RetaiLink

NEW RETAIL TRENDS
AND CONSUMER BEHAVIOUR

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RetaiLink

I. KEY INFLUENTIAL FACTORS IN THE DEFINITION OF A RETAIL STRATEGY

Chances of success in local retail achievements rely on a number of interacting factors, a key central one being the consumer (see: **Know the consumers and understand their needs. The consumer as the GPS for a new retail proposition**). We know both cities and retailers need to methodically monitor consumers in order to understand their preferences and interests.

However, retail experts and city place makers also highlight other key groups of topics, namely aspects related to: a) the context in which the retail sector activity takes place; and b) actors intervening, specifically retailers but also other public and private local stakeholders. All of them are critical in the process of shaping, developing and implementing new and successful retail strategies.

What follows is the abridged description of these factors. It is largely based on the contents of the keynote speech of Mr. Ricardo Rustarazo[1] offered at the RetaiLink Kick off meeting celebrated in Igualada, June 2016, but also on key retail indicators taken out of the presentation facilitated by Mr. Jordi Bailach, retail manager who also presented in Igualada. The conceptual contents is illustrated with practical examples reported by the RetaiLink project partners.

Aspects about the context

The topics described below configure the context in which retail takes place. They refer to the urban regulatory framework, the setting and the sector structure.

Constricting or enabling legal environment

Retail business activity is directly affected by the policy of licenses, taxes, real estate availability and property structure, being it public or private. Local authorities may ease retailers' setting up and being viable by making local regulation favourable. However, because the legal framework is not fully established at the local level but usually shared with other layers of government, the municipality may also endorse the retail sector through coordinating with regional or national levels or simply, by facilitating access to pertinent information.

One topic of discussion in all European countries is retail business hours. Regulation is usually set at state level and it varies from one country to another. For example, Sweden opening hours have been unrestricted for all stores since 1972, whereas in Germany it varies across parts of the country, as in 2006 the responsibility was transferred from the federal to the state government.

Consumers responding to surveys mention strict opening hours as some of the most important aspects hindering their shopping activity: "This is one of the most controversial regulation aspects in local retail sector; and an issue of on-going debate in medium-sized cities", as Simon Quin[2] explained in a speech in the RetaiLink meeting in Sibenik (Croatia, October 2016).

Small independent retailers are not keen on long opening hours while big brands find it easier arranging work shifts. What the consumer usually states is that they appreciate flexibility.

The RetaiLink network committed to assess and compare regulatory frameworks and its impact in retail policies in the 4th Transnational Meeting in the city of Pecs, in June 2017.

Retail spatial distribution

It is largely agreed that retail activity is a critical factor for city centre attractiveness and vitality. However, urban regulation and uses do not always seem to respond to this assumption. As Mr. Rustarazo puts it: "if you want a vital city centre and retail, you should keep the periphery under control", in other words, to keep the centre active and attractive, local authorities need to tackle urban configuration and land uses, for example, limiting the out-of-town large shopping malls.

Retail experts claim that compacting and limiting commercial units has benefits in retail density and intensity, also, the way different retail business categories are distributed in the city can favour or hamper its vitality. Regulation of urban space uses can do much in support of the adequacy to the local retail proposition.

Regulation on urban uses for retailing

As part of the retail strategy and vision of the city of Hengelo (NL), one of the RetaiLink network partners, local authorities approved a local regulation to confine the commercial activity within the inner city area. This translates into shopping centre and department store licenses only being given in the town centre. Beyond the municipal licences to big retail units, what Hengelo's Retail Vision 2012 defined was a map of uses in different areas of Hengelo's inner city. The municipality designed a distribution of retail, leisure, dwelling, work and nightlife uses according to consumers' motivations and activities. The city is now trying to define the regulation framework to respond to the new inner city map of uses.
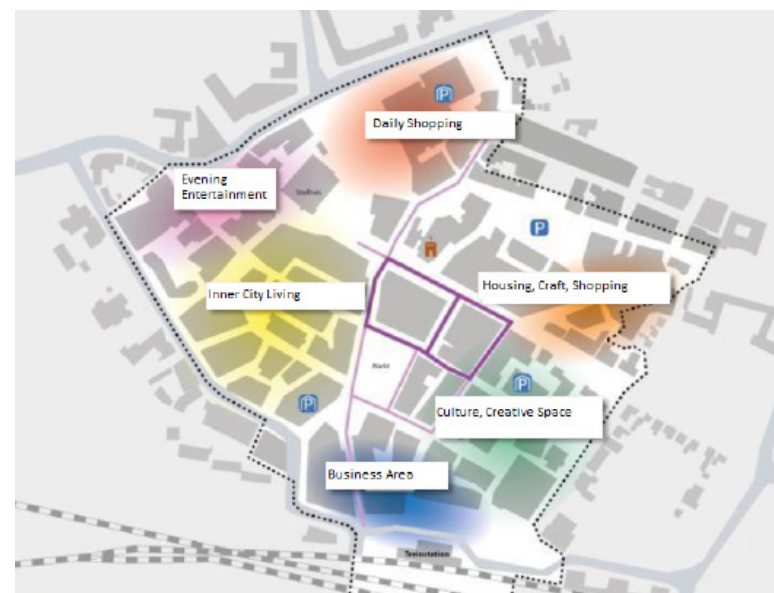
Source: Report Future Resilient City Centre Hengelo

Sector structure and performance

A basic sector economic analysis introduces a series of qualitative and quantitative indicators highly relevant for both the retail business viability and the balance in the city retail mix and service provision. Key features to consider here include:

1. Retail market share and turnover;
2. Retail employment structure;
3. Local retail specialization, for example clothes, leather, furniture or local products;
4. Shop formats such as independent retailers, franchises, department stores, shopping centres;
5. Balance of food and non-food retail units;
6. Brands positioning. With regards to this, retail experts distinguish the following categories:

    - Anchors, challengers or followers.
    - Low price, mass-market, selective-premium, luxury
    - Classic-actual-innovative
    - Independent, national, international

Anchors, challengers and followers

Anchors are major retail stores that drive business to smaller retailers usually in shopping malls or city centres by attracting higher numbers of footfall. This benefits the smaller shops located around them, known as followers.

The key to selecting the right anchor is to understand the demographics: Is their core customer the same as my city centre? Or, does it appeal to someone different? Examples of anchors are shops from the Inditex group, i.e. Zara; Desigual in France; or John Lewis, the chain of upmarket department stores in UK towns.

At a RetaiLink meeting celebrated in the city of Pecs (HU), the Director of the Economic Development Agency very clearly stated that they wanted to understand what are key decision factors for an anchor brand to set up in a city. He firmly considered that this would be one of the success factors in retail revitalisation in Pecs city centre.
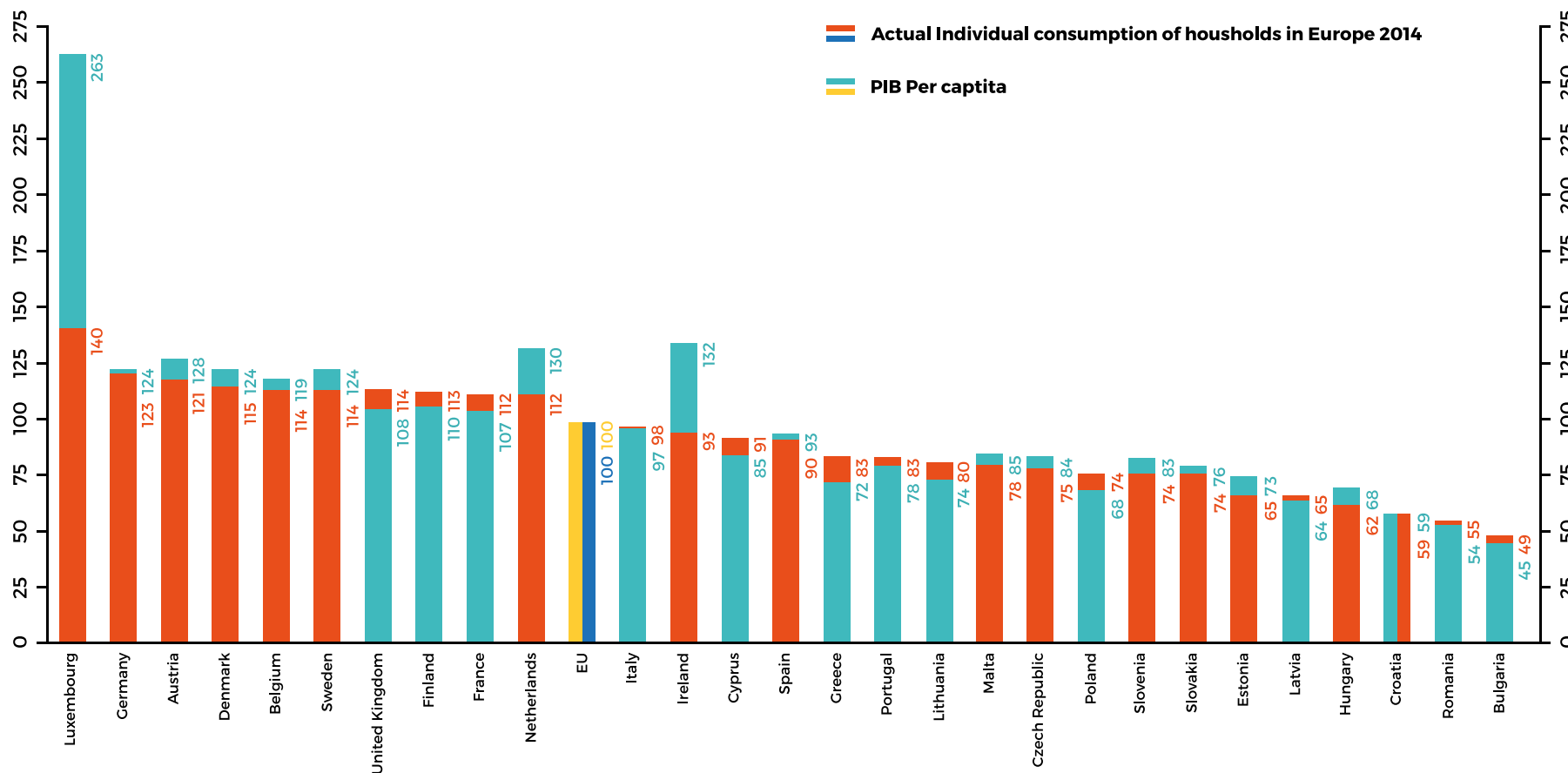
Challengers are newer or renewed retailers that offer special customer service, more flexible business models or other performance aspects that make them attractive and divert the attention from the big brands.

In Hoogeveen, three young entrepreneurs reinvented their clothes shop located in the high street. They named it De Jongens (The Boys) (*www.dejongenshoogeveen.nl/*). The new retail proposal offered a friendly space for young 20 to 30 year old guys where they can buy clothes but also have a good time chatting and even having a beer. The brand image is that of a casual relaxed place. It has become well known and very successful in the city.

Sector structure and performance

As part of the context assessment, the city needs to know who the local consumer is. Quantitative aspects, such as the GDP per capita (Gross Domestic Product per capita), disposable income and purchase capacity of the resident and catchment area, as well as local and regional employment structure, allow a good understanding of the socio-economic groups and thus, retail service needs.

Other indicators such as the level of motorization, life conditions and styles, number of visitors' overnight stays, local rate of online shopping, or the rate of purchase destination (local shops, fresh food market, supermarket, commercial centres, online shopping…) will be helpful in understanding habits and interests of the local consumer. This data can be complemented with a more subjective type of information issued from customer surveys, for example about consumer satisfaction levels.

Actual Individual consumption of housholds in Europe 2014

PIB Per captita

Country	Actual Individual consumption	PIB Per capita
Luxembourg	140	263
Germany	123	124
Austria	121	128
Denmark	115	124
Belgium	114	119
Sweden	114	124
United Kingdom	108	114
Finland	110	113
France	107	112
Netherlands	112	130
EU	100	100
Italy	97	98
Ireland	93	132
Cyprus	85	91
Spain	90	93
Greece	72	83
Portugal	78	83
Lithuania	74	80
Malta	78	85
Czech Republic	75	84
Poland	68	74
Slovenia	74	83
Slovakia	74	76
Estonia	65	73
Latvia	64	65
Hungary	62	68
Croatia	59	59
Romania	54	55
Bulgaria	45	49

Retailers' considerations before setting up

Retailers face a number of key decisions before considering their business model and setting up in a given location. Rustarazo mentioned three groups of them: strategic, quantitative and qualitative decisions.

Strategic

Reasons and decisions for a retail business to set up in one city or another are based on four main retail strategic aspects:

- Location: Retailers' priorities are prime locations where the highest vitality takes place in terms of footfall and spending. These are usually in the city centre and the rental fees are higher. Entering or secondary shopping streets, or in neighbourhoods, where convenience stores are more required, normally have cheaper rental prices. Other possibilities are out-of-town shopping areas, usually in or around commercial centres.

- Catchment area and purchase capacity

- Customer profile: Whether they are local residents, tourists, workers or visitors will give information on frequency and habits.

- Levels of retail digitalisation and digital marketing strategies.

Location diversity: entry streets in Hengelo

As part of the city centre revitalization project undertaken by the city of Hengelo, the municipality improved the appearance and mobility capacity of entry streets, that is the entrance points to the city centre, where the number of visitors is lower due to the lack of premium stores. These streets usually have a higher number of empty units and a fast business turnover.

The municipality supported property owners to rehabilitate facades, and promoted joint work among entrepreneurs to keep their own identity while at the same time advertising as an attractive area for shopping in sync with the more visited and commercial high street nearby. The objective was to create a sense of continuity and attract customers to these adjacent streets.

Quantitative

Retail critical business metrics include sales potential, the Occupation Cost Rate, OCR, (which calculates the time that the retail profits will pay back occupancy costs), the balance between in-town and out-of-town commercial schemes, pedestrian flows and profiles (i.e. ticket average, items by ticket) and retail offer (square metres, sector's structure and brand's structure).

Occupation Cost Rate

This rate is closely watched by investors as they demand the costs be at a level that still allows the retailer to purchase inventory, pay employees, and make a reasonable profit. Changes in occupancy costs have direct consequences on profit margins:

OCR (%) = Annual Gross Rent / Annual Sales

Useful indicators for retailers to assess positive expectations and forecasts include:

- Evolution of business over 2 years (increase of benefits, etc.)

- Percentage of increase / decrease of business

- Forecasts on investments, evolution and closing down

Qualitative

Finally, retailers need to look at qualitative factors such as pedestrian areas with a linear continuity of commercial offer, accessible by different means of transport, and with a good and organised pedestrian flow.

All the above is significant for retailers and may condition their decision to invest. That is why the city council may want to facilitate analysis and data on all or some of them. Defining a set of Key Performance Indicators (KPI) for monitoring purposes will benefit retailers' decisions but also public policies, since understanding what is relevant for retail businesses can contribute to create the conditions for new investments and to attract entrepreneurship to the city centre.

Taking decisions on business expansion in retail. The case of Punto Blanco

Punto Blanco is an internationally expanding company born and grown in Igualada. Their product is knitting underwear quality products. Their presence has consolidated in some European countries and they intend to continue expanding to the Middle East.

The key aspects that the company considers when making commercial strategic decisions on setting up in a new country and city include:

- Competitors: they carefully consider whether they are filling or not a market niche.
- Recognition: Punto Blanco is introduced as a high-quality product company and wants to be known as such wherever a new shop is open.
- Location: the company carefully chooses the street to set up.
- Consumer economic status: generally according to the household incomes in the catchment area.
- Cost per square metre of retail premises.
- Regulation: how easy it is to open a business in a city. Bureaucracy is usually the worst problem they face. From the decision of investing through to the signing of the contract, it is usually a very intricate long period.
- Full price and outlets mix.
- Buying habits: footfall in commercial centres, pedestrian streets, etc.

Being recognised as a quality brand has turned out to be a good strategy and the way to success for the company. Punto Blanco invests in high streets near big brands like Zara or Calzedonia who act as footfall drivers but are not real competition since they are mass lower quality product firms and attract a different type of customer.

What the City can do to boost the retail sector

This section refers to the set of key factors that the city should consider when planning a new retail strategy. Some of them may already be in place or active and others can be created or modified:

City position in the larger catchment area

In terms of retail, this refers to the offer in square metres, potential specialisation in some retail sectors, structure, and offer alignment with the positioning and city profile, for example a city can be well known for having a fashion retail offer, for being a tourist place or a convenient shopping area.

The touristic city profile

Sibenik is one of the RetaiLink network partners and clearly a tourist city. It has a well-preserved historic heritage, which brings tourist flows during the good weather season. The flip side for retail is that a high number of shops are open only from April to October. The first and most important strategic decision Sibenik has to face is whether and how the position of having a strong profile as a tourist city leads the local retail strategy and can benefit the economic activity by meeting the sector needs but also the needs of the local residents and the economic performance of the city as a whole. Sibenik will need to consider what is the weight of the retail tourist offer in the city centre and how does it combine with other activities in the area that keep it alive during the low season months.

Public-Private cooperation

All experts addressing city centre revitalisation strategies from different perspectives agree upon the idea of the need to address any project or plan from a collaborative approach. This not only benefits from a variety of views and knowledge but also holds all actors jointly responsible for the plan.

In some cities, a department from the local council communicates with retailers that are organised in associations, in other cities the Municipal Retail Office is the agency in charge, finally, some cities have a more structured and formal organisation to work on retail and other city centre development issues.

View of the old part of the city of Sibenik

About 2.000 town centre management partnerships exist in Europe in the form of more or less formal agreements[3]. These schemes help managing aspects that directly impact in the retail sector as well as the other economic activities in city centres.

Although the scope of work varies from one country to another, depending on the regulation framework, these platforms generally seek a joint strategy for development, promoting cooperation in a number of topics ranging from managing joint waste services; sharing digital solutions; coaching and advising entrepreneurs; and offering programme support for cultural and art events that keep the city streets lively.

Business Improvement Districts or Zones

Three of the RetaiLink network partners: Basingstoke (UK), Hengelo (NL) and Hoogeveen (NL), have approved a Business Improvement District or Zone in the recent years. This special purpose public-private partnership has helped generating a common strategic view for the city centre and having economic resources available to support development plans and solutions, which among others, include the retail sector, although BIDs are not specifically created for retail.

The typologies of partnerships, how they manage retail activity and the area where it is located, its membership, fees and taxes, and other features will be analysed in detail in the RetaiLink Case Study addressing this topic. It is expected that the analysis of BIDs and other management structures will help other cities understand which is the most appropriate partnership scheme for them and the potential of adapting it to their own context.

Accessibility

This refers to making the city centre and other retail locations easily accessible (considering both public and private transportation) but also managing flow "generators" around the city centre including tourist attractions, events or food markets, among others. Solutions need to be tailored for each city case and context.

Increase footfall through easing access

According to the survey undertaken by the *Institute of Place Management* (Manchester, UK) a key set of about 25 factors ensure vitality and viability of a retail area by means of increasing footfall. Among them, a very important one is the proximity, variety and combination of means of transport to the city centre.

The relevance of different categories of the 25 factors will be further described in the project report addressing the topic of retail to adapt to new trends.

3 From the presentation of Simon Quin, Institute for Place Management, Manchester (UK), at the RetaiLink transnational meeting of Sibenik, Croacia, October 2016.

![RetaiLink logo]

II. KNOW THE CONSUMER AND UNDERSTAND THEIR NEEDS

As an introductory exercise to the contents included in this report, consider the following three situations which might easily take place in the cities of the RetaiLink project network, as they might happen in so many other medium-sized European cities:

Tourists visiting the monumental medieval heritage of the city of Fermo spend about two hours in their cultural visit. Then, they walk around for about half an hour and have lunch in a local restaurant around the main central square. The time visitors stay in the city after the cultural visit would probably expand if they found attractive shops within the historic district selling nice local craft and agricultural products or the well known high quality leather clothes from the big brands of the Marche region, where Fermo is located.

A working couple from Romans, in France, parents of three 5, 8 and 10 years-old children do the weekly shopping usually at the Saturday morning fresh food market. They often go to the supermarket for dry products and grasp other commodities in the convenience stores on the way home from the school.

A group of European University students of Pécs usually meet at the pubs in the city centre to talk, relax and socialise with peers. They exchange music, have a beer and plan for the weekend. They like going to clothes shops to look around and try on that new jacket or jeans they've spotted on their favourite brand Instagram account. They would do so in the in the city centre if they could find their favourite fashion brands there.

Different profiles of consumers require different retail offer. In this report we will see forms to better know who we have shopping in our city and how to reshape the retail sector in a way that it meets the consumer expectations.

The consumer as the GPS to retail

According to Professor Luis Martinez-Ribes[4], from the Department of Marketing, at ESADE Business School (Barcelona), the consumer should be the GPS of the retail strategy in the city. To figure out and to design an outstanding city retail experience it is key that the cities and the retailers are aware of consumers' needs and habits and understand their motivations, concerns and preferences.

Martinez-Ribes has a neuromarketing approach applied to retail. He talks about the underlying motivations of the consumers and how they react according to human behavioural principles. In line with most retail experts today, he suggests that connecting with consumer emotions and their intuitive reactions allows to better shape and deliver a retail offer and a city centre experience that makes it special, unique and appealing for that customer to spend time, enjoy, buy and come back again in the future.

Consequently, only by analysing and profiling the consumer behaviour, place makers, city managers and local retailers will be able to adapt their city and the retail offer to what the locals expect, both as shop clients and as space users. Measurement and monitoring tools are helpful in this analysis.

4 Luis Martínez-Ribes, expert in retail marketingand innovation
www.linkedin.com/in/martinezribes

Analysis of the consumer in Hoogeveen

The Dutch national government conducted Motivaction, a nationwide survey to assess income, level of education, motivations, and other categories of information of the Dutch population. The survey has helped profiling the people in regions and cities in the Netherlands. Hoogeveen took part in this study. A total of 5.000 people were interviewed which helped define the city as an average family type of working people. Below is the graphic result of the mapping exercise undertaken at the country level in The Netherlands.
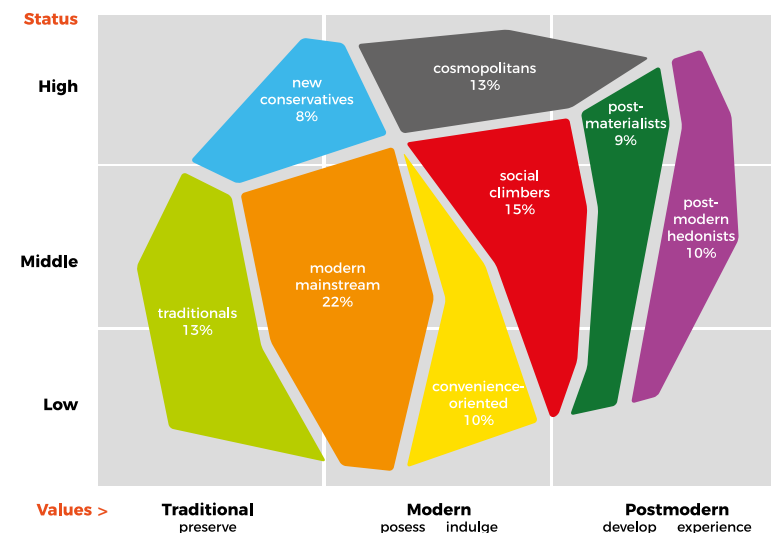
According to the categories proposed by the country study, Hoogeveen's main population profiles and features are:

- **34% Modern mainstream:** They like family relations, focused on consuming and entertainment, materialistic, seeking prestige, and have lower educational levels.

- **18% Traditional:** Moralistic, focused on duty calls, conservative, keeping the traditions and materialistic.

- **16% Social climbers:** Focused on their professional career, seeking social prestige, using new technologies, taking risks and looking for exciting experiences.

Besides the results issued from the population analysis, the BID of Hoogeveen, the city centre management partnership, led a study with the aim of identifying the city DNA for retail purposes. 1.500 consumers were interviewed and the analysis of the answers led to the conclusion that the city should aim at a very clearly defined target group of consumers and users of the city centre:

- Residents and visitors from the region and tourists
- Families with children, parents between 25 and 45 years old
- Lower levels of education among the inhabitants and region visitors
- Tourists looking for cosiness and fun shopping

Consumer motivations

Shopping behaviour does not respond to the "saving money" motivation. It is mostly driven by the "saving brain energy". People, and thus consumers too, react with unconscious decisions about pleasure and "gut feeling". The neuromarketing analysis states that, when making shopping decisions, customers respond to two key motivations:

A. Cutting efforts, or the so called frictionless retail, that is, the elimination of non-value-added activities that can negatively impact the customer experience, i.e. fast electronic payment systems to avoid queues.

B. Emotions: pleasant shopping experience, stories connected to one's values and expectations.

In general terms frictionless retail experience can be objectively assessed, while emotions needs a more personalised analysis. The research suggests that consumers behave following non-conscious decision-making made at the level of the limbic system: "When it comes to buying, 95% of our decision making takes place in the subconscious mind."[5] In consequence, shopping decisions have to do more with the question: "What is my feeling?" than "What am I buying?" According to Simon Sinek (*https://www.ted.com/talks/simon_sinek_how_great_leaders_inspire_action*), author of *Start with why* (*https://www.startwithwhy.com/*), "people do not buy by what you do, they buy by why you do it", and the why is the internal GPS.

HOW **WHY** **WHAT**
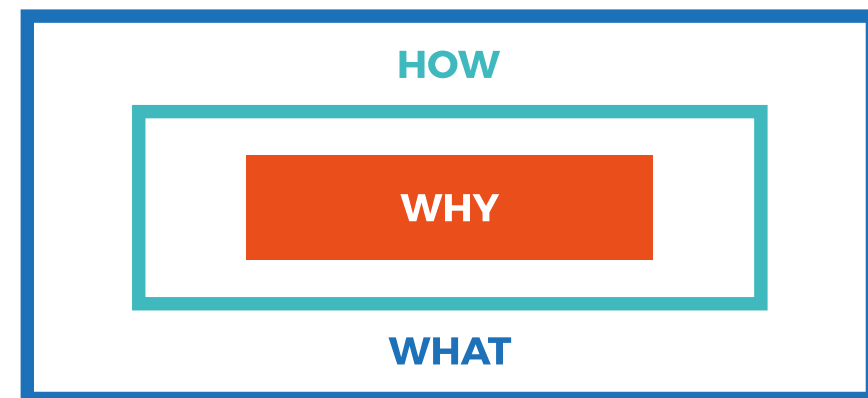
5 Prof. Gerald Zaltman's How Customers Think: Essential Insights into the Mind of the Market, Harvard Business School Publishing, 2003).
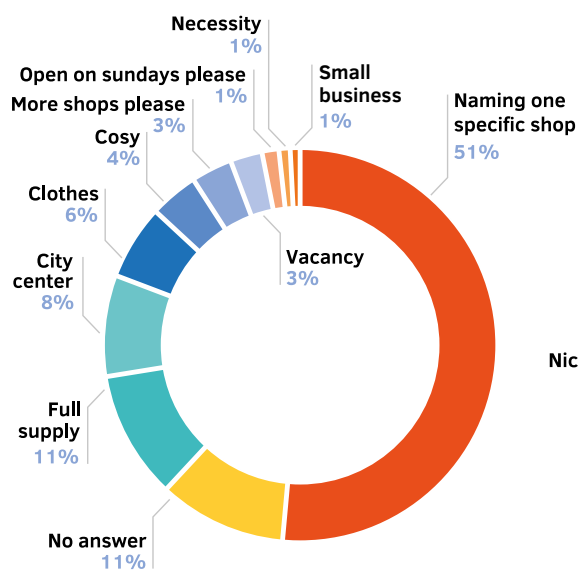
Consumer motivations

In order to assess the intangible "feeling" of the city by its customers and visitors, Martínez-Ribes suggested that RetaiLink partners undertook a very simple but enlightening exercise. They had to ask three questions to local consumers in their cities:

- If I tell you: "Name of the City", could you please tell me the first thing that comes to your mind?

- If I tell you: To do the grocery purchasing in "Name of the City", could you please tell me the first thing that comes to your mind?
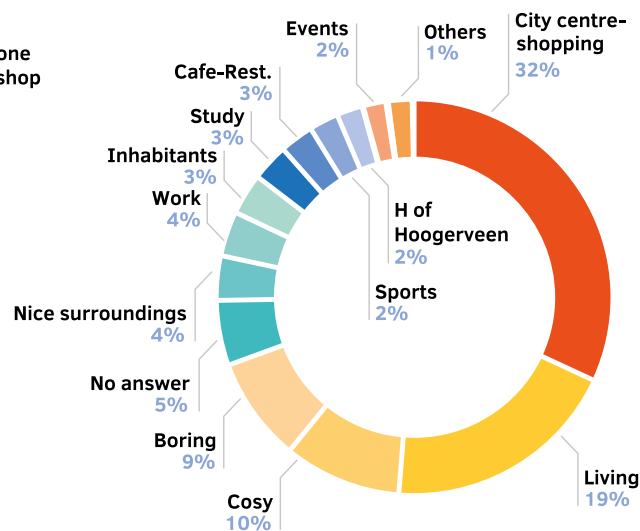
- If I tell you: To go shopping in "Name of the City", could you please tell me the first thing that comes to your mind?

What follows are some of the results of the survey that the city of Hoogeveen obtained as part of a broader consumer and population analysis. The city adapted the three questions and included other topics. The information helped very much to understand the motivations of the local consumers.
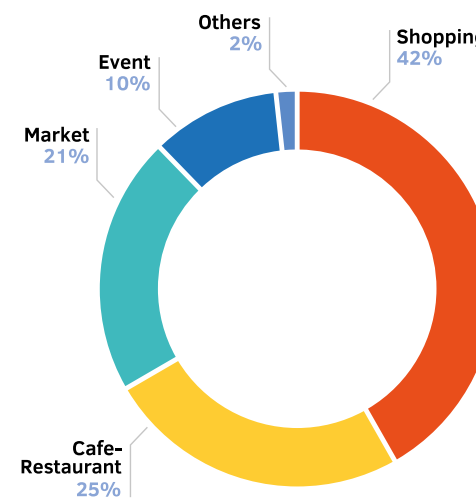
Shopping in Hoogeveen means:

- Necessity 1%
- Open on sundays please 1%
- More shops please 3%
- Cosy 4%
- Clothes 6%
- City center 8%
- Full supply 11%
- No answer 11%
- Small business 1%
- Naming one specific shop 51%
- Vacancy 3%

Hoogeveen means:

- Events 2%
- Cafe-Rest. 3%
- Study 3%
- Inhabitants 3%
- Work 4%
- Nice surroundings 4%
- No answer 5%
- Boring 9%
- Cosy 10%
- Others 1%
- City centre-shopping 32%
- H of Hoogerveen 2%
- Sports 2%
- Living 19%

What brings me to Hoogeveen:

- Others 2%
- Event 10%
- Market 21%
- Shopping 42%
- Cafe-Restaurant 25%

Tools for customer monitoring

A number of RetaiLink network partners have initiated methods to find out preferences and behavioural trends of their customers by closely monitoring their shopping behaviour and footfall circuits. They have adopted different tools to "follow" the consumers (visitors or residents) in the city centre or retail intensive areas.
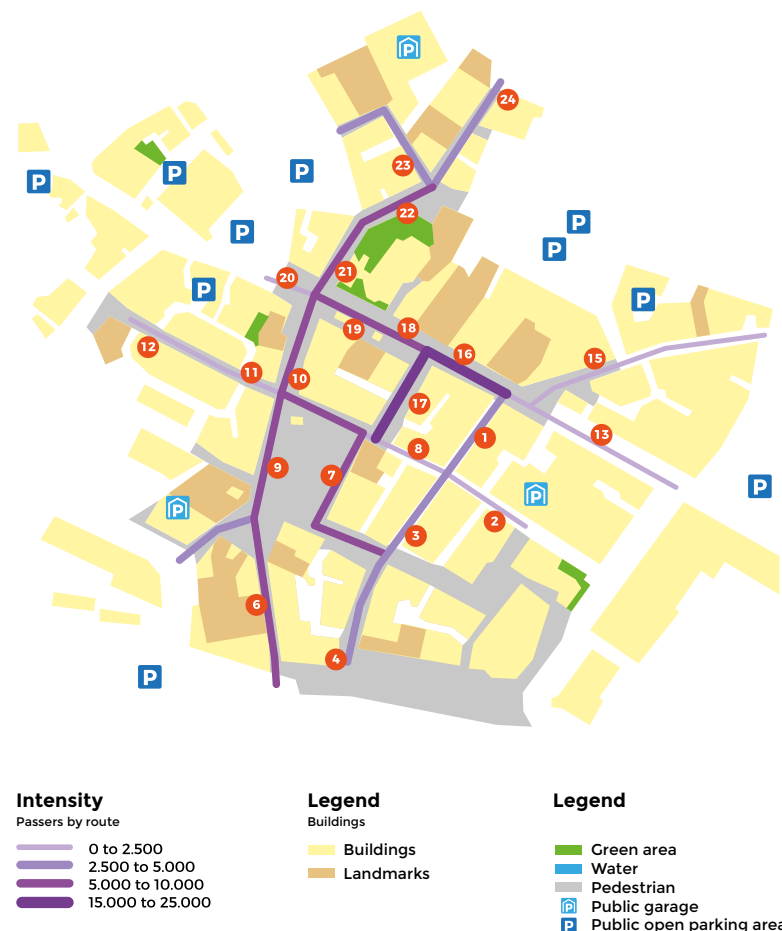
Some of these methods and tools include:

- Hengelo installed devices in different parts of the city centre that are able to identify IPs and count visits and even detect those repeating the visit. This method shows pedestrian flows and customer circuits. In the map below, the dark purple lines indicate the most intensively transited streets in the city centre.

Other forms of customer monitoring in Hengelo involves an annual 5 to 6 question survey to a total of 2.500 people. To know about visit frequency and goal, age, length of stay, expenditure, alternative shopping destinations, including Internet, transport, etc.

- Hoogeveen has enabled a system to collect and cross-check information from the cars entering the municipal parking. The camera at the entrance takes a picture of and registers car plates, so it is possible to know where the visitor comes from.

- Basingstoke and Igualada are both using apps that customers can download and install in their mobile phones. Through these apps the service provider keeps a record of the shops they enter as well as the purchases and spending through digitalised invoices. The use of this application is free and it provides special offers and discounts to those using it.

Image and counting points, in March 2015, Hengelo (source: Locatus)

Intensity
Passers by route

	0 to 2.500
	2.500 to 5.000
	5.000 to 10.000
	15.000 to 25.000

Legend
Buildings

	Buildings
	Landmarks

Legend

	Green area
	Water
	Pedestrian
	Public garage
	Public open parking area

The shop is the product and the city is the packaging

In retail, the shop is the product and what the client experiences in the shop will influence his/her decisions on buying. A nice feeling makes the client want to be part of it and even to take some back home. If the shop is the product, correspondingly the city is the packaging, and for the consumer, choosing to go shopping to my city or elsewhere –including the neighbouring town- will very much depend on the way the city is "packaged", which means, the entire visit experience, including the shops display, the products, the interactions with sellers, the feeling of the retail area and the aftertaste, because the end of the story should be at least as pleasant as the one initially expected so people are more probably bonded to the city.

Experiential retail in the city of Igualada

REC.0 Pop Up Stores in Igualada is an event that offers experiential shopping in an old local district that once was full of tanneries and leather factories. The privately initiated and driven project combines creative proposals with business activities, namely retail and hospitality, and it includes cultural and art performances, such as concerts.

Twice a year the old abandoned factories are dressed and transformed into pop up stores that host a mix of big international brands and local and national independent fashion designers. People come to Igualada from a wide catchment area during 4 days twice a year (spring and autumn editions).

The success of this project led the city council to study formulas to bring footfall to the city centre coinciding with the Rec.0 event. The project was called *Igualada Slow Shopping* and it aims at driving visitor flows to the city centre and its local retail by means of street signage and offers of discounts and sales (for more information on Rec.0 and Igualada Slow Shopping see Innovative Retail Proposals, RetaiLink Case Study I)

REC.0 has had a positive impact on other RetaiLink cities that see a high potential of transferring this experience to their own context. For example, the city of Liberec has big empty brownfield areas in the inner city that could be used for similar purposes to the pop up stores and cultural events seen in Igualada.

This conception of the retail and city experience requires that the municipal authorities and the retailers team up and foster a model that responds to a common objective:

"What is the main feeling we want to promote in the city?"

"What do we want to offer people who are hesitating between coming to our city or going elsewhere for shopping?"

The retail proposition and the environment need to offer a brain-friendly displacement to a good feeling for the customer.

Another important aspect to consider about consumers' behaviour analysis is that a product is not good or bad in itself, but just suitable or not for the customer. Consider a food product, such as a small packet of cookies, in the shelf at the supermarket, next to the other packages of cookies of the same brand.

Now, would anybody buy that packet of cookies as confidently if they found it, let's say, at the shelf of tomato sauce cans?

We analyse the product by its fit in a given context. Following the same idea, we need to offer the product in a shop that has a consistent look and feeling with the commodity we sell. Likewise, they both need to inspire the context, the city, so we should recreate an atmosphere that harmonises with the whole concept or story we want to tell.

PRODUCT CUSTOMER SHOP CITY

To be able to fulfil this process, the city, including retailers, but also city managers, place makers and other potential stakeholders, need to find the target customer, the "wanted" person. As we have seen in the previous section, this requires identifying and profiling the consumer by means of segmentation and analysis. This is the type of exercise that the city of Hoogeveen, for example, has conducted.

What cities need to find out is the target consumer, by origin: residents, city visitors, tourists; by activity and social background: young families, students, high-middle class professionals… as well as other meaningful features.

Once the "wanted" consumer is clear and the needs, life problems and expectations, are identified, the city retail offer will have more chances to meet them and put in place a retail offer and city experience in line with. In other words, the city will then be in a better position to set a DNA or Flag as per the concepts used by retail experts.

Students

We want our favourite affordable brands and also bars to meet with friends

Families

We want to spend more time with our children

Professionals

Ease my daily life to do more things to get promoted and advance my career

At the Retailink network meeting celebrated in Sibenik, all partner cities went through an exercise to find city DNA. The workshop concentrated the whole process in a one-day session. With the guidance of Professor Martínez-Ribes, the partners worked in teams condensing in a few hours what the cities usually do in a period of about 3 months.

From the beginning to the end, the pathway goes from customer profiling to setting the flag and creating the message to catch the attention of the wanted customer. Key concepts and steps of this methodology are better explained in the report on how to reshape local retail, but we include below some examples of the Flags and the core messages that RetaiLink teams created for their cities' retail:
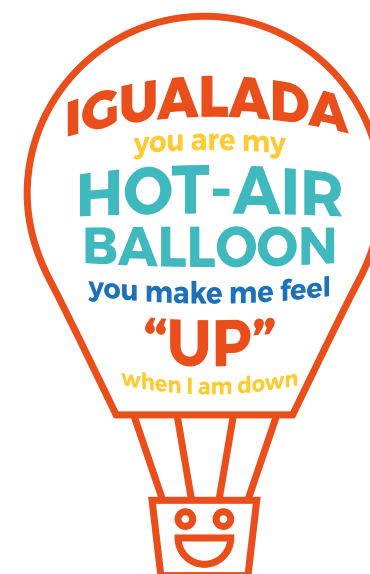

Group work at the II RetaiLink Transnational Meeting in Sibenik

NEXT DOOR FAMILY

"You are my personal assistant who makes me feel good while spending time with my family"

Feeling good
HOOGEVEEN
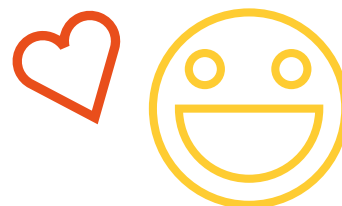
IGUALADA
you are my
HOT-AIR BALLOON
you make me feel
"UP"
when I am down

We e-bodies

Finally, because mobile devices have changed our behaviour so much, we need to make a special reference to e-trends. Retailers need to adapt their business to the use of them. Today we barely distinguish anymore between on-line and off-line actions with our mobile phones, and this is why experts talk about on-off customers. Retailers and city centre managers need to get ready to cope with the newly emerging uses and possibilities, and enable on-off retail and high street experience. The digital strategies and tools will allow them to be visible and accessible to the increasing number of digitalised customers.

Given the fact that Internet sales are increasing and will continue to do so in the upcoming years, physical shops should find their role in the retail sector and refer to the sensory side of shopping. Retailers need to make their best to connect with the clients' "gut decisions" (limbic brain), and not so much with the rational decisions (neo-cortex).

For more extensive information on potential and experiences of retail digitalisation and digital strategies of high streets, refer to the related RetaiLink output report on adapting and reshaping the retail offer.

Sources of information and monitoring tools

We include here a list of potential sources of information that can be tapped into for retail related data and create relevant and meaningful indicators:

- Statistics and public national, regional and local databases, including: retail licenses, land register and property value.

- Regular reports from real estate agents and property owners associations.

- Footfall counters

- Banks and Visa economic transactions (by nationalities touristic cities)

- Communication companies to monitor movements of people by nationality (particularly in touristic cities)

- Open data sources

- Direct fieldwork: interviews and surveys on demand (purchasing habits) and on supply

AS A CONCLUSION

As seen in the *RetaiLink State of the Art* document, retailing in medium-sized cities is under stress due to multiple causes, both from the demand side: new consumer trends, use of mobile devices, higher client expectations about the shopping experience; and from the supply side: rescaling of business models, digitalisation and multiple communication and selling channels.

A key objective of a retail revitalisation strategy in medium-sized cities is to enhance the competitiveness of local retailers and businesses, as they are key economic drivers of the city centre area. However, entrepreneurs cannot be left alone in this task. The public sector, the major commercial operators, property owners of commercial premises, consumers, the cultural and creative industry, transport companies among others, need to come together for a common planning process and shared and mutually beneficial strategy.

Contributions from all these perspectives will help big thinking and visualize a new city centre with a renewed retail proposal that fits to it. The vitality of the main retail area in a city – also named city centre, high street or inner city, relies on a number of factors, beyond retail activity on its own, and needs a broad multi-stakeholder approach.

As part of the planning process for a new and comprehensive retail strategy, towns and cities need to break the cake down into pieces and work on each separately as building blocks towards the shared anticipated result. This will help understanding several factors that are relevant to the retail sector and that help cities develop a meaningful strategy that is inevitably multifaceted. That is the reason why the present report has included key learning on the topic of consumer analysis and the upcoming project reports will address the topics of adapting the retail offer to the local profile of consumer; rethinking and reshaping the urban space to accommodate it to the new retail proposition; dealing with mobility and regulation aspects; and finally, creating promotional strategies to position the city retail.

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RetaiLink

Fostering innovative retail strategies for medium-sized cities.

Ten european cities inspire each other to create innovative strategies that revitalize the retail sector in medium-sized cities.