MAPPING ANALYSIS OF RURAL RETAIL IN ARAGON

INDEX OF CONTENTS

I. OBJECTIVE OF STUDY IN THE FRAMEWORK OF SARURE

The path to a good monitoring and evaluation system is started with a sound mapping analysis.

Baseline information is necessary to understand the cause and/or effect of any project, study or policy implementation; however, mapping reports often don't get the attention and effort they should, spoiling the possibility to see how far a project reached after implementation. To put it in simple words, mapping analyses measures key conditions before a project begins and provides a clear starting point to benchmark progress. Without something to measure new results against, it is difficult to assess results as positive, negative or otherwise.

Quantitative and qualitative data collected through the mapping analyses need to correlate with the end goal of the project. Thus, the scope of the analysis must be thoroughly defined, in order to request only strategic information serving the purpose of the analysis. Moreover, data to be collected should be those which can be tracked in the future in the same way, as baseline data are most useful when they can be compared to new data at a later date.

In summary, a sound mapping analysis is that one providing a present photo of where we are today with regard to a topic, a snapshot of indicators and circumstances at a time; but also one serving for later benchmarking from which to measure progress.

SARURE Advisory Lead Partner, the Chamber of Commerce of Teruel, has produced an *ad hoc* template for the partner regions in SARURE to produce Mapping Analyses of the state of the art of rural retail in their territories. Thus, the present template is accompanied by surveys to be launched to retailers and related stakeholders as well as to inhabitants/ consumers.

Some partners allocated budget for external support to draft the Mapping Analyses: these funds can serve to subcontract the launching and exploitation of the surveys and/or the support to write the report itself. The partners with only internal resources to draft the Mapping Analyses can launch the surveys to a sample of retailers and consumers they are in direct contact with (through their internal data bases or through the stakeholders' groups, for example), even if the number of addressees to make the sample valid and reliable is not observed. However, the surveys will provide some feedback worthwhile having.

As the Advisory Lead Partner will summarise and conclude the main hints behind all the analyses, it is kindly requested the structure and limitations of space in the following pages to be observed. Please include quantitative and qualitative information and the sources when necessary.

II. CONCEPT OF RURAL AREAS IN ARAGÓN (SPAIN)

Rural concept is associated with a number of socio-economic characteristics, and there are different measurement methodologies. Thus the OECD, (creating rural indicators for shaping territorial policy, Paris, 1994), uses population density as a criterion to delimit rural areas.

The European Union uses (European Commission: "Rural Developments", CAP 2000 Working Document, 1997). Eurostat, for its part, uses the concept of "degree of urbanization".

In Spain, the National Institute of Statistics uses the size of the population nucleus considering the following types:

- Rural municipalities, when they have less than 10,000 inhabitants.
  - Small rural municipalities. They have a population of less than 2,000 in habitants.
  - Intermediate rural municipalities. They have a population between 2,000 and 9,999 inhabitants.
- Urban municipalities, which have more than 10,000 inhabitants, provided that at least one population nucleus within the municipality complies whith the previous condition (otherwise, it would consist of a semi-urban municipality).

Law 45/2007, of December 13th, for the Sustainable Development of Rural Environment, establishes the following definitions in its article 3:

- Rural environment: the geographical space formed by the aggregation of municipalities or smaller local entities defined by the competent Administrations, which have a population less than 30,000 inhabitants and a density of less than 100 inhabitants per km^2.
- Rural area: scope of application of the measures derived from the Sustainable Rural Development Program regulated by this law, of regional or sub provincial extent, delimited and qualified by the competent autonomous community.
- Small rural municipality: one with a resident population of less than 5,000 inhabitants and integrated into rural environment.

Applying these methodologies in Aragón we obtain the following classifications:

- With the OECD methodology: Intermediate Region (IR): 30.52% of the Aragonese population lives in rural local units.
- According to the EU methodology, with the exception of the cities of Zaragoza and Huesca, the rest of Aragón would classified as sparsely populated areas, since they have a density of less than 100 inhabitants per Km^2 and their population is less than 50,000 inhabitants.
- In Spain, according to Law 45/2007, of December 13th, for the Sustainable Development of Rural environment, with the exception of the three provincial capitals: Huesca, Teruel and Zaragoza, the rest of Aragón would classified as rural, as have a population less than 30,000 inhabitants and a density of less than 100 inhabitants per km^2.

In this analysis, in order to establish a comparison with previous studies on rural retail, in Aragon we have contemplated the definition of the National Institute of Statistics, which considers small rural municipalities to those with less than 2,000 inhabitants; intermediate, between 2,000 and less than 10,000 inhabitants; and urban from 10,000 inhabitants. In the rural municipalities, different strata of the population have been considered for a more detailed analysis.

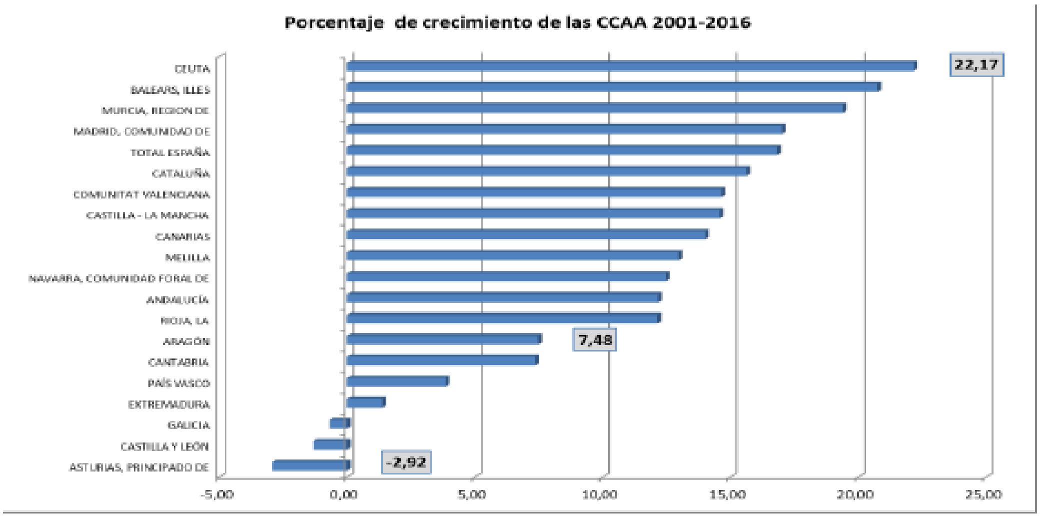
III. SOCIOECONOMIC SITUATION OF RURAL AREAS IN ARAGÓN (SPAIN)

a. Socio-demographic aspects:

i. Socio-demographic characterization of rural areas

In Aragón there are 718 municipalities with less than 10,000 people living in; it is 98% of total municipalities. In them live 399,420 people, that is the 30.52% of the population, in an area of 43,980 Ha, which is 92.2€% of territory of Aragón.

Aragón is in the seventh position of the Spanish Autonomous Communities (NUT2) whose population has grown less in the period 2001-2016.



Porcentaje de crecimiento de la población de las CC.AA. 2001-2016

Percentage of population growth of the AA.CC (NUT2) 2001-2016

The main of the territory in Aragon are rural municipalities. Its economic linked to the primary sector, the commercial sector owes its existence almost only to the population of the municipality itself, retail diversification is low, and establishments usually are a butcher shop, a bakery or a grocery shop. Furthermore, in many of these municipalities, the official census does not correspond to the real population living in, being in many cases less than half. As many people registered in their place of birth, but they usually reside in their place of work.

Many of these municipalities have only one shop, or the only retail activity is street vending. At them, the retail activity can considered a social service, especially due to the usual presence of a very old population, with displacement difficulties.

However, the detailed analysis reveals that retail in rural areas depends not only on its residential population, but also on that which travels for economic and social reasons. Thus, we find the following types of municipalities:

Tourist municipalities: with a greater commercial offer than the one corresponding to its population, specialized and focused to weekend and holiday visitors.

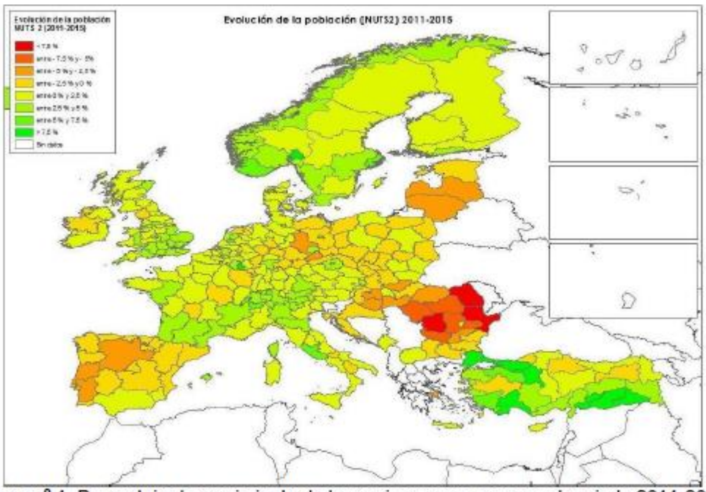
Specialized retail municipalities: depending on their agricultural or industrial production (footwear, clothing, wine, or food with designation of origin).

Municipalities, commercial destination: headlands of the region, they concentrate practically all or most of the retail in the area.

Emerging municipalities: located near provincial capitals, their population has increased due to urban development, but their retail has not yet grown at the same time.

Depopulation in Aragón

In the European context, according to Eurostat data, among the 258 regions of the European Union, Aragón ranks 41st among those with the lowest population growth in the 2011-2015 period.

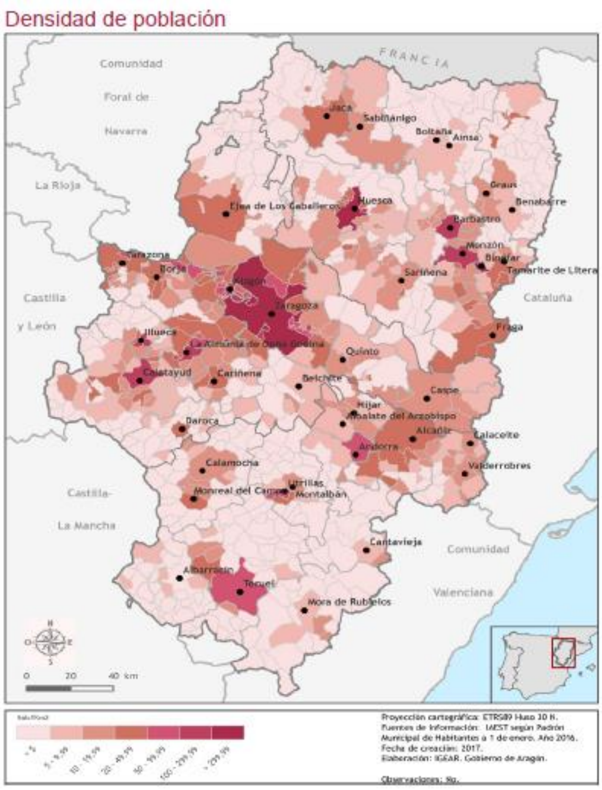


Mapa nº 1. Porcentaje de crecimiento de las regiones europeas en el periodo 2011-2015

Map: percentage of growth of European regions in the 2011-2015 period

Between 2001 and 2012, the population of Aragón registered a remarkable growth. After that, a setback initiated that continues to the present, with approximately 41,000 less inhabitants registered in the 2012-2016 period (from 1,349,467 to 1,308,563 inhabitants in 2016). Immigration to Aragon, took place from the year 2000 simultaneously with economic growth, helped partially to correct the demographic problems in Aragon, but from 2012, the economic crisis produced the opposite.

The average demographic density in Aragon is 26.8 inhabitants per km^2, that of Spain is 88.4 inhabitants per km^2, and the average of Europe was 116 inhabitants per km^2 in 2016.



Demographic density in Aragón

Demographic imbalances in the structure of the rural population

The sparse population of Aragón and its aging process was accompanied by a process of emptying of a large part of its territory, mainly during the period between 1950 and 1970. Part of this population was concentrated in the city of Zaragoza and another immigrated to different industrial zones of the Spanish state.

	Habitantes (1900)	Aragón 1900 (%)	Habitantes (2016)	Aragón 2016 (%)
Zaragoza	98.397	10,60	661.108	50,53
Resto Aragón	829.720	89,40	647.455	49,47

Distribución de la población aragonesa en Zaragoza y Aragón, 1900-2016

Distribution of the Aragonese population in Zaragoza and the rest of Aragón, 1900-2016

The analysis of the population by counties in Aragón during the period 2001-2016 shows a regressive trend in 18 of them, growing only in those located in the axes of economic development of the Aragón, mainly industrial or tourism axes.

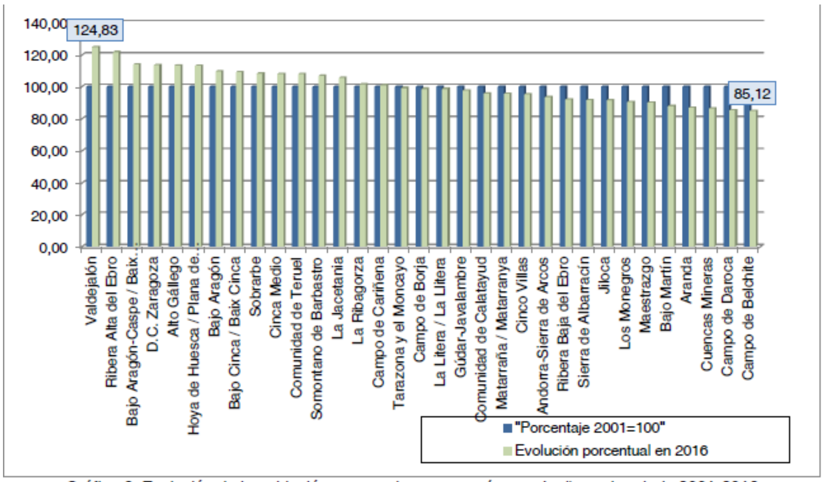


Gráfico 6. Evolución de la población comarcal aragonesa (porcentual) en el periodo 2001-2016

Graph. Evolution of the Aragonese counties population (percentage) in the period 2001-2016

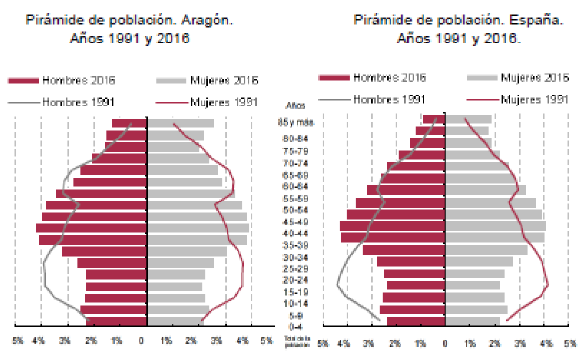
Aragón has a population older than the average of Spain.

Estructura de la población por edad y sexo. Año 2016.

Unidad: número de habitantes.

	Aragón				España			
	Total	Hombres	Mujeres	%	Total	Hombres	Mujeres	%
Total	1.308.563	647.206	661.357	100,00	46.557.008	22.843.610	23.713.398	100,00
0 a 14	184.429	94.714	89.715	14,09	6.990.863	3.591.907	3.398.956	15,02
15 a 34	268.654	137.672	130.982	20,53	10.272.247	5.201.933	5.070.314	22,06
35 a 54	411.944	211.836	200.108	31,48	15.005.016	7.582.987	7.422.029	32,23
55 a 64	165.175	82.083	83.092	12,62	5.631.177	2.749.086	2.882.091	12,10
65 a 84	226.697	103.067	123.630	17,32	7.304.731	3.274.429	4.030.302	15,69
85 y más	51.664	17.834	33.830	3,95	1.352.974	443.268	909.706	2,91

Fuente: Instituto Aragonés de Estadística con datos del Padrón Municipal de Habitantes a 1 de enero de 2016.



Structure of the population (number of inhabitants) by age and sex in Aragón and Spain. Year 2016

Economy and Employment:

i. Business fabric and proximity services in rural areas

	TOTAL		Agricultura /ganadería		Industria/energía		Construcción		Servicios	
	TOTAL		Agriculture/livestock-		Industry/energy		Building		Services	
	nº	%	nº	%	nº	%	nº	%	nº	%
Aragón	184.251	100	8.094	100	13.254	100	23.263	100	139.640	100
Huesca	39.228	21,29	3.764	46,5	2.704	20,4	5.161	22,19	27.599	19,76
Teruel	20.923	11,36	1.374	16,98	1.955	14,75	3.264	14,03	14.330	10,26
Zaragoza	124.100	67,35	2.956	36,52	8.595	64,85	14.838	63,78	97.711	69,97

Actividades económicas por sectores de actividad. Aragón y provincias. Fuente: IAEST, nov. 2016

Economic activities by activity sectors. Aragon and provinces. Source: IAEST, Nov 2016

According to economic activity, the Aragonese's productive fabric concentrates a greater number of registers in retail (16.9%), real estate activities (9.19%) and specialized building activities (7.55%). On the other hand, other personal services (3.06%), legal and accounting activities (3.04%), and education (2.93%) are the economic activities that have the smallest number.

	Sectores	1*		2*		3*		4*		5*	
	Total	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%
COMARCAS											
D.C. Zaragoza	96.417	738	0,77	4.928	5,11	484	0,50	11.027	11,44	79.240	82,18
Hoya de Huesca / Plana de Uesca	10.953	576	5,26	538	4,91	121	1,10	1.354	12,36	8.364	76,36
Comunidad de Teruel	6.467	192	2,97	349	5,40	121	1,87	951	14,71	4.854	75,06
Bajo Aragón	4.944	271	5,48	307	6,21	98	1,98	748	15,13	3.520	71,20
Cinco Villas	4.819	632	13,11	370	7,68	271	5,62	683	14,17	2.863	59,41
Comunidad de Calatayud	4.644	161	3,47	265	5,71	74	1,59	626	13,48	3.518	75,75
Somontano de Barbastro	3.922	336	8,57	297	7,57	47	1,20	431	10,99	2.811	71,67
La Litera / La Llitera	3.747	795	21,22	242	6,46	29	0,77	461	12,30	2.220	59,25
Cinca Medio	3.725	396	10,63	289	7,76	34	0,91	470	12,62	2.536	68,08
Bajo Cinca / Baix Cinca	3.703	430	11,61	238	6,43	61	1,65	436	11,77	2.538	68,54
La Jacetania	3.592	144	4,01	120	3,34	31	0,86	539	15,01	2.758	76,78
Valdejalón	3.592	198	5,51	364	10,13	118	3,29	492	13,70	2.420	67,37
Ribera Alta del Ebro	3.162	165	5,22	329	10,40	54	1,71	477	15,09	2.137	67,58
Los Monegros	3.100	697	22,48	196	6,32	110	3,55	421	13,58	1.676	54,06
La Ribagorza	2.929	329	11,23	133	4,54	62	2,12	476	16,25	1.929	65,86
Alto Gállego	2.738	51	1,86	101	3,69	44	1,61	429	15,67	2.113	77,17
Bajo Aragón-Caspe / Baix Aragó-Casp	1.988	192	9,66	143	7,19	25	1,26	255	12,83	1.373	69,06
Sobrarbe	1.896	168	8,86	63	3,32	29	1,53	291	15,35	1.345	70,94
Jiloca	1.884	211	11,20	139	7,38	51	2,71	313	16,61	1.170	62,10
Campo de Borja	1.749	161	9,21	133	7,60	29	1,66	242	13,84	1.184	67,70
Tarazona y el Moncayo	1.725	76	4,41	126	7,30	32	1,86	254	14,72	1.237	71,71
Matarraña / Matarranya	1.666	251	15,07	162	9,72	22	1,32	237	14,23	994	59,66
Gúdar-Javalambre	1.535	69	4,50	133	8,66	31	2,02	313	20,39	989	64,43
Ribera Baja del Ebro	1.334	178	13,34	99	7,42	155	11,62	161	12,07	741	55,55
Campo de Cariñena	1.307	89	6,81	125	9,56	63	4,82	194	14,84	836	63,96
Andorra-Sierra de Arcos	1.218	41	3,37	98	8,05	21	1,72	171	14,04	887	72,82
Bajo Martín	937	138	14,73	99	10,57	30	3,20	134	14,30	536	57,20
Aranda	921	29	3,15	163	17,70	18	1,95	95	10,31	616	66,88
Cuencas Mineras	910	44	4,84	94	10,33	52	5,71	149	16,37	571	62,75
Campo de Daroca	739	87	11,77	49	6,63	33	4,47	120	16,24	450	60,89
Maestrazgo	714	123	17,23	62	8,68	16	2,24	115	16,11	398	55,74
Sierra de Albarracín	648	34	5,25	57	8,80	13	2,01	133	20,52	411	63,43
Campo de Belchite	626	92	14,70	46	7,35	18	2,88	65	10,38	405	64,70

*. Sectores: 1. Agricultura, ganadería, silvicultura y pesca; 2. Industria; 3. Energía y agua; 4. Construcción; 5. Servicios

Actividades económicas por sectores de actividad. Aragón, provincias y Comarcas. IAEST (2016)

Economic activities by activity sectors. Aragon, provinces and counties. IAEST (2016)
Sectors: 1.Agriculture/livestock - 2.Industry- 3.energy&water - 4.Building – 5.Services

The commercial distribution sector undergoes continuous changes in its structure and composition, which require retailers a continuous effort to adapt to new conditions. These changes affect strongly the small rural populations.

The increase in competition between the different commercial formats leads to the closure of establishments, which will only be able to survive when they decide to undertake changes in their business management, trying to orient themselves to consumers, anticipating the competition, minimizing costs, or innovating.

Retail is a good driver of social life as well as local development. It equips the locality, generating a space of coexistence, contact between people and place of social encounter. The commerce is the economic activity that generates more contact between the inhabitants of a municipality.

The future of rural retail is complicated. However, there are possibilities of survival, reinforcing this trade with new structures.

In recent years the model and the relationship between retailer and their territory has changed. The improvement of communications, the greater speed to move between municipalities, the increase of large and medium commercial surfaces, and the electronic commerce have brought new possibilities for consumers, thus changing the territorial business model.

In general, but above all in medium or large municipalities, recently there has been a shift from purely traditional retail to more specialized forms, incorporating new information and communication technologies (ICTs), as a result of the involvement of public policies, retailers' associations, and the efforts of the businesses themselves.

In the future, the retail's territorial model should be one in which the nearby businesses of the same municipality stop to be "purely competition" to become a kind of "cooperating competition". Since, in most cases, the real threat it is located outside the municipalities themselves, in the county heads, or in the provincial capitals; in the form of electronic commerce with a single "click" in one's own home, or at large areas with easy access and a wide leisure offer, which they exert a great attraction on the consumer and hinder the development of retail in small municipalities with less attractive capacity.

As a general trending, the evolution of the average income of the population has led to a change in the composition of consumer spending. The importance of everyday goods reduced in favour to equipment, services and leisure. To this, we must sum a change in the buying habit, demanding consumers commercial services added to the act of purchase, and shopping experiences.

Nowadays, purchases are conceived as an activity integrated in leisure time, partly due to the strong temporary restriction imposed by working hours. Consumers have become more demanding with what they consume, and appreciate agility and speed in purchases. Younger people frequently use social networks, the Internet and mobile devices, and there is no excessive reluctance to travel relatively far if it allows all the necessary purchases in a short time, and with the added possibility of accessing some leisure activity during the Weekend.

Along with this type of consumers, we find other more traditional ones, which normally correspond to a more advanced age. These consumers are more influenced by the price, so they can also be attracted to large stores, however, they have more frequent shopping habits, even daily, and for this they use the nearest traditional establishments. It is clear that in the near future, we will find a growing predominance of the first consumption trend, but it is also true that the second overcoat still maintained in small and medium-sized rural areas.

ii. Employment in rural areas

Accounts of the trade sector in Aragón. Turnover and employed personnel. Year 2016

In 2016, the turnover of companies in the Industrial, Trade and Non-Financial Market Services sector exceeded 53,000 million euros in Aragón. Of which, the industrial sector contributes 48.5%, Commerce 35.4% and Non-financial market services 16.1%. Year-on-year growth in 2016 was -2.7%. 3.3% and 4.1% respectively.

The trade turnover stood at 18,785 million euros in 2016. By activity divisions more than half of the turnover of the Commerce sector corresponded to wholesale trade, 57.5%; retail trade represented 32.5% of the total turnover of the sector.

The total employment generated in that year was 310,755 people; the non-financial market services sector occupies 43.6%, the Industry 28.1%, and the Trade 27.7%.

Sectors: Industry, Commerce and Services

Turnover thousands of € Employed people

% in Aragón - % over Spain

Sector Industrial, Sector Comercio y Sector Servicios*

Sección de actividad	Cifra de negocios			Personal ocupado		
	miles de euros	% sobre el total	% participación sobre España	número	% sobre el total	% participación sobre España
Total	**53.057.800**	**100,0**	**4,5**	**310.755**	**100,0**	**4,3**
Sector Industrial	**25.736.328**	**48,5**	**5,0**	**89.310**	**28,7**	**5,4**
B Industrias extractivas	171.627	0,3	4,8	1.095	0,4	4,4
C Industria manufacturera	22.567.224	42,5	3,0	82.002	26,4	3,1
D Suministro de energía eléctrica, gas, vapor y aire acondicionado	2.521.957	4,8	2,5	1.255	0,4	3,0
E Suministro de agua, actividades de saneamiento, gestión de residuos y descontaminación	475.519	0,9	2,7	4.957	1,6	3,1
Sector Comercio	**18.782.168**	**35,4**	**2,6**	**86.061**	**27,7**	**2,8**
Sector Servicios	**8.539.304**	**16,1**	**2,0**	**135.384**	**43,6**	**2,5**
H Transporte y almacenamiento	2.850.558	5,4	2,7	27.355	8,8	3,2
I Hostelería	1.438.603	2,7	2,2	34.505	11,1	2,5
J Información y comunicaciones	1.050.603	2,0	1,3	7.679	2,5	1,7
L Actividades inmobiliarias	708.496	1,3	2,8	7.581	2,4	3,2
M Actividades profesionales, científicas y técnicas	1.290.178	2,4	1,5	21.002	6,8	2,1
N Actividades administrativas y servicios auxiliares	1.158.821	2,2	1,7	36.112	11,6	2,6
S Otros servicios (división 95)	42.051	0,1	1,6	1.151	0,4	2,0

Fuente: Instituto Aragonés de Estadística según Estadística estructural de empresas, INE.

* Los Servicios investigados se corresponden con los servicios de mercado no financieros (secciones H, I, J, L, M, N y división 95 de la CNAE-2009).

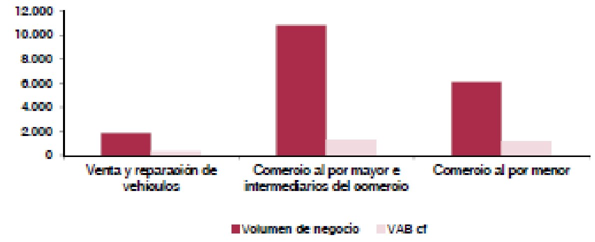
Data in thousands of € — Total Commerce - Vehicles - Wholesale Trade - **Retail**

Turnover
External services
Works of other companies
Value added at factor cost
Personnel expenses

Datos en miles de euros	Total Sector Comercio	45 Venta y reparación de vehículos de motor y motocicletas	46 Comercio al por mayor e intermediarios del comercio, excepto de vehículos	47 Comercio al por menor, excepto de vehículos de motor y motocicletas
Cifra de negocios	18.782.168	1.891.943	10.790.974	6.099.250
Gastos en servicios exteriores	1.624.322	140.085	889.070	595.167
Trabajos realizados por otras empresas	215.923	29.460	162.789	23.673
Valor añadido a coste de los factores	2.874.538	356.206	1.344.407	1.173.925
Gastos de personal	1.763.904	227.914	783.246	752.744

Business volume and gross added value at factor cost (millions of euros)

Volumen de negocio y Valor Añadido Bruto a coste de factores (millones de euros)



Vehicles — Wholesale Trade — **Retail**

Employment by business strata in the Aragon commerce

In December 2016, 53.72% of the contributors of the Social Security in Aragón work in retail companies with less than 50 affiliations.

By strata of employees, the highest percentage of affiliations (35.11%) occurs in companies with less than 10 affiliations, followed (16.70%) by those with more than 1000 affiliations, and those between 500 and 999 affiliations (11.46%).

Number of companies registered at Social Security. Aragón.
By affiliation stratum according to Economic Activities National Code.
Source: Aragonese Institute of Statistics

Empresas en alta a la Seguridad Social. Aragón.

Por estrato de afiliaciones según división 45-46-47 CNAE.

Fuente: IAEST según datos de la Tesorería General de la Seguridad Social.

	Número de afiliaciones									
	46					47				
	Comercio al por mayor e intermediarios del comercio, excepto de vehículos de motor y motocicletas					Comercio al por menor, excepto de vehículos de motor y motocicletas				
Estrato de afiliaciones	**Diciembre 2013**	**Diciembre 2014**	**Diciembre 2015**	**Diciembre 2016**	**% sobre Total**	**Diciembre 2013**	**Diciembre 2014**	**Diciembre 2015**	**Diciembre 2016**	**% sobre Total**
Total	**17.994**	**18.664**	**19.107**	**19.934**		**34.673**	**35.040**	**35.668**	**36.006**	
Menos de 10 afiliaciones	6.286	6.267	6.319	6.323	31,72%	12.545	12.465	12.561	12.640	35,11%
De 10 a 19 afiliaciones	3.186	3.525	3.872	3.837	19,25%	2.946	3.256	3.060	3.124	8,68%
De 20 a 49 afiliaciones	3.964	4.050	3.868	4.365	21,90%	2.789	2.978	3.358	3.575	9,93%
De 50 a 99 afiliaciones	2.245	2.050	2.379	2.552	12,80%	1.730	1.707	1.870	1.757	4,88%
De 100 a 199 afiliaciones	773	938	949	1.066	5,35%	1.414	1.314	1.162	1.344	3,73%
De 200 a 499 afiliaciones	1.540	1.834	1.169	1.224	6,14%	2.573	2.284	2.922	3.425	9,51%
De 500 a 999 afiliaciones			551	567	2,84%	4.113	4.578	3.921	4.127	11,46%
De 1000 a 4999 afiliaciones					0,00%	6.563	6.458	6.814	6.014	16,70%

Number of contributors

46. Wholesale Trade — 47. Retail

<u>Analysis of the offer:</u> *Results Survey of rural retail and interest groups*

Due to the features of Aragón, which has a large number of small towns, in contrast to the three provincial capitals, for this analysis it has decided to consider all the towns except the three provincial capitals: Zaragoza, Huesca and Teruel, and those defined as urban towns with a population of more than 10,000 inhabitants.

In spite of this criterion, to have a more detailed analysis, it is necessary to group the populations by different strata:

1. Less than 100 inhabitants.
2. From 100 to 250 inhabitants.
3. From 251 to 500 inhabitants.
4. From 501 to 1,000 inhabitants.
5. From 1,001 to 5,000 inhabitants.
6. More than 5,001 and Less than 10,000 inhabitants.

As a result, the distribution of populations and businesses in Aragon is as follows:

ARAGON (Data from the Directory of Companies of Aragón 2017 DIREA-IAEST)

POPULATION SEGMENT	Nº OF MUNICIPALITIES	Nº OF INHABITANTS	Nº OF MUNICIPALITIES WITH STORE	Nº OF STORES FROM DIREA	Nº OF MUNICIPALITIES WITHOUT STORE	% OF MUNICIPALITIES WITHOUT STORE
Less than 100 inhabitants	194	11.484	45	59	149	76,80%
From 100 to 250 inhabitantss	221	35.059	136	245	85	38,46%
From 251 to 500 inhabitants	128	44.653	123	489	5	3,91%
From 501 to 1000 inhabitants	83	57.628	83	649	0	0,00%
From 1001 to 5000 inhabitants	81	167.865	81	1.991	0	0,00%
More than 5001 and less than 10000 inhabitants	11	82.731	11	844	0	0,00%
TOTAL	**718**	**399.420**	**479**	**4.277**	**239**	**33,29%**

The 718 rural municipalities account for 98% of the total municipalities of Aragon, which are 731. In them live 30.52% of the population of Aragon, and concentrate 31.67% of commercial activities, slightly less than a third part in both cases. There are a 33.29% of municipalities in Aragon without any retail at present.

Next, we break down the distribution of populations and businesses by provinces:

PROVINCE OF HUESCA

HUESCA

POPULATION SEGMENT	Nº OF MUNICIPALITIES	Nº OF INHABITANTS	Nº OF MUNICIPALITIES WITH STORE	Nº OF STORES FROM DIREA	Nº OF MUNICIPALITIES WITHOUT STORE	% OF MUNICIPALITIES WITHOUT STORE
Less than 100 inhabitants	25	1.761	8	11	17	68,00%
From 100 to 250 inhabitantss	75	12.111	40	69	35	46,67%
From 251 to 500 inhabitants	46	15.801	45	187	1	2,17%
From 501 to 1000 inhabitants	29	20.618	29	210	0	0,00%
From 1001 to 5000 inhabitants	20	36.557	20	486	0	0,00%
More than 5001 and less than 10000 inhabitants	2	18.645	2	197	0	0,00%
TOTAL	**197**	**105.493**	**144**	**1.160**	**53**	**26,90%**

The total number of municipalities in the province of Huesca is 202, 97.52% of them are rural considered (197). A 48% of the population of the Huesca province live in the rural municipalities and concentrate 46.1% of the commercial activities, a little less than half in both cases.

There is a 26.90% of municipalities in Huesca without any retail at present. In this province, there is an important impact of the tourist municipalities, which have population and seasonal consumption that improve the average of the Autonomous Community.

PROVINCE OF TERUEL

TERUEL

POPULATION SEGMENT	Nº OF MUNICIPALITIES	Nº OF INHABITANTS	Nº OF MUNICIPALITIES WITH STORE	Nº OF STORES FROM DIREA	Nº OF MUNICIPALITIES WITHOUT STORE	% OF MUNICIPALITIES WITHOUT STORE
Less than 100 inhabitants	92	5.160	21	27	71	77,17%
From 100 to 250 inhabitantss	71	11.162	52	97	19	26,76%
From 251 to 500 inhabitants	32	11.604	32	141	0	0,00%
From 501 to 1000 inhabitants	22	14.545	22	185	0	0,00%
From 1001 to 5000 inhabitants	16	33.871	16	462	0	0,00%
More than 5001 and less than 10000 inhabitants	1	7.799	1	115	0	0,00%
TOTAL	**234**	**84.141**	**144**	**1.027**	**90**	**38,46%**

The total number of municipalities in the province of Teruel is 236. A 99.15% are rural considered (234). A 62% of the population of the province of Teruel live in rural municipalities, and concentrate 62.69% of commercial activities, more than a half in both cases.

There is a 38.46% of municipalities in Teruel without any retail at present.

PROVINCE OF ZARAGOZA

ZARAGOZA

POPULATION SEGMENT	Nº OF MUNICIPALITIES	Nº OF INHABITANTS	Nº OF MUNICIPALITIES WITH STORE	Nº OF STORES FROM DIREA	Nº OF MUNICIPALITIES WITHOUT STORE	% OF MUNICIPALITIES WITHOUT STORE
Less than 100 inhabitants	77	4.563	16	21	61	79,22%
From 100 to 250 inhabitantss	75	11.786	44	79	31	41,33%
From 251 to 500 inhabitants	50	17.248	46	161	4	8,00%
From 501 to 1000 inhabitants	32	22.465	32	254	0	0,00%
From 1001 to 5000 inhabitants	45	97.437	45	1.043	0	0,00%
More than 5001 and less than 10000 inhabitants	8	56.287	8	532	0	0,00%
TOTAL	**287**	**209.786**	**191**	**2.090**	**96**	**33,45%**

The total number of municipalities in the province of Zaragoza is 293. A 97.95% are rural considered (287). A 22% of the population of the province of Zaragoza live in rural municipalities, and concentrate the 22.35% of commercial activities, a little more than a fifth part in both cases.

A 69.73% of the population of the province live in the city of Zaragoza, which also concentrates 68.87% of the commercial activities. There are a 33.45% of municipalities in Zaragoza without any retail at present.

The analysis by provinces and municipalities confirms that retail in rural areas depends not only on their residential population, but also on the one they travel for economic and social reasons.

Internal and external factors typify a population in such a way that its social, demographic and economic variables lose weight in favour of other factors. Those factors are tourism, depopulation, population aging, seasonal return of former settlers or their relatives, the level of endowment in road infrastructures. The concepts associated with the capital, economic specialization, proximity to large populations, or with fair and cultural activities, among others. These factors condition the functioning of the commercial activity and the socioeconomic dynamism of the population.

Overview by retailers:

The retailers, in general, agree in affirming that their establishments have a rather bad location, due to their proximity to larger populations with better capacity of commercial attraction. This favors a high degree of leakage of clients, when they go to hospitals, centers of teaching, to public bodies, or to their jobs outside the resident towns.

They perceive that the population of their localities is aging and face depopulation, a problem that aggravates the already scarce population. They see no solution to this problem, and their attitude is very pessimistic. They do not believe that a new population can be attracted, nor tourist use be increased, even during the holiday season, among other reasons due to the low density of the hotel establishments in the small towns.

They consider that the wages that the workers of the rural nuclei charge are low in comparison with one of the cities, and for that reason, the population does not increase, they doubt about the attractiveness of the populations for the young people.

The agro-food sector has favored the rural environment, especially regarding the Designations of Origin, organic products, and Quality Brands. They perceive these experiences as an opportunity.

In terms of communications, retailers consider that the road network is correct, has improved and it is improving. The closeness to the headlands of the region in time is key to the leakage of customers, but also to the attraction of others.

On the other hand, the improvement of the coverage for mobile telephones, and the extension of the optical fiber are valued very positively by the retailers. Although the quality of Internet connections is often of low quality, and gives problems in remote rural municipalities.

Practically all of the commercial establishments in small nuclei settle in their own premises. They are aware that there is a lack of differentiation and specialization in the shops, but they do not see an alternative, again because of the scarce population.

Most of rural retailers do not use adequately advertising, lack sufficient time or training to carry out digital marketing, or believe that it is enough with the mailbox, or disseminating the brochures and offers provided by their purchasing centres.

In many cases, the establishments have a Point of Sale Terminal (POST), which use properly. Some of them improve their management systems, using the analysis and management reports and the point of sale informs that provide, free of charge, by the Chambers of Commerce with the economic support of the Government of Aragon.

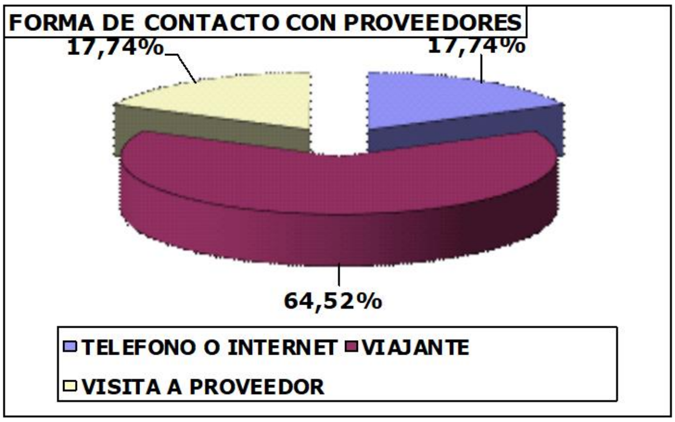
They believe that consumers have become more demanding and find the prices expensive. They know that they have to win over the clientele every day, and the treatment is very familiar and close.

The retailers believe that, although today they can live from the consumers of their localities, or by complement retail with the main income of the unit of coexistence. Soon they will not be able to do it because of the aging and the disappearance of the population.

Results of the Survey on rural commerce and interest groups

The results of the survey carried out on retailers and interest groups indicate that mostly they make purchases through "commercial travellers".

Way of contact to suppliers



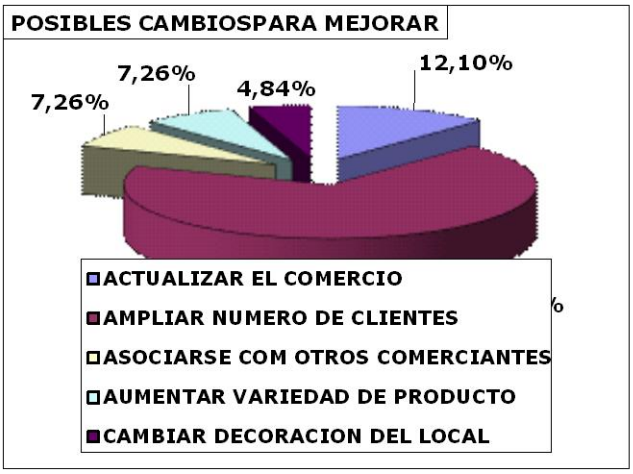
Telephone or Internet – Commercial traveller – Visit to suppliers

The aspects they more value to develop commercially the localities in which the establishments are located are the following:

BEST LOOK	TOTAL
DEVELOP ELECTRONIC COMMERCE	7,26%
IMPROVE COMMUNICATIONS AND TRANSPORTATION	35,48%
PROMOTION AND PUBLICITY	57,26%
TOTAL	100,00%

Regarding possible changes to improve situation of retail, they point to the "increase in the number of customers," but do not provide specific measures to achieve it.

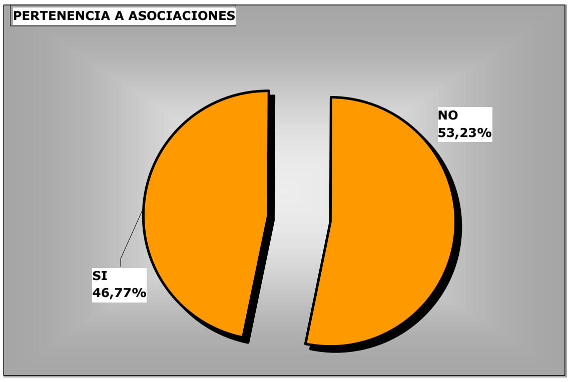
Possible changes to improve



Update store – Increase number of customers – Collaborate with other retailers – Increase product variety - Change store's decoration

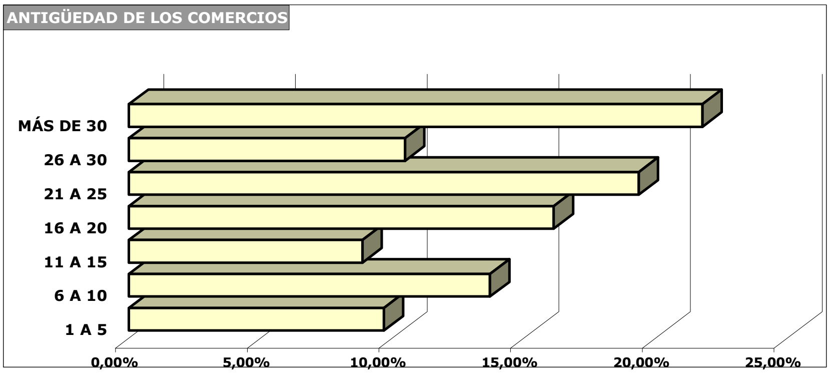
More than a half of the respondents do not belong to any merchants' association, which indicates the low degree of interest in collaborating with other retailers to solve their problems.

Belonging to merchants' associations



Most of the shops had open from more than 16 years. There are little exchange in retail activities, which links to the small number of reforms and updates made on shops.

Age of the shops



It does not seem electronic commerce be perceived as a solution, despite the fact that all economic projections point to electronic commerce and digital marketing as the main sales channel in the near future.

A recent study, prepared in 2017 in Aragón by the Basilio Paraíso Foundation, in collaboration with IberCaja bank, concludes that: "Almost 10% of the companies in commerce and services owe more than 25% of their billing to the electronic commerce. However, for 80% of them, electronic commerce is a residual sales channel compared to its total turnover.

One third of the companies that make electronic sales started in electronic commerce from less than a year ago (32.6%), while around another third (28.3%) affirm that their experience in Internet sales exceeds from five years.

The vast majority of companies (91.3%) make their electronic sales through their own website. Only 8.7% of the companies surveyed stated that their main online sales channel is a marketplace.

The vast majority of companies do not follow up on the satisfaction of customers who buy them via electronic commerce. Among those who do, the percentage of those who say that their electronic commerce customers show greater satisfaction, than their physical customers, is the same as the percentage of entrepreneurs who position themselves in the opposite direction (15% in both cases).

iii. *Analysis of the demand:* *Results survey to the inhabitants of the rural environment*

Overview by consumers:

In general, the habitants of the rural environment feel good appreciation for their locality and their surroundings. Manifest a positive attitude, the greater the older they are. They usually define their town as cozy, traditional and pleasant. They think that they enjoy a high standard of living; they live at ease, well, and without hurry.

They believe that there is not a wide range of retail or services offerings. In some cases, they feel a sense of isolation.

Consumers believe that the roads are good, and facilitate access to the headwaters of the region and cities.

They think that people use the car to go everywhere, when it would not be necessary due to the small

In the provincial capitals of Zaragoza, Huesca and Teruel, leisure is mainly consumed in shopping centers and on weekends.

They value very highly the pedestrian streets, because they allow a pleasant and playful purchase. Likewise, the great commercial avenues with wide sidewalks and gardens are very well considered. At them, you can walk with tranquility and make purchases with comfort, although unfortunately they do not exist in their municipalities.

The valuation of the commercial offer of the populations is not very positive, since, although there is supply of several sectors, especially of the most basic products, it is perceived that the assortment is not very broad. There is no commercial environment and many stores remain because family members work there, or do not have hired personnel.

They think that the offer has not evolved over time. Most of the windows are not attractive, they not renewed enough or lack lighting. They do few promotional campaigns and believe that businesses should join and offer advantages to consumers in a common way.

The inhabitants of rural areas say that they buy a lot in their populations, especially basic products, but usually like to go to a county seat or a city like Zaragoza to buy. It is due to its playful offer, or because shopping is more impersonal. In addition, because they find more variety of establishments, assortment, prices and sizes. They go to buy mostly clothes, accessories, footwear, sports, as well as very expensive or exclusive products. In many cases, they look for products that not sold in their environment with the aim of differentiating themselves from other people.

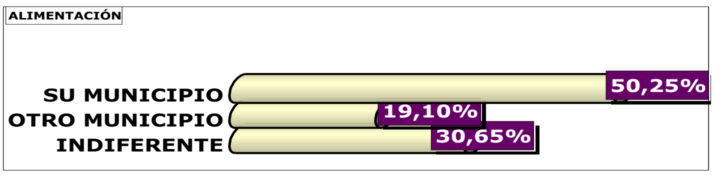
At the provincial capitals of Zaragoza, Huesca and Teruel, the leisure time is mainly consumed in shopping centers, during weekends.

Results of the Survey from rural inhabitants

Consumers mainly buy **food products** in their own municipality.

Food product purchase:

In their own municipality
In other municipality
Indiferent

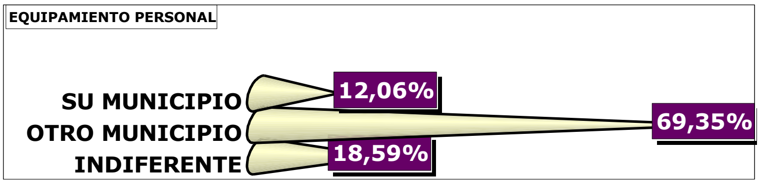


The food product purchase is made in the municipalities themselves, especially when they are larger at the population level. It is also significant that in middle-class towns the propensity to indifference in the purchase place is greater.

Consumers buy mostly **personal equipment products** in other municipalities where they do not reside.

Personal equipment purchase:

In their own municipality
In other municipality
Indiferent

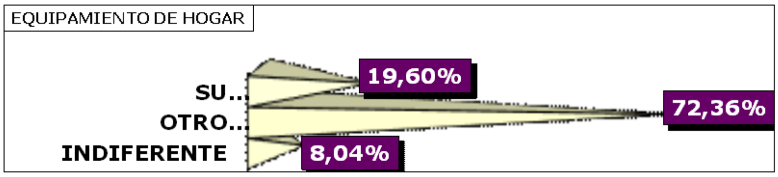


This tendency is greater at the smaller populations, due to the scarce commercial equipment.

With the **household equipment** the same thing happens, it is chosen a population that does not coincide with the residence for the purchase.

Household equipment purchase:

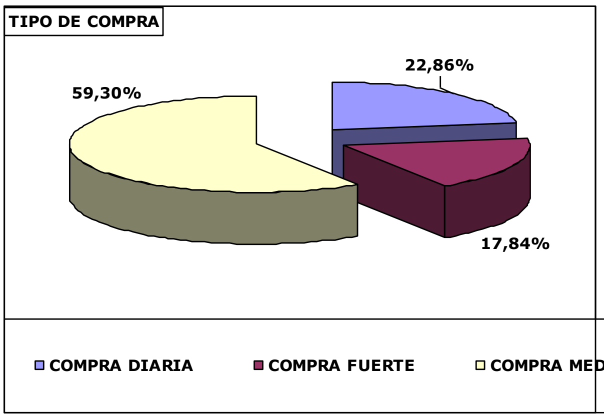
In their own municipality
In other municipality
Indiferent



In medium and small populations, the low number of specialized stores causes a high leakage.

The **type of purchase** that usually made is the average purchase or daily purchase, as opposed to the strong purchase (monthly or quarterly).

Type of purchase

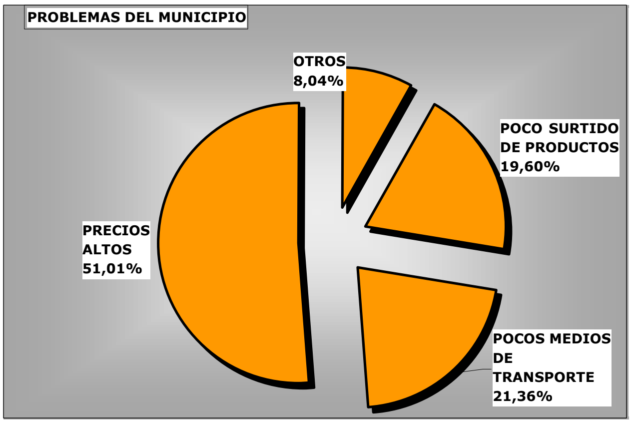


Daily purchase – Strong purchase – Average purchase

The smallest municipalities tend is to make a strong purchase, resorting to the large establishments of the county seats.

The consumers of the rural areas perceive that the greater trouble that appears in the retail of its localities are the high prices (51.01%), followed by the transport (21.36%) and the assortment of products (19.6%).

Main troubles of the municipality retail



When asking consumers about the **possible improvements** to be applied in the municipalities regarding retail, for the most part they answer that the "improvement of communications and public transport" and "promotion of permanent retail".

Improvements suggested:

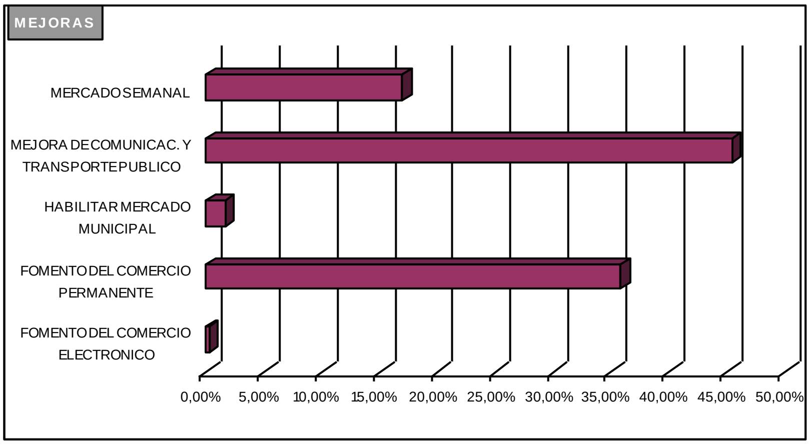
Weekly market (itinerant)

Improvement of communications & public transport

Municipal market

Promotion of permanent retail

Promotion of e-commerce



The weekly market (itinerant) is highly valued by small populations.

IV. POLITICIES (PLANS AND PROGRAMS) OF RURAL DVELOPMENT IN ARAGÓN (SPAIN)

The rural environment in Spain integrates 20 percent of the population, which rises to 35 percent if close-urban areas are included, and affects 90 percent of Spanish territory. In fact, in this immense rural territory are the totality of natural resources, and a significant part of the cultural heritage, as well as the recent trend observed for the location of economic and residential activities, confer to this medium a relevance and strategic characteristics in the national policy

The intense economic development that has taken place in Spain during the last decades, which has led to a very significant jump in the levels of income and welfare of citizens, has concentrated, as has happened in the surrounding countries, in the urban areas, and to a lesser extent in rural areas. This phenomenon, characteristic of modern economic development, manifested in the persistence of a lower relative economic and social level in rural areas, due to economic, social, and political causes that must be corrected. Most of the high-developed countries in the world have specific rural development policies to improve the situation in their rural areas. This has happened in the main European countries, and in the European Union itself, where rural policy measures have been a significant part of the Cohesion Policy and of the Common Agricultural Policy.

The policy of rural development in Spain based on the common European policies and community orientations, such as the Lisbon Strategy of 2000 in relation to employment and competitiveness, or the Gothenburg Declaration of 2001 in relation to achieving development sustainable. Spain also has its own rural policy, adapted to its particular economic, social and environmental conditions.

Any rural policy must seek the achievement of greater territorial integration of rural areas, facilitating a relationship of complementarity between rural and urban areas, and promoting sustainable development in the rural environment. This policy is part of the State, agreed with the Autonomous Communities and Local Entities, respecting their competences framework, and promotes the participation of the private sector.

In Spain, the basic object of Law 45/2007, of December 13th, for the Sustainable Development of the Rural Environment regulates and establishes measures in favour to the achievement of a sustainable development of the rural areas. Its general objectives are simultaneously economics, socials and environmentalist. The content of the Law defines the general measures to pursue sustainable rural development. These measures cover a wide variety of objectives, from those aimed at diversifying economic activity and improving public infrastructure and equipment, to provide basic social services and achieving environmental quality in rural areas. The Law developed in Royal Decree 752/2010, of June 4th, which approves the first Sustainable Rural Development Program.

According to this national policy, in Aragon the Rural Development Program (RDP) for the period 2014-2020 represents the political commitment of the Government of Aragon in favour of the sustainable management of rural environment. Achieves of natural resources, action for climate, balanced territorial development, the improvement of productivity, and the competitiveness of the agri-food system, as the basis of the economy, and the generation of rural employment.

The RDP in Aragón gives preference to the development of a structured system of knowledge transfer within the framework of the drive for innovation and cooperation. Furthermore, as a response to the reduction of the income gap between the countryside and the cities.

The measures of the Rural Development Program are the management instruments that allow implementing the strategy and achieving the established objectives. The RDP of Aragón 2014-2020 contemplates 16 measures, some of them are divided into sub-measures with a total budget of 943,521,389 euros.

In Aragon, the General Plan for the Commercial Equipment of Aragon, whose second revision approved by Decree 160/2014, of October 6th, of the Government of Aragon, has as objective: "*To establish the framework of action of the Government of Aragon in matters of promotion and revitalization of the retail sector from Aragon* ". It establishes the strategic objectives to achieve in this area, defines the axes, work programs, and actions in which the latter are specified, and establishes a system of continuous monitoring and evaluation of the instruments that make up the Plan.

Its strategic objectives are:

a) Achieve an adequate level of commercial equipment and a balanced territorial distribution of retail establishments.
b) Introduce the new commercial sales systems in a progressive and harmonious way.
c) Guarantee the safety, health and other conditions of retail establishments.
d) Meet the needs of consumers, protecting their legitimate interests.
e) The creation of new quality emerging jobs in the retail sector and the maintenance of existing ones, adapting them to the new structures of commercial distribution, as well as to social demands.

The Structure of General Plan for the Commercial Equipment of Aragon has seven axes of work, and twenty action programs. These programs, whose beneficiaries are retail SMEs, their business associations, local entities, and the Chambers of Commerce of Aragon, are engaged in around 3 million euros of the annual budget of the Autonomous Community, which benefits about 300 businesses year.

Article 8 of the aforementioned Decree 160/2014 is the work axis for special support to retail in rural areas. The aspects that aims to correct this axis of work are the following:

In rural areas, the smaller population, together with the greater distance to commercial polarities, implies a greater need to support the maintenance of a retail network of proximity. The objectives and effects foreseen in this axis of work are the following:

a) Encourage the existence of a commercial distribution network with basic offer for the whole territory.
b) Promote the recognition of the greater social role played by retail in these areas.
c) Increase the relationship of commercial activity with other complementary economic and social activities.
d) Support the maintenance of local commerce in rural areas, recognizing the social role played by this type of establishment.

V. WTSO ANALYSIS OF RURAL ENVIRONMENT IN ARAGON

WEAKNESSES

1. Distance to communication routes.
2. Lack of leisure.
3. Absence of common services and associations.
4. Aging of the merchant.
5. Small dimension and investment capacity.
6. Excessive local vocation. Old-fashioned business model.
7. Urban planning is not adapted to the real needs of retail.
8. Low level of professionalization of the merchant.
9. Offer concentrated on food.

THREATS:

1. The buyer feels obligated to buy locally.
2. The consumer looks for products that not offered locally, sometimes seeking differentiation.
3. Leisure consumed in cities and on weekends.
4. Low population growth. Lack of workers.
5. Identification of the consumer with brands not located in rural areas.
6. Lack of economic feasibility for certain retail offers.
7. Lack of self-criticism of merchants.
8. Barriers to the development of electronic commerce.

STRENGHTS:

1. Level of people income above average.
2. Potential customers from other tourism areas.
3. Positive differences in proximity, treatment, quality, and trust.
4. There are active local groups that want to manage change and modernization.
5. Awareness on the part of the Administration.
6. Family business, contribution of time by several people.

OPPORTUNITIES:

1. Agreed commercial urban planning actions.
2. Consolidation and growth of the tourism sector.
3. Increase in specialized services by merchants' associations.
4. New technologies, electronic commerce and modernization opportunities.
5. Use of commercial locomotives that diversify the offer.
6. Development of the concept of “Open Shopping Center” and Rural Multiservice.
7. Arrival of new in-migrants.
8. Realization of Local Retail Plans in small municipalities.

VI. CONCLUSIONS

Strengthening rural retail requires the implementation of innovative actions that mobilize the private sector, public institutions and the population of the areas.

Rural areas with low population density increasingly faced with a constant decline in the supply of services: often, the inhabitants of these areas have difficulties in obtaining current consumer goods and basic services, having to resort to a means of transport. There are many simple needs that people does not find in small rural municipalities, and this makes it difficult to fix the population.

Access too many of the services, related to everyday life, occurs only in cities. In the course of recent times, there has been a concentration of supplies in the urban centers related to retail, hotels, banks, public administration, public services, culture, and so on. This has led to the disappearance progressive of the grocery store, comparing this loss with that of the school, so it has a dynamic and symbolic significant.

The victims of this situation are those people from rural areas who do not have a means of personal transportation, because they are too young, people without resources, elderly or disabled.

However, the suppression of the last food stores is not only a material inconvenience: it also corresponds to the disappearance of places of coexistence that play a very important role in the social and cultural life of the rural world. This disappearance of essential services affects to all the inhabitants. It affects the local identity and promotes the disintegration of the social structure. The causes, among others, are:

- Low population density, which limits the economic dynamism of the area, the use of retail and the turnover of businesses companies.
- The daily transfer of the home to the workplace, a constantly increasing phenomenon that leads to the disappearance of activities located in the center of residence, since people subjected to these constant trips, make their purchases in the destination municipality, which is usually the county seat.
- The offer of shops available in the villages does not compete effectively with urban retail, this leads to a subsistence economy and to the tendency to close small rural retail.

The concentration of retail in the large distribution companies and the regrouping of the offer in places easily reached by car, respond to a demand from the consumer, who wants to obtain the greatest number of services, with the maximum comfort.

The lines of action that have proposed for the promotion and strength of rural commerce, should take into account the following aspects:

Implication of Public Administrations: The role played by public authorities is essential in the case of certain services, guaranteeing equitable access to trade, without seeking only economic profitability, but social one. The Public Administrations have a number of means to guide the supply of services in rural areas, such as taxation, subsidies and various promotion measures.

Associated trade: The advantages of this way of grouping trade merchants are obvious: bringing together several services under the same management system increases the efficiency of the establishment and the billing, reduces costs, and provide a greater degree of service. The grouped use of resources increases profitability and improves the feasibility of the company.

Private and public cooperation: The public initiative may lack the necessary flexibility to adapt to a dispersed and regressive demand. The private initiative tends to exploit only the profitable niches, to the detriment of the sparsely populated areas. It would be favourable an evolution in this sense, to be able to perceive the interest of achieving a collaboration between public means and private resources in the form of cooperatives, mixed companies, venture capital companies, and so on. In this way, the retail can receive public impulse for its implementation; the local community takes the initiative and runs with a part of the exploitation costs, provided that, there are no other shops in the town, so as not to influence free competition.

Economic feasibility, level of service and professionalism: The professional advice in commercial establishments has a consequence in innovation and modernization in the stores. The necessary resources should come from the participation of Public Organizations, Chambers of Commerce, Business Associations, or Financial Institutions.

Progressive approach: The progressiveness of the approaches is one of the keys to success. It is about not addressing the most important changes (due to their importance, investment, or difficulty) until the agents involved have adapted to each other in small-scale actions. It is important to conduct a formal market study for each initiative that guarantees its feasibility.

One of the formulas that small rural businesses must follow in order to remain competitive and retain their market share is to **work in partnership**. This form of trade combines the flexibility and service of small retail with the organizational and cost-saving benefits of a larger structure.

The appearance of associated retail is, according to the "Green Book of Commerce", the most important phenomenon that has occurred in the world of commerce since the arrival of large-scale distribution.

Our society closely linked to the world of retail, not understanding the existence of societies without the dynamism and cohesion that this retail generates. This phenomenon is especially important in rural areas, where there is a great tendency for economic leakage and emigration. Retail plays in these populations roles of maintenance of the social life, and creation of social bonds, fulfilling thus a very important social function.

For these reasons, one of the biggest concerns are the populations that, although they have at least one trade, are in a situation near to the closure, or have their future feasibility seriously compromised.

The reality of the populations makes us find several different situations: on the one hand, small municipalities, with their shops closed or with serious problems of feasibility, on the other, municipalities with unbalanced offer with respect to its population, but that is perfectly adapted to visitors and the tourists. For these reasons, the Plan of Action must propose several ways of acting according to each type of rural municipality.