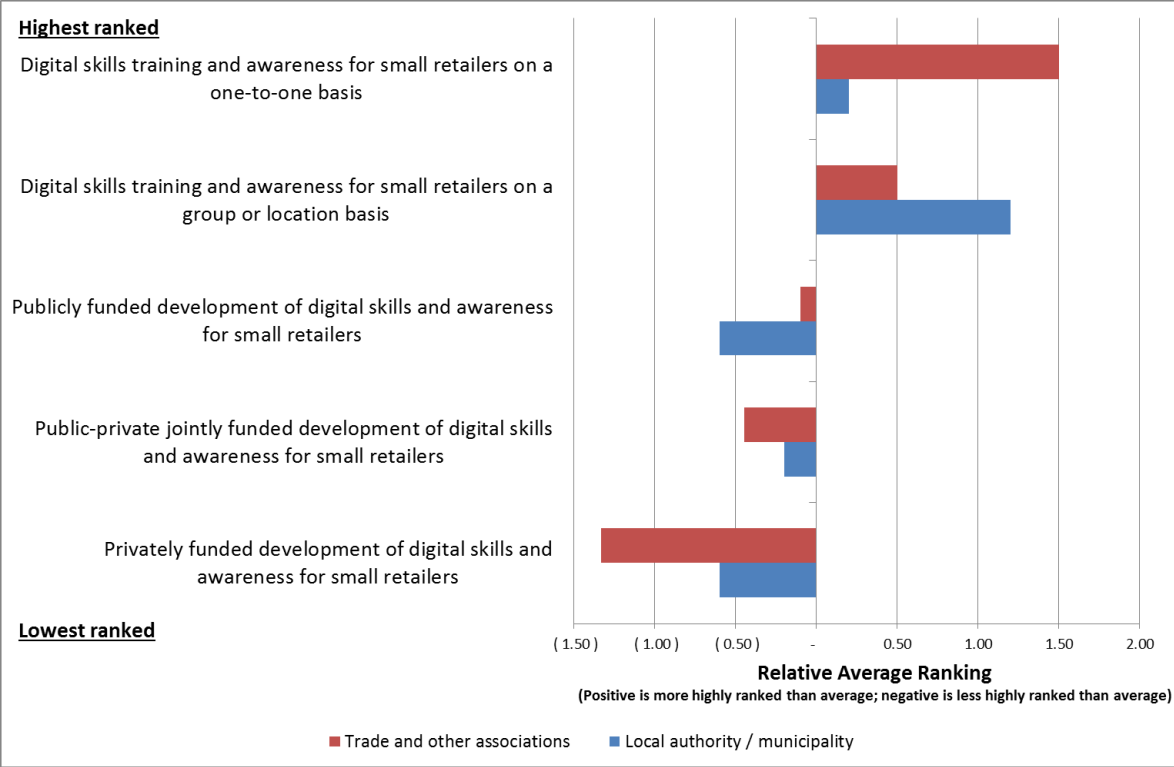
Source: Author’s own elaboration based on survey

### Digital skills training

Direct training, either one-to-one or in groups, is seen as the most effective way to develop digital skills and increase the awareness of digital solutions for small retailers (see Figure 29). At least some public funding is considered important to support such skills development.



Figure 29 Digital skills training (red: public organisations, blue: commercial organisations)

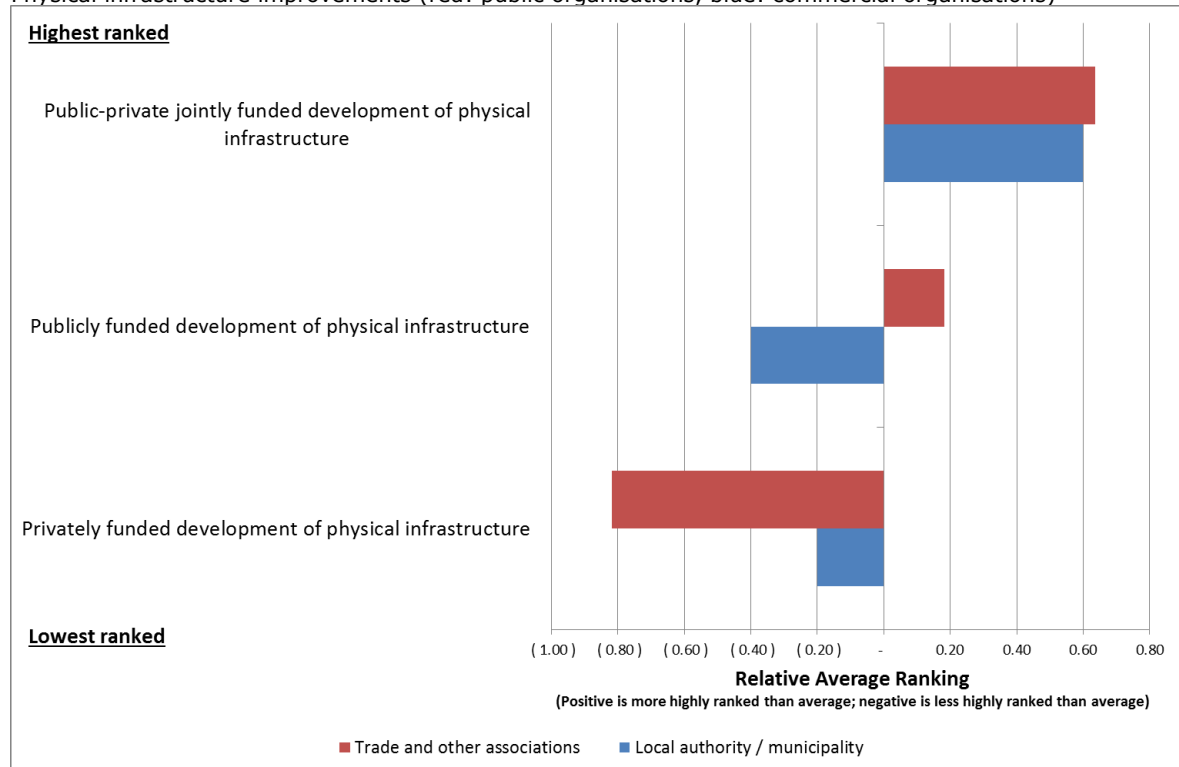


Source: Author’s own elaboration based on survey

### Physical infrastructure improvements

The development of physical infrastructure is seen as a joint public-private responsibility that always requires some public investment and cannot be left solely to private investment (see Figure 30). Perhaps unsurprisingly given their relative financial perspectives, there is more support for private investment from public organisations and more support from commercial organisations for public investment.

Figure 30 Physical infrastructure improvements (red: public organisations, blue: commercial organisations)



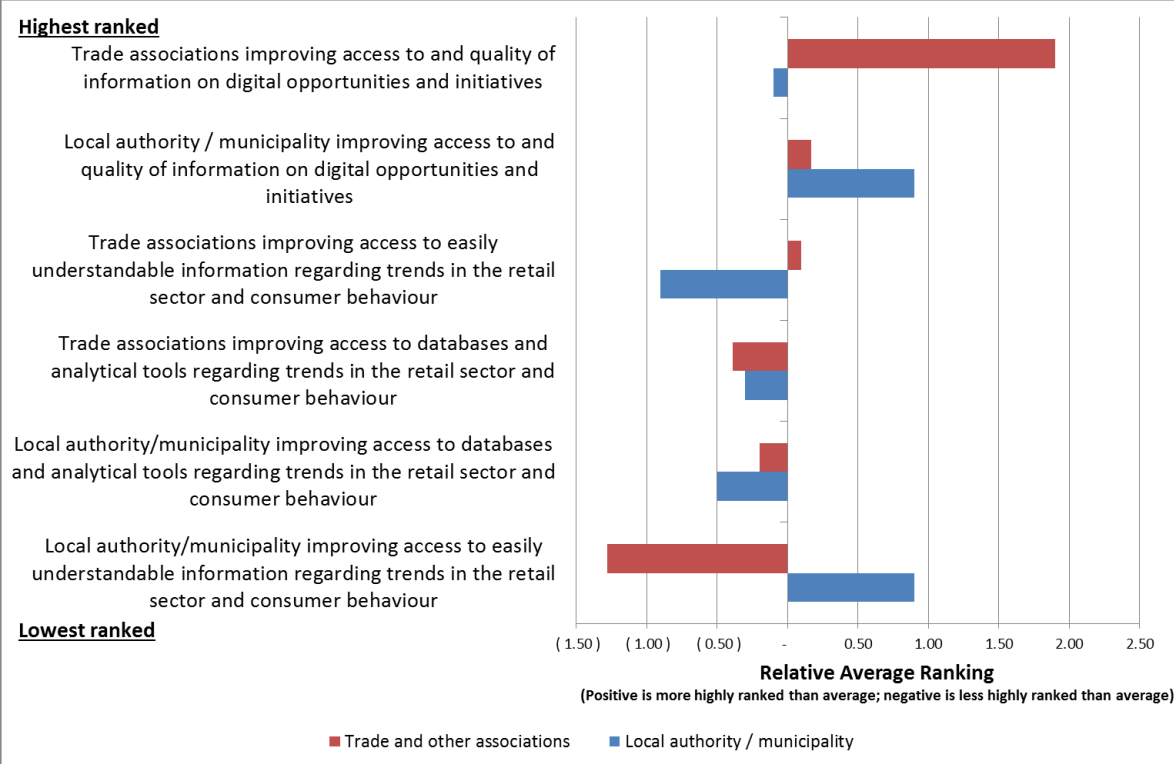
Source: Author's own elaboration based on survey

### Provision of information on retail and/or digital trends

While there is little agreement on who should be providing access to information on retail and digital trends, it is clear that information on digital opportunities and initiatives is seen as the most effective type of information to encourage small retailers to make changes and participate in solutions (see Figure 31). On the other hand, general information on retail and consumer trends is not seen as particularly important.

While the workshops highlighted there was a need to understand future developments in retail to enable small retailers to adapt, the survey emphasises that it is the digital trends, rather than, general trends that are of most importance. This is to be expected as retailers have some first-hand experience of general retail and consumer trends every day, but may not be aware of the changes being brought by digital trends happening elsewhere.

Figure 31 Provision of information on retail and/or digital trends (red: public organisations, blue: commercial organisations)

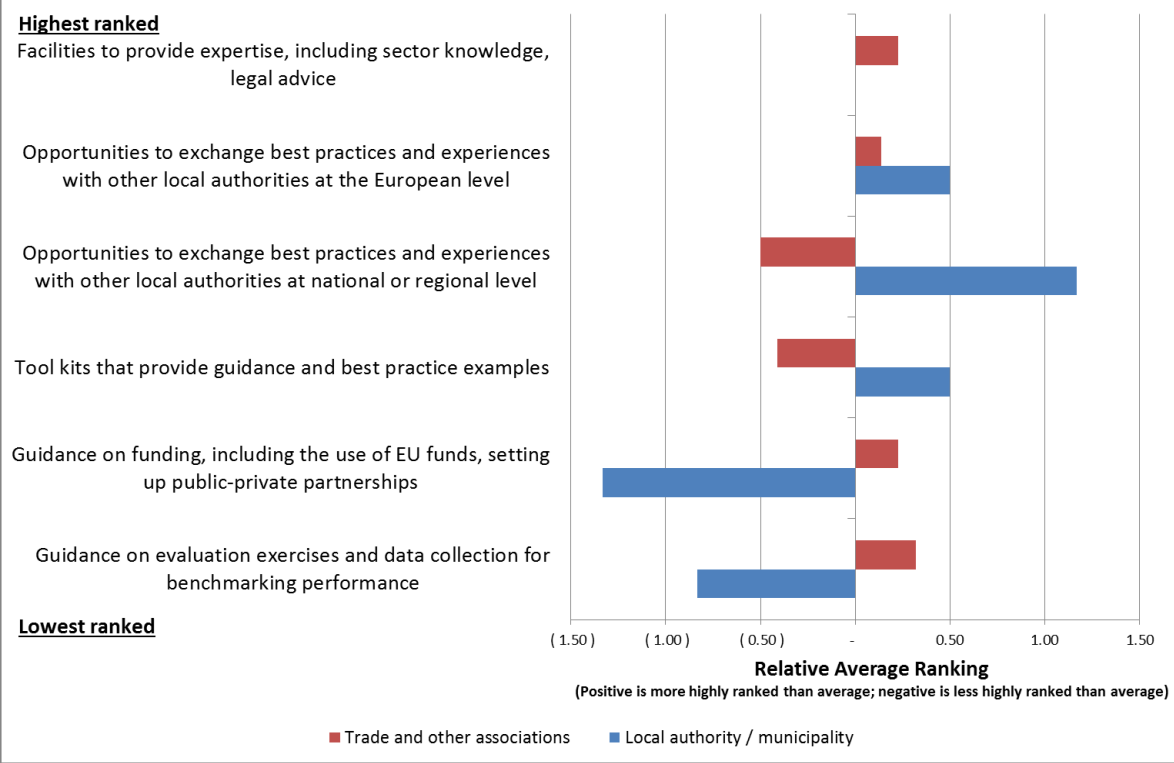


Source: Author’s own elaboration based on survey

### Help for local authorities

There is little agreement on how best to help local authorities. Public organisations themselves emphasise the importance of exchanging best practices while commercial organisations consider encouraging greater expertise and funding more important (see Figure 32).

Figure 32 Help for local authorities (red: public organisations, blue: commercial organisations)

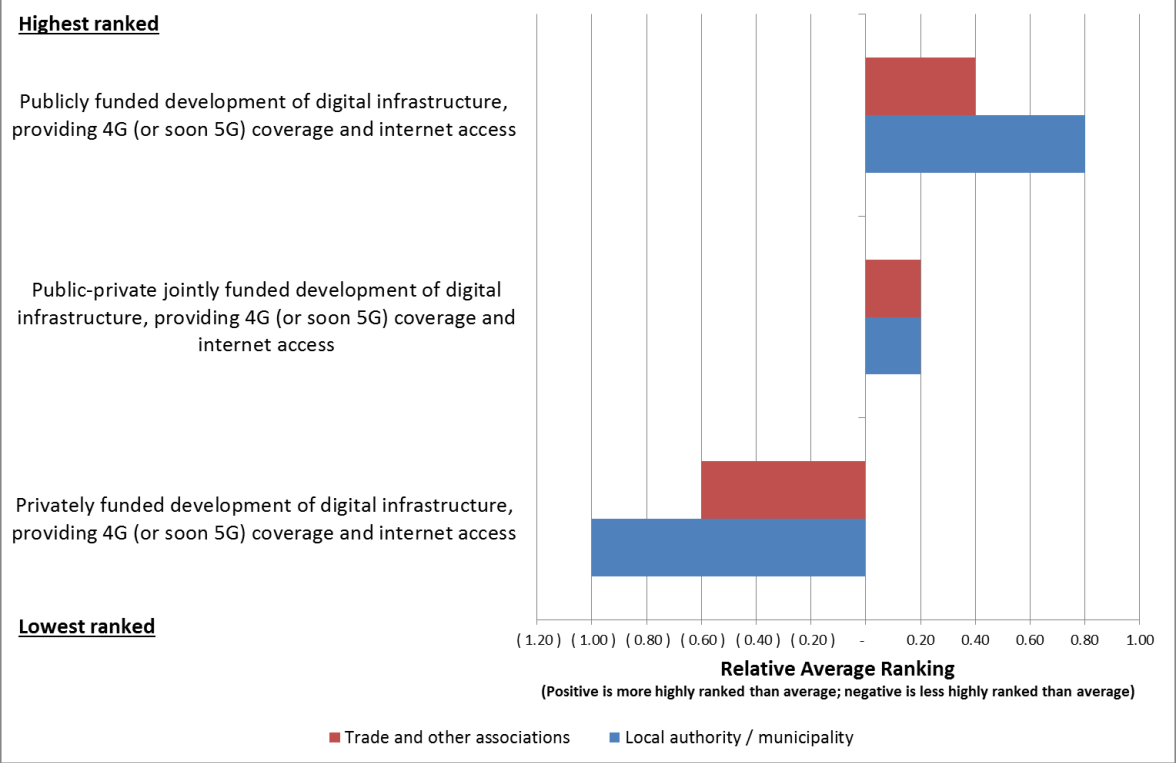


Source: Author’s own elaboration based on survey

*Digital infrastructure improvements*

The development of digital infrastructure is seen primarily as requiring public investment, with some private contribution, but cannot be left solely to private investment (see Figure 33). Unlike physical infrastructure development, both public and commercial organisations agree on the same most effective source of funding being public.

Figure 33 Digital Infrastructure improvements (red: public organisations, blue: commercial organisations)



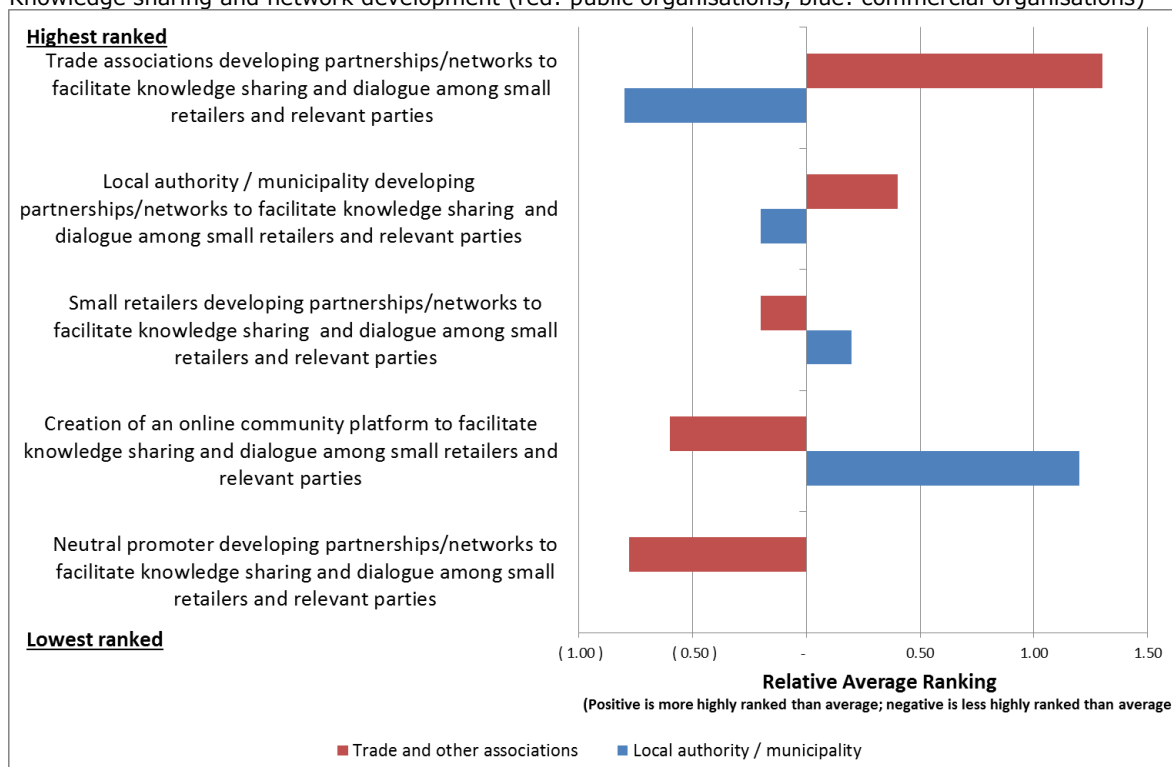
Source: Author’s own elaboration based on survey

*Knowledge sharing and network development*

This is disagreement on who is best placed to facilitate knowledge sharing and dialogue among small retailers and related parties (see Figure 34), with commercial organisations clearly making their claim they are best suited in this area. However, this may be biased by the small sample that includes representatives from these organisations.

A neutral promoter is not seen as effective, perhaps being perceived as lacking the necessary passion for the sector or local knowledge. This view is held particularly strongly by commercial organisations. However, given the level of disagreement on this topic, a neutral promoter may be the only way to bring these divergent views together, and this latter view was supported in the workshops.

Figure 34 Knowledge sharing and network development (red: public organisations, blue: commercial organisations)



Source: Author's own elaboration based on survey

## Conclusions

The survey analysis largely supports the findings from the workshops and case studies as well as the importance of the identified themes (see chapter 4). The main priority identified by both trade associations and public authorities was the need to focus on the particular area within which the small retailers exist, confirming the importance of a local strategy and policy. In terms of taking action, the first priority is to encourage shoppers to visit the area. Marketing and promotional activities organised by the community and local authorities to promote the area through activities and events, such as fairs organised by local associations and interest groups were considered key in achieving this. This should be supported by improvements to the physical infrastructure, which is considered to be a joint responsibility requiring public investment and cannot be left solely to private investment. Of the methods to improve competitiveness through digital technology and innovation, the adoption of digital tools and applications and online platforms (not e-commerce) that create a digital presence for the area and help get small retailers on the digital map were highlighted as priorities.

In all the survey answers, the varied and individual nature of small retailers is emphasised. Generic initiatives are seen as less effective. It is the local area that brings small retailers together and it is here where any focus and resources should be engaged, including translating this local physical space into a digital environment that can be marketed beyond the local area. This is where local authorities and municipalities may make their most effective contribution to the revitalisation and modernisation of small retailers.

## **ANNEX G – Guide on Revitalising small retailers**



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# Facing the future

A practical guide for fostering the  
revitalisation and modernisation  
of the small retail sector

**#RevitaliseRetail**

*Internal Market,  
Industry,  
Entrepreneurship  
and SMEs*



Printed in XXX

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## Why has this guide been produced?

The vast majority of retailers in Europe are small or very small. A thriving small retail sector is essential for keeping European town and city centres vital and retaining a healthy retail sector in rural areas. Small retailers are an important source of employment and economic activity. They also strengthen communities and bring proximity, approachability and personalised services to customers.

However, small retailers have been facing an increasing number of challenges over the last few decades, largely due to dramatic changes in buying and selling habits. The retail sector has experienced a widespread move from small, generalist stores to large stores, which has increased the need for local shop owners to be competitive on price. More recently, they face the digital revolution.

Technology is not always easily embraced by small retailers, which are often small, family-owned businesses. This is not surprising, given that small shop owners generally have less expendable resources than larger stores, less knowledge and less capacity to design and implement structural changes quickly. The potential negative consequences of making mistakes are much higher and more costly for them. Given the sheer number of these small retailers in Europe, and the important role they play in the retail sector, it has never been more important to help them to overcome these limitations and embrace change.

This guide is primarily targeted at local authorities. It has been designed to help them support their local small retailers to modernise and revitalise. Regional and national authorities – as well as independent private organisations or sector associations – can also support the initiatives and are likely to find inspiration in the solutions presented.

The guide provides ideas and practical suggestions on how to tailor revitalisation and modernisation initiatives to support the small retailers in your local area. Each solution is underpinned by real-life examples (success stories), gathered from best practices across Europe, which can be transferred to your local setting – as well as top tips to consider.

It should be noted that the success of these tools is linked to the continuity and persistence of your work. The study underpinning this guide found that a key element for success is developing trust with your local retail community. This is a continuous exercise rather than a one-off effort. Investing resources in building this relationship will yield results and help your small retail sector to thrive.

This guide has been produced based on the findings of the study

### **“Development Of Solutions And An Online Guide On Fostering The Revitalisation And Modernisation Of The Small Retail Sector”**

Commissioned by

**the European Commission**

Directorate General for Internal Market, Industry, Entrepreneurship and SMEs.

The study was conducted by **Ecorys, the Retail Management Institute of Saïd Business School (University of Oxford) and Gartner.**

## How do you use this guide?

This guide is a toolbox that will help you match your local setting with appropriate solutions or measures. These range from solutions with a wide scope that aim to establish favourable general conditions for the modernisation of small retailers, to targeted solutions addressing specific issues.

Not all the examples may be applicable or suitable for your local situation. Therefore, this section will help you identify your needs and direct your efforts towards developing a local strategy, built on solutions that have worked for situations similar to yours across Europe and that are suitable for the resources you have available.

*Note: The focus of this guide is on what you can do yourself. Achieving wider legislative change or trying to tackle large economic trends might be outside your control, too difficult or take too long. The tools proposed are soft policy measures, which support your small retailers in whatever regulatory environment you live in.*

## The solution pyramid

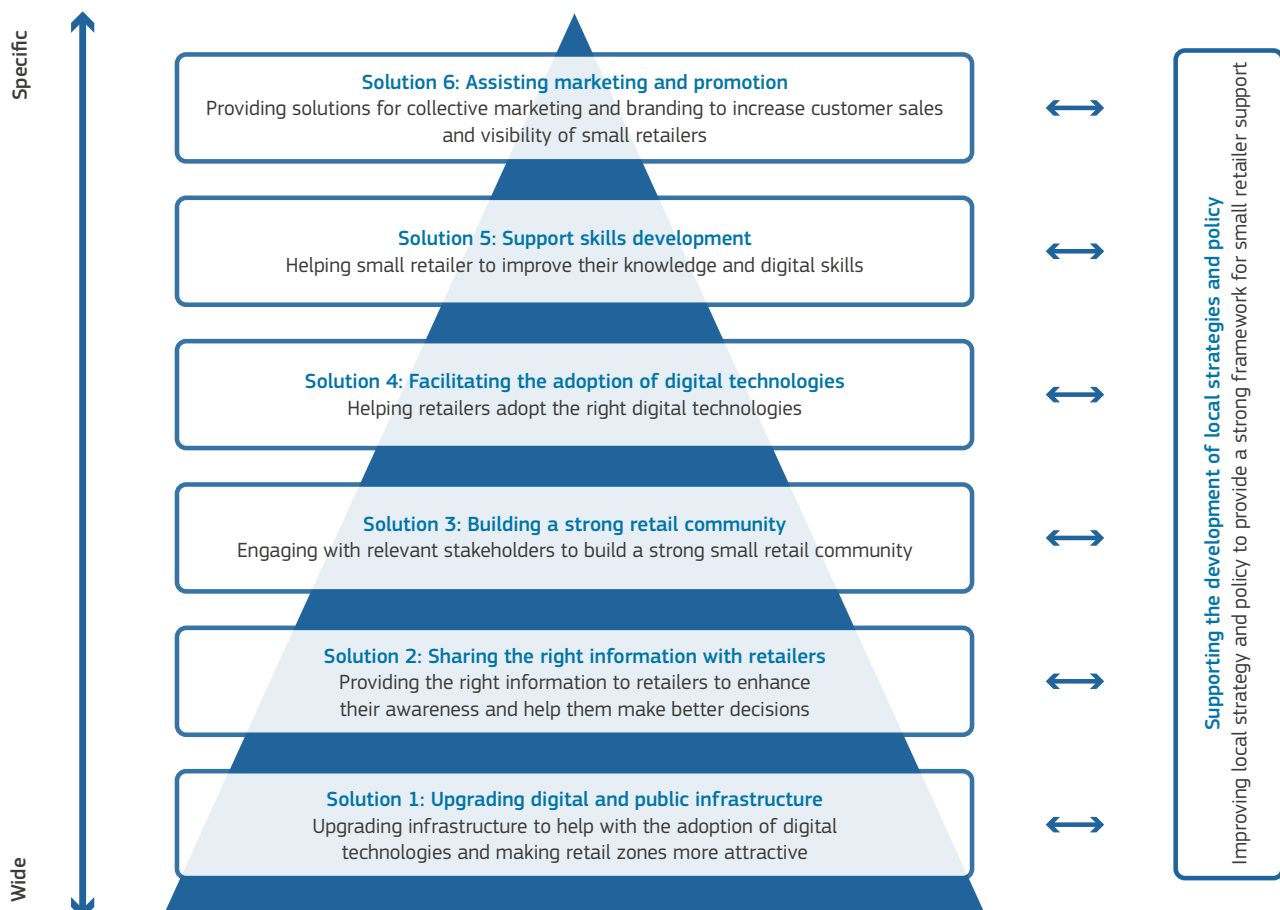
The different solutions presented in this guide, which can feed into the development of your local strategy and policy, have been divided into six blocks and are presented in the following 'solutions pyramid'.



### TOP TIP

Do not be too rigid in your approach. It might be that your particular situation is different to those in the examples provided. If this is the case then do not hesitate to adapt the solutions to meet your needs. The one exception to this is the importance of gaining and building trust with your retail community; doing this will always increase the return on your invested time and resources.

**Figure 1: The solutions pyramid**



We suggest that you read through the solutions presented in this guide in consecutive order, to get an understanding of what each block of the pyramid entails. Each solution contains a mixture of people-related and technology-related suggestions, complete with concrete examples, which can serve as an inspiration and have been shown to work in practice. You can replicate an initiative set out in the success stories or adapt the suggestions contained in each solution according to your specific situation, resources and goals.

If your time and resources allow it, you should ideally start working with Solution 1. This will help ensure you have a solid infrastructure in place before you work your way up the pyramid, solution by solution.

Realistically, however, you will need to make some choices. To help you identify the most important solutions for you, we suggest you work through the following four steps. This will help you find the solutions in the guide that can be used in your situation.

## Self-Assessment

---

### 1. Assess and define your local setting.

- What is your setting?
- What do you have the power to change bearing in mind your level of governance and available financial, time and human resources?

### 2. Evaluate your problems.

- What are your general and specific problems?
- What do you want to improve?

### 3. Assess your relationship with local small retailers and their openness to change.

- How strong is your relationship with your local small retailers?
- How much trust is there?
- How are your small retailers organised?

### 4. Look for the right solutions in the toolbox and plan your approach.

- Based on the previous three steps, what do you want to focus on and what are the right solutions for your setting?
-

## Step 1: Assess and define your local setting

To help you **develop a clear picture of your local situation and what you are capable of doing**, you can ask yourself the following questions:

Questions	Possible answers
<b>What geographic context am I acting in?</b>	<input type="checkbox"/> Urban centre <input type="checkbox"/> Peripheral district/suburb <input type="checkbox"/> Rural area <input type="checkbox"/> Touristic area
<b>Who are the small retailers I am addressing?</b>	<input type="checkbox"/> Traditional shops (small, often family-owned) <input type="checkbox"/> Specialised shops (e.g. bakeries, cobblers) <input type="checkbox"/> Start-ups (usually technology-based businesses)
<b>What resources do I have available?</b>	<input type="checkbox"/> Money <input type="checkbox"/> People <input type="checkbox"/> Time
<b>What changes are within my power to make?</b>	<input type="checkbox"/> Size (large infrastructure works vs. targeted measures only, etc.) <input type="checkbox"/> Area (multi-cities/regional/national level vs. local level) <input type="checkbox"/> Length (long term vs. short term, temporary) <input type="checkbox"/> People (your own staff or together with other business associations, cultural organisations, administrative organisations)

**Table 1**

*Define your local setting*

## Step 2: Evaluate your problems

Once you have defined your local setting, the next step is to develop a **good understanding of the general and specific problems** your small retailers face. The problems identified in Table 2 are issues you may want to use as a starting point.

**Table 2**  
*Identify general  
and specific problems*

Categories		Potential problems you might face
<b>General problems</b>	General attractiveness, increasing competition and general demand changes	<input type="checkbox"/> Less attractive shopping areas <input type="checkbox"/> Increased numbers of empty shops <input type="checkbox"/> Increased competition from online shops and big retailers <input type="checkbox"/> Change in consumer demands
<b>Specific problems</b>	Adjustments in demand for quantities of products	<input type="checkbox"/> Reduced customer base
		<input type="checkbox"/> Decreased willingness to spend
		<input type="checkbox"/> Changes in demand for specific products
	Adjustments in demand for quality of products	<input type="checkbox"/> More selective customers
		<input type="checkbox"/> Demographic changes
		<input type="checkbox"/> Increased demand for higher quality products and service
		<input type="checkbox"/> Increased demand for digital solutions
	Challenges for suppliers	<input type="checkbox"/> Lack of digital skills
		<input type="checkbox"/> Lack of digital infrastructure
		<input type="checkbox"/> Price competition



### TOP TIP

To help you define the problems, speak to the private organisations or sector associations and small retailers in your area. This will also allow you to develop a better understanding of the situation and prioritise your responses appropriately.

## Step 3: Assess your relationship with local small retailers and their openness to change

Now consider what the conditions are for change in terms of the existing degree of organisation among your retailers, their level of cooperation, the strength of your relationship with them and the level of trust between you and them. Table 3 can help you with this step.

How strong is my relationship with my small retailers and what is their willingness to change?	
What is the existing degree of organisation among my small retailers?	<b>Low:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> No visible connection/loose setup</li> <li><input type="checkbox"/> Very individualist and not willing to change</li> <li><input type="checkbox"/> Only willing to implement individual measures</li> </ul>
	<b>Medium:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Organised in common (trade) association</li> <li><input type="checkbox"/> Organised under common initiative</li> </ul>
	<b>High:</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> High willingness to cooperate</li> <li><input type="checkbox"/> High willingness to adjust and modernise both individually and collectively</li> </ul>
How strong is my cooperation with small retailers?  What is the level of trust amongst them and you?	<b>Low</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Some or no contact, low level of trust, no common activities</li> </ul> <b>Medium</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Regular contact, some trust, some activities but not regular</li> </ul> <b>High</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> Strong and regular contact, high level of trust, regular activities together</li> </ul>

**Table 3**

*Assess the existing level of cooperation among your retailers and your relationship with them*





## TOP TIP

Building trust with your small retailers and the wider community by engaging with them will always increase your chances of achieving your goals.

If your level of cooperation with small retailers, and cooperation between them, is low then we suggest you do not immediately implement solutions that require working together. It is better in the short-term to focus on solutions that assist retailers on an individual basis (**Solution 5: Supporting skills development**) or improve the conditions for the modernisation of your small retail sector as a whole (**Solution 1: Upgrading digital and public infrastructure**). In parallel, you could start developing a foundation for other more cooperative measures and building trust in the longer term. This could include taking some basic steps to develop your retail community (**Solution 3: Building a strong retail community**).

If your level of cooperation with small retailers, and cooperation between them, is medium to high, then we suggest strengthening it even further and increasing the trust between you and them. You could look at creating a Community Manager (**Solution 3: Building a strong retail community**) or developing collective marketing and branding (**Solution 6: Assisting marketing and promotion**).

## Step 4: Look for the right solutions in the toolbox and plan your approach

Ultimately, this guide should provide you with the necessary tools to develop your own tailored local strategy for revitalising and modernising your small retail sector. However, you need to establish the most suitable approach for you based on the challenges that your small retailers are facing. We also advise you to take advantage of any support measures your national or regional government has put in place.

Once you know your setting (**Step 1**), have defined the problems you want to address (**Step 2**), and have considered the means and feasibility of doing so (**Step 3**), you should review the solutions. It is particularly important to match the solutions to the identified problems and then assess the feasibility of implementing them in your setting. You are unlikely to find one solution that addresses all your identified problems and may need to adopt a mixture instead. Table 4 provides an indication of where to look for solutions to address the general and specific problems you have identified.

**Table 4** *Identify the most relevant solutions for your problems*

Problems	SOLUTION 1 Upgrading digital and public infrastructure	SOLUTION 2 Sharing the right information with retailers	SOLUTION 3 Building a strong retail community	SOLUTION 4 Facilitating the adoption of digital technologies	SOLUTION 5 Supporting skills development	SOLUTION 6 Assisting marketing and promotion
Less attractive shopping areas and empty shops	✓	✓	Always relevant	✓	✓	✓
Increased competition from online shops and big retailers and change in consumer demands	✓	✓		✓	✓	✓
Reduced customer base	✓					
Decreased willingness to spend						✓
Changes in demand for specific products						✓
More selective customers		✓		✓	✓	
Demographic changes		✓		✓	✓	
Increased demand for quality and service		✓		✓	✓	
Increased demand for digital solutions	✓			✓	✓	✓
Lack of digital skills	✓			✓	✓	✓
Lack of digital infrastructure	✓					
Price competition					✓	✓



## TOP TIPS

1. Whatever you choose to do, make your support hands-on and practical. To be truly successful, retail policies need to be translated into concrete actions that form a local strategy. This should be done regardless of whether initiatives are 'top down' (e.g. originating from national government) or 'bottom up' (e.g. started by retailers at a local level).
2. It is easier to achieve a small change in a short period. Breaking down your final objectives into achievable, short-term targets (e.g. +5% use of digital technologies) will help keep your stakeholders motivated.
3. Learn from your peers. To avoid a lack of coherence between different local initiatives, get in touch with those managing other locations and market segments in your region to assess whether it would be possible to develop complementary, and therefore more effective, initiatives together or to learn from each other.
4. Manage expectations regarding your own role. Communicate your local strategy to small retailers in your local community. They may have varying expectations of your role in providing support and have differing ideas about what kinds of initiatives would work best for them. It is important that expectations are managed and that strategies are designed to be appropriate and effective.
5. Successful initiatives work on financial sustainability. Most initiatives start with, at least some, public funding. To remain successful, consider how the initiatives you adopt can develop their own income source. This may be through membership fees, where retailers are more willing to contribute once they have confidence in the success of an initiative, or through the use of Business Improvement Districts (**Solution 3: Building a strong retail community**).

After reviewing and selecting the most relevant solutions, you will need to identify the concrete actions you could take in your setting. For example, you may start developing a brand, outline a stakeholder engagement strategy or develop a skills development programme.

For each action, we recommend that you define a final objective you wish to achieve. Next, break your objectives down into sub-objectives that are easily measurable and can be achieved within a short space of time. This will help keep your stakeholders motivated and allow you to monitor progress. It will also allow you to prepare a suitable monitoring framework to support your assessment of your progress (for more on monitoring, see the section on **Why and how do you monitor whether actions are effective?** on page 27).

Success Stories – Who can support you?			
	Private organisations		Local partners/stakeholders
	Regional and national authorities		Retail community

# Solution

# 1

## Upgrading digital and public infrastructure



### TOP TIPS

1. If possible, at local level, procure appropriate digital access (broadband, public access Wi-Fi,) from the private sector. Digital access can encourage small retailers to embrace digital tools and increase footfall at their location.
2. Support the retail sector by taking actions that improve the quality of the public spaces and public services linked to the retail zones you are responsible for. This covers investing in general infrastructure (parking spaces, pedestrianised zones) and services (Wi-Fi hot spots), as well as improving transport infrastructure and transport services (bus routes and connections).
3. Where investments are planned, try to involve local partners/stakeholders and, where possible, private sector co-investment. This helps secure greater buy-in from your local community.

Digital tools can enable small retailers to adopt modern, quick and efficient ways of conducting their daily business activities, and help them to connect online with existing customers and attract new ones.

In a world that is increasingly connected online, simply providing some basic information about a shop – such as its location and opening hours – can significantly increase the number of visitors. A shop with an active presence on social media goes further and can often develop a more personal connection with customers, increasing their loyalty. While such actions are sometimes undertaken by private organisations or sector associations, they can also be implemented by you.

One of the ways to encourage small retailers to embrace digital tools and be visible online is ensuring that adequate digital infrastructure is in place. You can support this by providing better 4G coverage or Wi-Fi connections (if this is within your power), and setting up online directories of shops for underrepresented retail zones.

At a more basic level, you can make the shopping areas more attractive for customers to visit. Taking steps to improve the physical infrastructure and attractiveness of retail zones – such as increasing their accessibility and upgrading transport links – can help revitalise an area and encourage more shoppers to visit. This can be complemented by the organisation of events and fairs (**Solution 6: Assisting marketing and promotion**).

## SUCCESS STORIES



### Digital infrastructure provision

📍 *Great Gloucestershire High Street, UK*

In Gloucester, the high street customer experience was rapidly improved. With the support of place-making companies who advised the town centre manager, business district managers and small businesses on a range of digital initiatives, the pilot city improved digital access by linking Wi-Fi and 4G to the CCTV network and set up digital information stands. An extensive social media campaign popularising a linked hashtag (#WDYT) helped to improve engagement with both online and offline customers, and a loyalty card was also created for local residents.

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### Online directory of shops

📍 *GUUTE, Austria*

The online directory established by the GUUTE initiative was one of the first steps taken within a broader initiative to revitalise the retail sector in the Upper Austria area, which was losing customers to the closest town, Linz. Set up by private company EBA with support from the Chamber of Commerce, the directory serves several purposes: it identifies what small retailers exist in the area, increases their visibility and creates a retail community. The directory contains some 400 retailers (by name, location and phone number) listed in alphabetical order and by product categories, and receives about 2,500 daily visitors.

---



## Solution

# 2

## Sharing the right information with retailers



### TOP TIPS

1. Data analysis can form part of your programme of business and support services. Information is often available from your local Chambers of Commerce or business associations and from studies published on the internet. Ongoing data may need to be collected and analysed. Budgeting for its future collection and analysis can form part of your overall strategy.
2. Information, data and business terminology should be provided in suitable formats for small retailers and be presented to them in an easy-to-understand form. Involving local partners and stakeholders in data collection and analysis can help you ensure the quality and style of the information provided. Make use of the local networks of your stakeholders to ensure the information reaches the small retailers or consider creating an (online) advice and information point for the small retailers in your area. Avoid long documents and be creative in how you send the message (e.g. use brochures that link to further information online).

The availability of good quality information on developments in the retail sector can help small retailers base their decisions on fact rather than intuition. This information could include thorough and easily accessible statistics on concrete market developments, useful knowledge (e.g. what customers want), and concrete suggestions (e.g. what kind of advertising might best target a certain group).

As small retailers are usually under time-pressure, tailoring and condensing such information – and making it easy to access – will allow them to use it to their advantage more easily. If you enlist the support of stakeholder associations (local business associations, Chambers of Commerce, etc.) to publicise the availability of the information, you can further increase the chances of it reaching its target.

Collecting information on the retail sector and market trends, as well as on the availability and occupancy of commercial and retail property, is also useful for you and stakeholder associations. It can ensure that you and your retailers base your strategies and policies on reliable information and data. In particular, by monitoring sector trends and developments, you can better judge the impact of your interventions so they can be re-evaluated and re-defined as necessary (please see the section on **Why and how do you monitor whether actions are effective?** on page 27 for more on this). Such information is often already being collected at a higher level (regional, national, etc.) or by other actors, which means that you do not have to collect it yourself, but just need to find and distribute it.

## SUCCESS STORIES



### Analysis of consumer behaviour and setting up a “cadastre of trade”

📍 *Pakt PRO Commerce, Luxembourg*

The Pakt PRO Commerce, signed by the Ministry of Economy, the Chamber of Commerce and the Luxembourg Trade Confederation, is an agreement supporting the revitalisation and digitalisation of city centres in Luxembourg by analysing consumer behaviour and demand. The aim is to create a pool of useful information and tools for small retailers, including an audit tool to provide small retailers with an overview of the types of technology they are lacking in comparison to what is available.

Additionally, the agreement will create a national “cadastre of trade” capturing not only retailers, but also businesses such as hotels and restaurants, and will provide members with a digital overview of vacant buildings and who manages them. This overview will include information on available spaces and prices, along with an analysis of footfall and other consumer behaviour, and should help small retailers find the right location to open a new business.

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### Mapping the concentration of retailers

📍 *Retail Observatory, Greece*

To help small retailers find the best locations to open a shop, the Small Enterprises' Institute of the Hellenic Confederation of Professionals, Craftsmen and Merchants (IME GSEVEE) initiated the development of a Retail Observatory in Greece. This observatory maps the concentration of retailers in major urban centres using GIS (geographic information system) technology, with about 270,000 retailers mapped to date. This information is combined with data on the population (i.e. the potential customers) and economic geographical indicators (age structures, population density, etc.) available from national statistics in order to help small retailers make an informed decision before they invest and open a shop. Local authorities can also use the information to help advise their small retailers.

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## Solution

# 3

## Building a strong retail community



### TOP TIPS

1. Start by identifying what networks and partnerships (e.g. clubs, initiatives, associations) already exist in your area and whether you can implement your proposed actions through them.
2. Be aware that you may need to build trust in your relationships with the small retailers, retail associations and the community before implementing any changes. This takes time. It helps to be open and to explain to your stakeholders what your strategy is, what you want to achieve, how they can help, how their opinions are taken into account and how the end result will benefit them. Enlisting the help of local figures trusted by the business community (e.g. a respected small retailer, an esteemed Chamber of Commerce figure) and getting their buy-in first can encourage wider participation.
3. Where local retailers view each other as competitors, a collective initiative with a common goal or a retail association can provide a neutral forum for collaboration.

Small retailers can be very interested in opportunities to network. They are often keen to find new business partners and to exchange ideas and knowledge. This can be very useful for those looking to modernise and improve their competitive position.

However, many small retailers do not have the means or know how to organise such networking opportunities themselves. They may not know how to approach stakeholders, you included. You can help them by setting up regular events (workshops, seminars) where they can meet you and/or each other.

It is also important for you to be regularly in touch with your small retailers and relevant associations. Giving small retailers the chance to voice their opinions and influence the way local policies are formulated and services implemented provides you with ground-level, current information that will help you better understand their situation and what they see as important for their businesses. In turn, this will help you formulate policy that will more effectively support your retailers' needs and be supported by them.

Enlist the help of retailer associations to get in contact with your small retailers and form partnerships with them to help create a shared sense of responsibility. Bringing these partners together and allowing small retailers to network greatly increases their engagement with the policies and promotional activities (e.g. late night shopping event, fairs) you want to propose. In time, this will also build trust between you and the local business community.

In more practical terms – especially if your retailers are connected and regularly use the internet – consider using digital tools to enable and improve communication among small retailers. For example, you might like to develop a closed online platform that serves as a type of 'intranet' for retailers and which they can use to keep up-to-date with activities and events within their communities.



## SUCCESS STORIES



### Community platform for internal communication

📍 *9 Streets Amsterdam, the Netherlands*



The 9 Streets Amsterdam project was started by local entrepreneurs who created a community with the help of the Chamber of Commerce and MKB (the largest entrepreneurs' organisation in the Netherlands). It brought together retailers in an area in Amsterdam to create a thriving community, financed by the city and with a yearly membership fee paid by the participating retailers.



The community has an external web presence and Community Manager. It uses an 'intranet' communication tool that enables retailers and other actors in the 9 Streets Amsterdam community (e.g. the police, retail associations) to connect with one another and exchange information and knowledge. The intranet helps retailers coordinate and encourages their collective engagement in projects in the district including common marketing and promotional activities. In total, 90% of the businesses in the district are on the platform including 200 entrepreneurs, 150 shops and 50 hotels/restaurants/art galleries.



### Outreach and engagement activities

📍 *GUUTE, Austria*

The GUUTE initiative was launched as a branding and awareness-raising campaign to encourage local shopping by residents who mainly work outside their home district, in the urban centre of Linz. It was originally launched by the department of the Upper-Austrian Chamber of Commerce (WKOÖ) responsible for the district "Urfahr-Umgebung". Together with the support of a private company, the initiative defined a brand, developed a website, established itself as a club and subsequently expanded its activities.

The general logic applied in all activities is that the members of the initiative can organise activities under the umbrella of the club. This helps to continuously strengthen their willingness and ability to cooperate. They started with relatively passive activities such as the creation of a common brand and as the initiative gained momentum, a website was developed. The opportunity to spend points earned in a collective bonus card system (about 670,000 transactions in 2015) established with the support of EU LEADER funding helps to advertise the other retailers who are participating in the scheme, build an even stronger community, and bind about 4% of the total purchasing power potential to the district. Further community building activities have included school visits and collective apprenticeship days to encourage students to consider retail as a career.



## TOP TIPS

4. Assigning a staff member to be the focal point for small retailer initiatives, or appointing a Community Manager, supports community building through visibility and approachability. This creates a recognisable contact person, which can help secure buy-in from retailers and the broader community.
5. Where national legislation permits, the Business Improvement District (BID) concept can be a powerful tool for retailer collaboration. A BID is a business-led and business funded body formed to improve a defined commercial area. It can be funded through a BID levy paid by the businesses within the catchment area. This concept is useful because it can create a community with autonomous funding that has the financial resources to reach a common objective. The body can also be an informed voice to consult when it comes to shaping retail policies. Local authorities can inform local businesses about this possibility and support them to establish a BID.

# Solution

# 4

## Facilitating the adoption of digital technologies



### TOP TIPS

1. Activities encouraging the adoption of digital technologies should be carried out in a logical order. It is essential for you to recommend that strategic planning, digital capability appraisals and digital training are carried out before digital solutions or apps are considered. Most failures in implementing digital solutions are due to retailers being too ambitious and implementing too much before they are ready.
2. Local authorities need to seek out informed, non-commercial guidance on available digital technologies to avoid expensive procurement errors. Do not hesitate to contact other local authorities who have implemented similar solutions for advice. There are hundreds of providers that will promote their products and services, and effective screening and critical assessment are necessary. Assess whether the specific solution fits the needs of your retailers and their capabilities (e.g. time, cost, skills). Consider and if possible, check if the solution is really useful and will be used by the retailers. Think about the future and about whether the solution is self-sustainable or if you will need to keep on financing it.

Adopting digital technologies can boost small retailers' competitiveness and help them adapt to changing market demands. Facilitating this adoption can work well if activities are introduced according to each small retailer's digital maturity.

#### Step 1: Digital awareness

You can increase small retailers' knowledge of how they can use digital technologies to improve their businesses by organising information campaigns or workshops.

#### Step 2: Digital maturity screening

Digital technologies cannot fix every problem, and their benefits for small retailers must be weighed against the adoption and operating costs. Digital maturity screening can help retailers identify areas for improvement and also give them a clear understanding of their needs and ability to implement digital solutions. You can support such an assessment in collaboration with specialist providers or consultants who visit interested shop owners and discuss their means and possibilities.

#### Step 3: Digital innovation testing

It is often difficult for small retailers to determine in advance whether a particular solution will prove useful and if its benefits outweigh the costs. You can help by providing digital solutions to them on a free trial basis, so that they can test them out in their shops.

Alternatively, you could offer them the chance to set up 'pop-up shops' where they can test a new digital solution or digital tool. Such short-term pilot projects should include an option for sharing experiences and collecting retailers' feedback. This is a valuable learning experience for retailers, on the basis of which they can decide on the viability of a certain solution without it being too costly and risky for them.

#### Step 4: Digital tools and applications

Once retailers understand what digital tools and applications are available, how they are best used and how they can be of benefit, you can help those who are ready to digitise their business. Introducing digital business tools (e.g. electronic bookkeeping), card payment systems, electronic loyalty cards and e-vouchers as a service is a good alternative to having the small retailers try to grasp the technologies fully by themselves.



## TOP TIPS

3. As with any new technology, there will be a group of early adopters. Keep in mind that an over-reliance on digital solutions can exclude the small retailers that do not have the skills to use them or simply wish to adopt them at their own pace. Make use of early adopters to showcase the benefits to the community and demonstrate what is possible.
4. Rather than developing completely new solutions, making use of existing providers of digital services operating in your area may be a more cost-effective approach. When selecting services, ask your small retailers which payment models are most suitable for them. Do they prefer a commission-based model or a fixed fee subscription model?
5. Connecting with the ecosystem of front-running start-ups can ensure small retailers keep up-to-date with technological advancements. Rapid technology developments means that solutions can quickly become outdated. This needs to be incorporated in strategic technology choices if returns on investments are to be achieved over the longer term. Set up workshops where start-ups, front-running retailers and slower adopters can meet and exchange ideas.

### Step 5: e-commerce platforms

An e-commerce platform can be one of the most effective digital tools for revitalising and expanding a small retailer's business, while not replacing the physical store. However, retailers need a high level of familiarity with digital tools and appropriate structures in place (e.g. digital stock management systems) before launching a platform, and are often too small to implement an online shop by themselves. Experience suggests that the most affordable and effective approach can be for them to join a pre-existing e-commerce platform first, ideally one organised in their local area and supported by you in collaboration with a professional organisation. Your support will increase the trust small businesses have in the platform, and encourage them to make the initial investment to join.

## SUCCESS STORIES

### Digital awareness



### Self-screening tool and strategic workshops on the use of digital technologies and tools to enhance web presence

📍 *Commerce Connecté, Belgium*

To encourage small retailers to improve their digital awareness, the Walloon Region has launched an initiative to enhance the digital skills of the region. The core of the initiative is a self-screening tool, which has been developed by the Walloon Digital Agency (AdN). It is a simple and user-friendly online self-diagnostic tool, which allows retailers to determine their own digital maturity and the type of solutions they need in the short-term to progress in their digital transformation.

The tool is complemented by strategic workshops that enable retailers to discover the ways that digital technology could strengthen their business and implement the solutions suggested from the self-diagnosis. The workshops introduce retailers to the free tools they can use to enhance their web presence, such as Google My Business, Google Maps and Yelp. So far, 748 retailers have taken part in the programme (which corresponds to 569 shops), 34 awareness workshops have been organised and 529 digital maturity diagnoses have been completed.

## SUCCESS STORIES

### Digital maturity screening



#### Advisory services to assess e-commerce gaps and opportunities

📍 *E-Shopping Offensive, Austria*

An advisory service, organised by the regional Chamber of Commerce of Carinthia and co-financed by the region, identified a pool of 50 IT consultants, drafted a collective digital maturity screening checklist and trained/certified the consultants to carry out the screening for shop owners. Retailers were then able to choose an advisor from the list who would visit the shop and discuss its current digital maturity, its potential and suitable digital solutions. Retailers had to pay 50% of the advisory cost, with the rest being covered by the Chamber of Commerce and the region.

In total, 179 retailers were supported by 39 different consultants. Some retailers wanted to find out whether an online shop would make sense for them, others how to set one up, and others how to optimise theirs. Satisfaction with the advice given was high, with 164 scoring the initiative with the highest grade.

### Digital innovation testing

#### Test shops for innovative products and digital services

📍 *CoSto, France*

To encourage retailers to adopt innovative digital solutions, the 'Living Lab CoSto' project was launched by an agency of the City of Paris. The project enables shopkeepers to take part in tests with start-ups and trial digital solutions for free over several months. In turn, the start-ups can establish a physical presence through a 'pop-up shop' with a short-term lease, to sell their innovative digital products (mobile payment, augmented reality, loyalty management, etc.). This provides the perfect opportunity for retailers and start-ups to test out a new concept and also for start-ups to test the benefits of having a physical presence in an area, before making a long-term investment. CoSto covers 700 retailers and 68 start-ups. In 2015, 40 shopkeepers took part and 2016 saw a further 60 join them. Out of the 7 projects tested, 5 start-ups decided to establish a brick and mortar shop.

## Digital tools and applications



### Website development tool

📍 *Mercado47, Spain*

There are 46 traditional markets in Madrid. Mercado47 is an initiative sponsored by the City Council of Madrid and implemented by a private technology provider (Hermeneus World) to establish a 47th market online. The project helps small retailers digitise key business processes (e.g. payments, sales, administration, promotion) as a service, through a website development tool, in exchange for a fixed annual fee. Once their website and processes are digitised, these small retailers may join an online marketplace where they can sell their goods, giving them a second method to reach customers.

As the tool is based on a fixed fee, it provides predictability for the retailers and means they do not have to pay a share of their turnover in exchange for participation. 100 SMEs already participate in Mercado47 and this is expected to increase to 500 SMEs by the end of 2017. The platform has about 30,000 visitors per month.

## e-commerce platforms



### Online hub – hosting of webpages on existing platforms (eBay)

📍 *Digitale Innenstadt, Germany*



'Digitale Innenstadt' is an initiative launched by the German Traders Association "Handelsverband Deutschland" (HDE) in partnership with eBay. Based on a competition, towns can win an online webpage integrated into the eBay platform for their small retailers. This enables small retailers to combine a local promotional webpage, including personal information about their services, with the ability to make online sales through the outreach capabilities of an existing large platform.

Past winners of the competition include the small towns of Diepholz and Mönchengladbach. Between autumn 2015 and summer 2016, the 79 retailers participating in these towns' eBay platforms sold more than 87,500 items with a total value of more than 3.2 million euros, and delivered to 84 countries.



### Online marketplace

📍 *Zl'avaDňa platform, Slovakia*



The platform was launched in 2010 as a private initiative and was inspired by the popularity of the American Groupon platform. It aims to provide a marketplace where different types of retailers can offer their services and goods via promotional offers. Currently, around 60,000 customers visit the platform per month.




 Solution

5

## Supporting skills development



### TOP TIPS

1. Before approaching small retailers, you may want to enhance knowledge and skills related to technological developments amongst your own administrative staff. As these staff are often in regular contact with small retailers, they can then act as 'multipliers' and help promote the benefits of digital solutions.
2. Business support and skills training should be tailored to the retail sector, including content that is specifically relevant for small local retailers. Before rolling out your measures, discuss them with your local retail associations and representatives to ensure they are precise, hands-on and correctly targeted.
3. Support and training should cover both digital and non-digital business skills. To address a variety of gaps and weaknesses, small retailers need support for business basics such as start-up planning, finance and accounting, human resources, customer service and marketing, as well as how to benefit from the opportunities that the digitalisation offers them.

Small retailers need digital skills to adapt to the digital era and take advantage of available digital tools. Increasing small retailers' knowledge and capabilities can help them meet and respond to the demands of the modern customer, and use technology to cut costs and save precious time.

Developing the skills that enhance customer experience is equally important. Adapting to the digital era can ensure that small retailers survive, while excellent customer service can help them retain their unique personal touch. By setting themselves apart from larger stores and anonymous online shops, small retailers can increase loyalty among their customers.

Depending on the needs of your community, you can support skills development among small retailers in a number of ways:

- Organising hands-on, targeted training sessions (in digital or soft skills);
- Setting up temporary or permanent advisory services and providing counselling and consultancy support;
- Holding workshops to facilitate the exchange of expert knowledge and experiences;
- Creating online knowledge platforms for the exchange of professional tips and sharing of best practices.

## SUCCESS STORIES

### Workshops and training sessions to develop local businesses

📍 *Academia de Comercio de Lisboa, Portugal*

Academia de Comercio de Lisboa was developed by the city of Lisbon in cooperation with private companies and associations. The project offered workshops and training sessions, mainly focusing on the practical implementation of innovative tools and methodologies, to support local business owners and entrepreneurs with the development of their businesses. More targeted one-to-one mentoring was also provided.

The pilot took place within St. George's Castle in Lisbon, a popular tourist area. In total, 70 hours of training were given and the success of the pilot has led to plans for a full-scale project for retailers in other areas of Lisbon.



## TOP TIPS

4. Special attention should be paid to providing detailed information and advice on the legal aspects of business. Obtaining information about legal matters, such as leasing laws or inheritance taxes, is often difficult or costly for small retailers.
5. Follow-up and ongoing support is important. Events and training risk leading nowhere unless follow-up support is provided to help retailers implement what they have learnt. Set up a follow-up mechanism (including hands-on guidance and advice) where you contact the businesses who received the training.



### Developing a digital high street

📍 *Wembley High Road, UK*

As part of a project to make the Wembley High Road a digitally-integrated high street, Brent Council contracted the private consultant Clockwork City to provide a series of digital skills workshops for 20 small retailers counting for over 850 hours of training. The workshops included one-to-one mentoring to ensure that the skills and tools provided were suitable for the particular small retailers involved, were integrated into their day-to-day operations and could be used regularly.

This resulted in small retailers increasing their confidence in using digital tools, with 100% of the participants saying they found the training useful and would continue using the skills in the future. 72% had put the lessons they had learned into practice by December 2016 and had established social media accounts and websites. All participants met the business objectives set for them.



## Solution

# 6

## Assisting marketing and promotion



### TOP TIPS

1. Community- or location-based online platforms can make 'city branding' and 'touristic' promotion more effective. They can be particularly effective if the focus is on smaller districts within a city and involves strong participation from local retailers. You can help here by starting a city branding strategy.
2. Time and focus is required to maintain an effective online presence, which requires perseverance. You may need to bring this to small retailers' attention and help them plan appropriately. If possible, maintain regular contact to help them progress and remain motivated.
3. Policies and actions to revitalise a retail zone should take the overall role of the village, town or city and what it offers to customers into account. Actions designed to improve a location's attractiveness are more likely to succeed if they consider all local actors be it cafes and restaurants, tourist attractions and other retailers alongside small retailers.

Raising customers' awareness and increasing small retailers' visibility, through marketing and promotional activities, can position them more prominently on the market. This can be done in three ways:

#### 1. Online search engines and platforms (not e-commerce)

Modern customers are inclined to be as efficient as possible when it comes to shopping, often looking up maps online and planning their route in advance. Helping your small retailers to create an online presence, even a passive one, means they can appear on these maps and become part of that journey. This could be through the promotion of their business in shop e-registries or through various online platforms (including social media) that host a description of what a retailer offers. Having that information available can be instrumental in encouraging customers to visit the physical shop.

#### 2. Communication and promotion (including social media)

Engaging the public in conversation is increasingly important in an age where social media interactions are a part of everyday life. Social media channels are excellent ways for small

retailers to not only gain a voice and stay in their customers' minds, but also build their audience and show their unique personality. Connecting with the customer on a personal level may be the key for a small retailer to get the customer to buy from their shop rather than from one of their many competitors, especially those online.

#### 3. Other promotional activities

Promotional activities and events can help small retailers engage with their local communities and increase footfall to their shops. Such activities need your support and can be facilitated by the networking opportunities you create. Events and fairs are a popular option and usually work best when small retailers work together to organise them and when accompanied by cultural and social events. Coupons, sales discounts and other promotional deals can also bring shoppers to certain locations. Competitions and awards for the best retailers can encourage retailers to engage in the initiative at the same time as increasing their visibility.



## SUCCESS STORIES

### Online platforms (not e-commerce)



#### Online portal

📍 *Vetrina Toscana, Italy*

Organised by the region of Tuscany and its Chamber of Commerce, the Vetrina Toscana initiative promotes local food through a common brand and events that link food to culture, tourism and retail, increasing sales to those involved in the supply chain (e.g. the producers, retailers and restaurants). As part of its communication strategy, which includes Facebook, Twitter, Instagram, Pinterest and YouTube accounts and apps, it runs an online portal to map participants, events and related initiatives. There is an ad-hoc editorial staff provided by Fondazione Sistema Toscana (a participatory foundation with the region of Tuscany as one of its two partners), which is in charge of website management and the social media strategy.

### Communication and promotion (including social media)



#### Social media – “What Do You Think” (WDYT) campaign

📍 *Great Gloucestershire High Street, UK*

The “What Do You Think” campaign is a core part of the Great Gloucestershire High Street initiative, which was launched by the local tourist marketing organisation (owned by the City Council, but involving and co-financed by private partners). The campaign uses social media to connect local stores with potential customers and connect customers with one another. The simple use and promotion of a common Twitter hashtag, #WDYT, has enhanced shopping experiences in Gloucester, enabling small retailers to have a platform through which to promote special offers and provides a forum for locals to exchange opinions on those shops.

### Other promotional activities



#### Promotion through reductions and community marketing

📍 *Facilyshop, France*

The aim of Facilyshop, an initiative founded by the owner of a wine bar, is to use simple technologies such as email, QR codes, a web platform and Facebook for community marketing. The web platform is kept simple, but provides space free of charge to retailers who wish to participate. Customers can also register on the platform to receive a QR code and get a discount in the physical shops of the participating retailers.



## TOP TIPS

4. Play on your strengths, but also use external professional help if you need their expertise. Local authorities can conduct marketing and branding activities to increase the visibility of their local retailers and encourage consumers to visit their shops. In deciding how to brand your area, it might be advantageous to use external support such as a local marketing professional. If the small retailers in your area have already created a functioning brand, you can use your position to develop this.
5. Local fairs and events are good sales opportunities and a boost to local retailers. Encourage your local retailers to organise such activities and provide them with support. This could be by streamlining administrative procedures for necessary permits, helping the organisers to contact promoters for live music and shows, providing extended city lighting and a security presence, etc.



## Why and how do you monitor whether actions are effective?



### TOP TIPS

1. Monitor in a structured and persistent way, but be realistic and consistent. Structured and effective monitoring has a wide range of positive effects. However, be aware that it is better to thoroughly and regularly collect a small set of indicators, than to overburden yourself by collecting numerous indicators. Choose indicators that are informative or easy to collect. If possible, enlist the help of your local retail community. Once you have chosen your indicators, try not to change them as it will make your analysis of the data more difficult. However, do remain critical and consider whether those chosen indicators remain the best over time.
2. Keep your information transparent. Whether your indicators show success or not, it is good to share and discuss them with relevant stakeholders. They should know where the initiative is going and keeping them informed can retain their commitment and focus. They will likely be able to provide you with feedback that can help you improve performance.

Monitoring the progress of initiatives can provide you with structured, concrete information over a period of time that can be used to evaluate the success, or failure, of an initiative. This information can also be used to advertise the success of your initiative and as such strengthen its visibility, attract other retailers to get involved, and support the progress and continuation of a project.

To assess the effectiveness and efficiency of your initiative, you need to measure how well your actions meet the quantifiable objectives and measurable sub-objectives you set during the planning stage. While it may be difficult to establish a direct link between the action and an improvement in the economic situation of your local area, simple steps like recording the number of participants in seminars or at events, measuring changes in footfall, conducting customer surveys and monitoring traffic on websites can indicate success. In town and city centres, you can do a regular 'town centre health check' that will help you to create benchmarks by quantifying vacancy rates, retail and social mix, footfall etc. These benchmarks can then be used to assess improvement in these areas over time. By comparing the

information on a regular basis (initially, once every few months and later, once a year) you can see if you are making the progress you expected or not. If you try to identify the reasons why you have or have not reached your targets, it will help you decide where improvements can be made.

Monitoring the financial sustainability of initiatives is also important. You can do so by keeping track of the operating costs measured against the level of membership fees or other financial contributions. This will enable you to seek and identify other sources of funding as may be necessary to keep the initiative running or look for ways to make an initiative self-financing.

## SUCCESS STORIES



### UK Digital Influence Index

📍 *Great Gloucestershire High Street, UK*

To monitor its progress, Gloucester is part of the UK Digital Influence Index. This index ranks the performance of towns and cities across the UK on their performance on social media, based on audience size, message volume and engagement. It also counts the footfall in the town and the number of hits on its Facebook page. In the last two years, Gloucester has seen a 600% increase in the number of visitors to the city and the Facebook page gets some 14,500 hits per week.



### Survey to assess satisfaction

📍 *E-Shopping Offensive, Austria*

This project from the Chamber of Commerce of Carinthia and the regional government, which provides advisory services and digital maturity checks to small retailers, uses a survey to assess the satisfaction of people using their services. The Chamber of Commerce publishes these results on their website to showcase its success and encourage other retailers to become involved.



### Monitoring attendance and the use of tools

📍 *The PIATIC initiative, Spain*

Run by IDEPA, a governmental authority in the Asturias region in Spain, the PIATIC initiative has been encouraging small retailers in the region to use new technologies and create web pages since 2004. It monitors its progress by collecting information on the number of participants at its events and the use of electronic tools by small retailers. In the first year, the project saw 3,900 people attending events, seminars and training workshops; 1,289 businesses benefiting directly from technological advice; and 11,161 people participating in modernisation activities run by associations. In 2005-2006, 11% of Asturian small retailers completed official procedures with government authorities on-line, while that figure has risen to 22.3% today.



## Website traffic

📍 *Amsterdam 9 Streets, the Netherlands*

The initiative pays close attention to the traffic on its official website and social media pages in order to assess its achievements and monitor its reach and visibility. The website has 1,500 visitors per day and 1.2 million homepage views per year. The Facebook page has over 12,000 likes and receives 10,000 views page per week (on average).




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## Tracking shopkeeper numbers

📍 *CoSto, France*

The programme monitors its success by keeping an overview of the number of shopkeepers who join the initiative and implement a digital solution. For example, the programme has identified that 700 out of the 900 retailers in their digital network are now referenced on Google and have a Facebook page.




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## Partners and sales

📍 *IshopBraga, Portugal*

Launched in 2016 and promoted by the Commercial Association of Braga (ACB), this platform was initially funded 50% by the association and 50% by the “Comercio Investe” programme. The communication strategy was supported by the municipality of Braga. The aim of the platform is to streamline the traditional business of the city and to give local traders access to global businesses. IshopBraga monitors its success by counting the number of partners involved in the project over time and the sales made (15% of sales value is directed to cover the maintenance expenses of the platform, guaranteeing the financial sustainability of the platform). At its launch, the platform had 12 partners and this is expected to rise to 50 by the end of 2018.

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## Supporting the development of local strategies and policy



### TOP TIP

Provide incentives to develop functioning local strategies. National policy requirements may incentivise local authorities to translate policy into concrete actions by only providing funding for local retail strategies that are actionable. This can steer local policy towards making a real impact on the life and work of small retailers.

The six solutions described in the previous sections provide inspiration for local authorities on how to develop their own unique local strategy and support the development of local initiatives.

Moving from a self-assessment and a set of ideas to developing a successful local strategy and policy, however, is not easy. This is where national or regional administrations can provide support in the form of guidance, vital training or even funding. Equipping local authorities with the tools to help them understand the needs of the small retail sector or find examples of best practices, together with more concrete tips on how to make policies action-based, can ensure local strategies and policies are fit for purpose and achieve results.

This can be done through the development of a national strategy that provides a strategic framework for local authorities. Such strategies should be practical, using, for example, 'retail toolkits' that can provide guidance and examples of best practices within the national setting. Other support could include establishing 'legal expert pools' to advise regional and local administrations on regulatory issues (e.g. legislative requirements, health and safety) or facilitating peer-to-peer exchanges between local authorities so that regions can learn from each other.

## SUCCESS STORIES

### Guide for local administrations

#### 📍 *Shopping in Flanders, Belgium*

This regional strategy, developed in 2012 by the regional government of Flanders to revitalise its retail sector, provides an integrated retail policy that focuses on strengthening city or smaller districts within them. The strategy sets out support measures to encourage communication between stakeholders, facilitates knowledge-sharing (e.g. through a knowledge centre that provides information on consumers and coaching), and supports spatial planning. It also includes advice on funding, such as a guide on subsidies developed specifically to support small retailers. Such subsidies may apply when public works reduce the flow of customers to small retailers and negatively affects their turnover.

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### Toolkit

#### 📍 *A strategy for future retail, UK*

In 2013, the UK government published its strategy for future retail which included the development of a pilot toolkit for Gloucestershire that could then be applied to other parts of the country. The toolkit makes use of national framework themes (people and footfall, diversity and vitality of place, consumer and business perceptions, economic characteristics), which are then defined in the form of indicators (footfall, retail offer, business confidence, retail sales, etc.). The toolkit elaborates on the definition of each indicator and why it is important to monitor them. This supports local authorities implementing and monitoring their local strategies.

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### Toolkit

#### 📍 *The 'Retail Agenda', the Netherlands*

The 'Retail Agenda', published in 2015 by the Dutch Ministry of Economic Affairs and sector representative organisations, offers an overarching strategy to revitalise the retail sector. It consists of 20 key agreements encouraging investment in shopping areas and their modernisation, including opportunities for entrepreneurship and investment in people. These agreements include new ideas on combined zoning for shops, cultural establishments and hospitality businesses, as well as additional training for shop workers. The plan is to work together with at least 50 towns and villages to develop the ideas into a practical toolkit by the year 2018, which should then provide examples of best practices and suggested actions. As of May 2017, 21 events have taken place as part of the Retail Agenda and the knowledge collected is being shared at Retail Agenda Congresses.

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## Need more information?

Throughout the guide we have presented short excerpts from success stories that give you a flavour of how real-life solutions across Europe have been successfully implemented. If you wish to learn more about these examples and/or the background to this guide, please use the table below to guide you.

Success story	More information	Link
Report and case study annex	Include link to report and case study annex	
Great Gloucestershire High Street (UK)	Final Report: Sections 3.4.1, 4.2.2, 4.2.5, 4.2.7 Annex Report – Case Studies: Section 1.11	<a href="#">LINK</a>
GUUTE (AT)	Final Report: Sections 3.3.3, 3.4.1, 3.4.2, 4.2.1, 4.2.4, 4.2.5, 4.2.6, 4.2.7 Annex Report – Case Studies: Section 1.12	<a href="#">LINK</a>
Pakt PRO Commerce (LU)	Final Report: Sections 3.1.1, 3.4.2, 4.2.1, 4.2.3, 4.2.6, 4.2.7 Annex Report – Case Studies: Section 1.2	<a href="#">LINK</a>
Retail Observatory (EL) / Εθνικό Παρατηρητήριο Εμπορίου	Final Report: Sections 3.2.2, 4.2.3	
9 Streets Amsterdam (NL) / De 9 Straatjes	Final Report: Sections 3.4.1, 3.4.2, 4.2.4, 4.2.7 Annex Report – Case Studies: Section 1.9	<a href="#">LINK</a>
Commerce Connecté (BE)	Final Report: Sections 3.4.1, 4.2.5 Annex Report – Case Studies: Section 1.8	<a href="#">LINK</a>
E-Shopping Offensive (AT)	Final Report: Sections 3.4.2, 4.2.5 Annex Report – Case Studies: Section 1.6	
CoSto (FR)	Final Report: Sections 3.3.3, 3.4.1, 3.4.2, 4.2.5 Annex Report – Case Studies: Section 1.1	<a href="#">LINK</a>
Mercado47 (ES)	Final Report: Sections 3.4.1, 3.4.2, 4.2.5 Annex Report – Case Studies: Section 1.18	<a href="#">LINK</a>
Digitale Innenstadt (DE)	Final Report: Sections 3.4.2, 4.2.5 Annex Report – Case Studies: Section 1.3	<a href="#">LINK</a>
Zl'avaDňa (SK)	Final Report: Sections 3.4.2, 4.2.5 Annex Report – Case Studies: Section 1.17	<a href="#">LINK</a>
Academia de Comercio de Lisboa (PT)	Final Report: Sections 3.1.1, 3.2.2, 3.4.2, 4.2.6 Annex Report – Case Studies: Section 1.7	<a href="#">LINK</a>
Wembley High Road (UK)	Final Report: Section 4.2.6	<a href="#">LINK</a>
Vetrina Toscana (IT)	Final Report: Sections 3.4.1, 4.2.7 Annex Report – Case Studies: Section 1.4	<a href="#">LINK</a>
Facilyshop (FR)	Final Report: Sections 3.4.1, 4.2.2, 4.2.7 Annex Report – Case Studies: Section 1.15	<a href="#">LINK</a> <a href="#">LINK</a>
The PIATIC initiative (ES)	Final Report: Sections 3.3.2, 3.4.1, 3.4.2, 4.2.5 Annex Report – Case Studies: Section 1.5	
IshopBraga (PT)	Final Report: Sections 3.3.3, 3.3.4, 3.4.1, 3.4.2, 4.2.5 Annex Report – Case Studies: Section 1.16	<a href="#">LINK</a>
Shopping in Flanders (BE)	Final Report: Sections 3.1.1, 4.2.1	
A strategy for future retail (UK)	Final Report: Sections 3.1.1, 4.2.1	<a href="#">LINK</a>
The Retail Agenda (NL)	Final Report: Section 3.1.1	<a href="#">LINK</a>

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# Facing the future

## A practical guide for fostering the revitalisation and modernisation of the small retail sector

### #RevitaliseRetail

This guide is primarily targeted at local authorities. It has been designed to help them support their local small retailers to modernise and revitalise. Regional and national authorities – as well as independent private organisations or sector associations – can also support the initiatives and are likely to find inspiration in the solutions presented.



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