

RURAL RETAIL DIAGNOSIS

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I. OBJECTIVE OF THE MAPPING ANALYSES IN 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 RURALITY IN FORCE IN THE MUNICIPALITY OF SÖDERHAMN

The municipality of Söderhamn is located near the east coast, approximately geographically in the middle of Sweden, around 270 kilometres north of Stockholm. It can be described as a rather traditional industrial area built around the forest industry.

The municipality of Söderhamn is comprised by a central town and 11 localities, some in very remote, rural areas, with a quite varied level of service offered by the SME's in the different localities.

In the non-central parts of the municipality it is crucial to support retail as to ensure its existence, so that human presence in these areas doesn't disappear. Within the wider region, the situation is similar for many municipalities tackling the same problem.

In some villages, small local retail stores are increasingly taking more responsibilities for services for the inhabitants, making the retail grow while a gap is fulfilled.

Consequently an increasing number of people are choosing to purchase and do errands "close to home" rather than in the city. In the municipality there is a clear need for more services like this, especially in the most rural areas.

The few entrepreneurs that operate in those areas are indeed addressing these needs. Services are needed in all these areas, as well as retailers. The weakness of the situation is that due to the remote location citizens might do their purchases in the city or whilst driving by shopping malls. The strengths are that when services and retail is offered in the rural areas most citizens tend to support the local entrepreneurs.

III. SOCIOECONOMIC STATE-OF-THE-ART IN MUNICIPALITY OF SÖDERHAMN

a. Sociodemographic aspects:

i. Sociodemographic characterization of the territory

According to statistics made all over Sweden regarding the sociodemographic state it shows a comparatively big difference between the number of men and women living in the rural areas, where there tend to be a higher number of men. There is also a high unemployment rate, medium to high numbers of ill health and that the level of education is relatively low. Studies have also shown that there tend to be difficulties to show the entrepreneurial spirit and urban dynamics needed to create economic growth and start new businesses. This is big problems to tackle and the general model for the rural sustainable development is to try to open up for more people to settle in the rural areas, make it more attractive, raise the level of education and create better ways for distance studies, improve the health rates, the entrepreneurial spirit and work on the green technology development.

But for the municipality of Söderhamn it looks a bit different in some ways. Here are the ratio between men and woman more or less equal and numbers of ill health and education is also better than average.

But one area has the same tendencies as many other rural regions, and that is special characteristic prerequisite for entrepreneurship which is that many of the small enterprises not always have an interest to grow and develop their business. But on the other hand they have a very strong local anchor and are building social networks.

The media often overlooks the people who are staying in their village and creating the norm that “you have to move to be successful and to be seen as a winner”. That creates the problem that the people who are staying are not seen as the great resource they really are and how incredibly valuable their work is for the local and regional development. This is a very important point that needs to change and the way we think in general regarding the rural areas in our municipality.

ii. Depopulation

The population has mainly been decreasing since 1975 from a little more than 32 000 till around 25 800 in 2017. Because of the industrial and structural change during and after the mid-70s, Söderhamn and similar municipalities have had a decreasing population in general. The municipality of Söderhamn is in itself a rural area, with decreasing population.

We can also see that the young generation is moving from the countryside towards the city centre and the bigger cities and not returning after finishing their studies.

But very recent studies also shows that the numbers of inhabitants in the rural areas of the municipality are quite stable if you look back the last 10 years, but still losing a few more than they are gaining every year. The problem here is that it needs a lot more people moving in, since the number of inhabitants is too low to begin with.

In a community like Söderhamn, the involvement of the inhabitants in local and rural development is of great importance for what the future will look like.

In the municipality of Söderhamn we have a quite strong force of inhabitants working for developing the rural villages and areas. They are involved and are supporting their SME´s in any way they can. These actions make it more attractive for people to move to the rural areas and keep them lively and vivid.

One challenge affecting the possibilities to move to the rural areas is that the older generation tend to stay in their houses and properties up to a quite high age instead of downsizing to smaller living. This is due to the fact of shortage of smaller properties and apartments available in the rural areas. Many like to stay where they have been living for long time and don´t want to move to another area.

If there would be more houses available, attractive to younger families, this would create a very positive trend affecting schools, business for SME´s, demand for more services etc. in the rural areas.

iii. Demographic imbalances in the structure of the rural population

The municipality of Söderhamn share with many other areas in Sweden the phenomena of moving youth and that the rural areas are losing its young inhabitants, with not enough regrowth. That creates imbalances in the structure of the rural population.

The trend shows that there is a lot higher numbers of people from 60 years of age and above in the rural areas compared to mid-aged and younger people.

The municipality of Söderhamn has gone through some big structural changes when it comes to possibilities the last decade. The locality has been at a breaking point as it is moving forward from its history as an industrial area and starts to orient itself towards the information society and is in itself a rural area with decreasing population with a quite high unemployment rate.

Of the total population of 25 800 in the municipality the inhabitants are divided approximately with one half living in the city centre and the other half in a more rural setting.

b. Economy and Employment:

i. Business activity and proximity services in the territory

In the rural parts of the municipality some areas have access to a quite good variety of services with the most basic needs met and some have very low to none.

The services available are pretty much concentrated to some of these localities and they are functioning as service hubs or service points for the surrounding areas

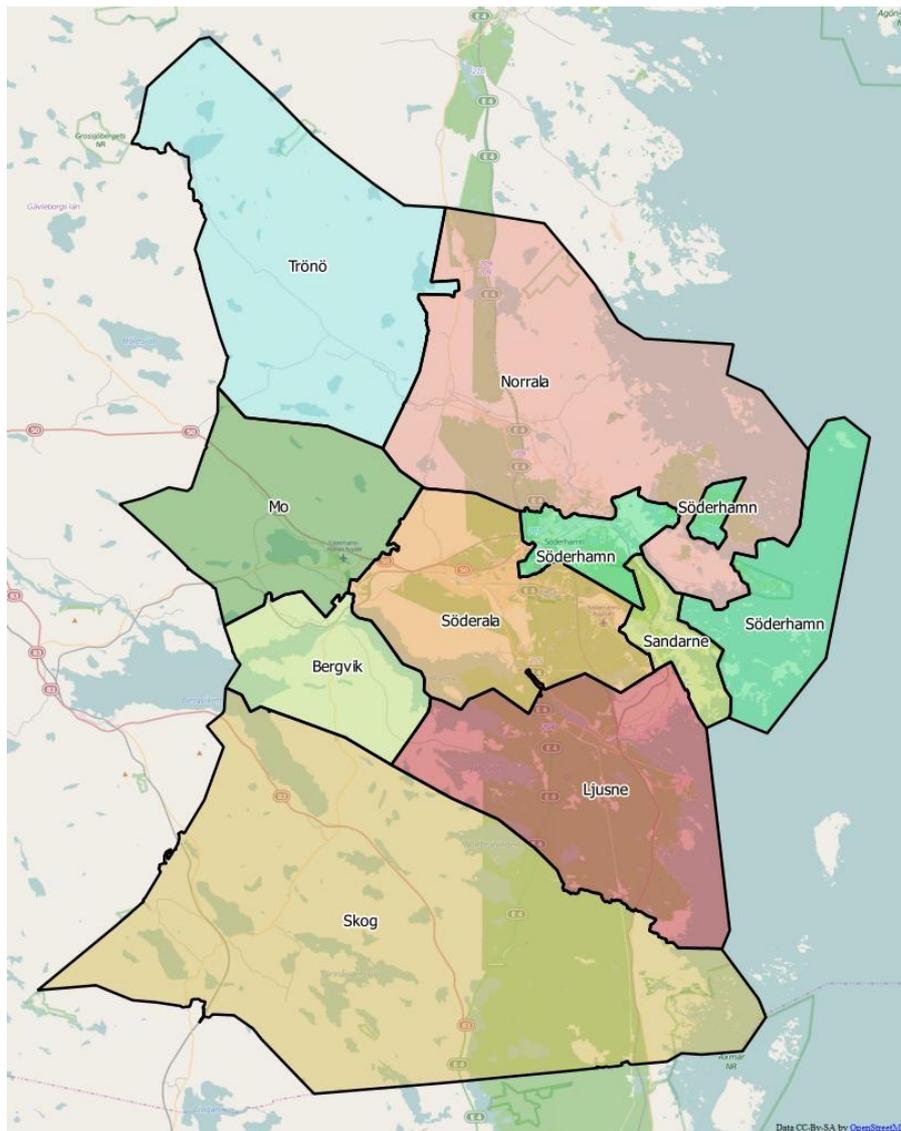
If you divide the rural area of the municipality into four parts these areas would be: Trönö, Bergvik, Ljusne and Stråtjära/Holmsveden (in Skog area). Each of the areas has a local shop available, some with more extended services than other.

Trönö: Is a village with 831 inhabitants, located 18 km outside of the city centre of Söderhamn. Has one shop in the village with a good variety of food supply which also provides home delivery of food and small pharmacy service in the store. They are also functioning as agent for “Systembolaget” (the government regulated stores that sells alcoholic drinks). They are currently rebuilding and extending in order to also provide postal service and café. They will become an appointed Service Point during this year. There are no other services available in the area.

Bergvik: Is a village with 1546 inhabitants, located 15 km outside of the city centre of Söderhamn. Has one shop in in the village with good variety of food supply, small pharmacy service, postal service, possibilities for banking services and agent for “Systembolaget” (the government regulated stores that sells alcoholic drinks). They will become an appointed Sevice Point during this year. Other service available in the village is a pharmacy and health centre. Petrol station is available in the nearby village of Mo, they also have a small shop connected to the petrol station. There is also a restaurant in the area.

Stråtjära/Holmsveden (Skog): Is a village with 970 inhabitants, located 27 km outside of the city centre of Söderhamn. There is one shop in the village with good variety of food supply, café and petrol station. They are already appointed as Service Point active since November 2018. No other facilities are available in the area. This is the most challenging area of our municipality since there at the moment is just one shop catering for a very large area, as well as **the neighbouring village of Holmsveden with 924 people, located 10 km from Stråtjära.**

Ljusne: Is a village with 1871 inhabitants, located 14 km outside of the city centre of **Söderhamn**. There is one shop in the village with good variety of food supply. They offer postal service and banking service. There is also petrol station, restaurants and café available in the village. Here you also have health centre and pharmacy.



ii. Employment

Some statistics to start with:

In Trönö: 51 % of the population is between 20-65 years old, there are 45 work places available in the area.

In Bergvik: 53 % of the population is between 20-65 years old, there are 146 work places available in the area.

In Stråtjärä/Skog: 48 % of the population is between 20-65 years old, there are 36 work places available in the area.

In Holmsveden: 52 % of the population is between 20-65 years old, there are 33 work places available in the area.

In Ljusne: 50 % of the population is between 20-65 years old, there are 84 work places available in the area.

So what we can see from this is that we have approximately the same number of people in working age in every rural area and that the percentage is around 50%. The biggest difference lies in how many workplaces are available in each part of the municipality. The areas Trönö and Stråtjärä/Skog and Holmsveden are significantly smaller than Bergvik and Ljusne. This means that many of the inhabitants in these areas are supporting themselves elsewhere by daily or weekly travel to where the jobs are, mostly in the bigger cities or function as temporary labour.

That creates some challenges to the shopping patterns since many people are doing their shopping on the way home from work in the bigger shops rather than choosing the small shop “at home” with maybe a little smaller supply.

iii. Analysis of the retail offer (exploitation of survey to rural retailers and stakeholders' groups)

In the analysis of the retail offer 9 retailers have participated in the survey, three hostelry, five grocery stores with varied selection and one organic farm with a café and B&B.

Five male and three female have answered the survey and they are between 28-58 years old.

Field of activity:

- Fresh food; bakeries, butcher shops, fish shops, greengrocers. – 6 answers
- Non-perishable food; preserved food, groceries, long-lasting packaged food. – 5 answers
- Leisure; toys, books, press, presents. – 5 answers
- Hostelry; bars, restaurants and accommodations. – 3 answers

Sales method:

- Direct sale to the public – 8 answers
- Online sale – 1 answer
- Peddling - 1 answer

Business age:

- From 0 to 2 years – 1 answer
- From 3 to 5 years – 3 answer
- From 6 to 10 years – 1 answer
- From 11 to 15 years – 3 answers

Assess the current situation of your business:

- Good – 5 answers
- Regular – 3 answers
- Bad – 1 answer

What changes would you adopt to improve the current situation of your shop?

- 1. Increase the number of clients – 7 answers
- 2. Modernization: refurbishment and equipment – 6 answers
- 3. Increase the assortment – 5 answers

What is your confidence level regarding the future of your business in the next 5 years?

- Very optimistic – 3 answers
- Optimistic – 3 answers
- Cautious – 2 answers

How do you think the following aspects will influence the future of your business?

	Very positive	Positive	Indifferent	Negative	Very negative	Do not know, no answer
Digital client	2	1	5			
Electronic commerce and new technologies	2	1	5			
Regulation and legislation concerning retail			6	2		
New retail formats (malls, outlets, pop-up stores...)			6	2		
The economic situation			4	4		

The above scores what number of answers every choice got.

In case of negative answers, please justify your answer:

In our area a lot of people work in the city and do their purchases there.

A lot of rules for the restaurant industry

We would like to extend possibilities for online shopping in our store

People tend to eat out more when economy is stronger

More people need to do their shopping locally

Which are – in your opinion- your main competitors?

- 1. Other retail shops in my area – 7 answers
- 2. Specialized chain stores (national and international brands, franchises) – 2 answers
- Online commerce - 1

Since the retailers answering the survey are selling mainly groceries and food, the online commerce is not a particularly big threat to just this area of retail.

Which are – in your opinion- the main strengths why your clients buy in your shop?

- 1. Support to the local economy – 7 answer
- 2. Personalized attention – 5 answer
- 3. Professionalism, knowledge and advice – 4 answer
- 3. Loyalty and promotional cards – 4 answer
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Procedures to contact suppliers:

- 1. E-mail – 8 answer
- 2. Telephone – 7 answer
- 3. Internet – 7 answer
- 4. Salesman – 2 answer

Procedures to promote the business:

- Social networks and Internet – 8 answer
- Paper brochures in people's mailboxes – 5 answer
- Posters- 3 answers
- Media (paper press, digital press, radio, TV) – 1 answer

Are you using some means to promote your customers' loyalty?

- Loyalty cards – 7 answer
- Discounts and direct promotions addressed to the client – 7 answer

Which means are you using to analyse the results of promotions and loyalty campaigns?

- Sales and promotions statistics – 7 answer
- Big Data – 2 answer
- Satisfaction surveys addressed to the clients – 1 answer

Which is your online presence?

- Informative website and social networks – 7 answer
- Online store – 2 answer

Do you plan to enhance your online presence in the next 12 months?

- Yes – 3 answer
- Probably – 5 answer

Which are the main obstacles you find to enhance the online presence of your business?

- Necessary time – 4 answer
- I find no obstacle – 4 answer
- Necessary knowledge of the online channel – 2 answer

What kind of initiatives do you consider necessary to improve local retail in your area?

- Improvement of the relation with other sectors (leisure, tourism, hospitality...) – 6 answer
- Provision of financing facilities – 6 answer
- Modernization of the shop – 5 answer
- Actions to improve the prestige of local retail and the awareness raising of the inhabitants – 4 answer
- Promotion of the village itself – 4 answer
- Direct grants – 3 answer
- Improvement of associations with other retail businesses – 3 answer
- Improvement of the urban environment (sidewalks, illumination...) – 3 answer
- Promotion campaigns – 2 answer
- Organization of Fairs – 1 answer

iv. Analysis of the retail demand (exploitation of survey to inhabitants-consumers)

We had 43 persons from various parts of the municipality answering the survey. It has been quite a struggle to get a sufficient number of surveys back, but this gives a small idea over what it looks like.

The people who responded were mainly from the older generation.

Between 63 -80 years of age we got 27 answers and between 30-63 years of age we got 15 answers.

Annual income between Euro15 001 - 30 000 and Euro 30 000 – 60 000 we got 15 answers.

Second group was Euro 60 000 – 90 000 with 8 answers, the rest split between the other groups.

When we analyze where the customer chooses to go for their different purchases we can see the following patterns in the graph below numbered with 1 as first choice and so on:

	Shops in my area	Shops in the capital city of the county (or similar)	Shops in the capital city of the province (or similar)	Mall	Online commerce
Food	1	2			3
Clothes, shoes and accessories		1	2		3
Aesthetics, health and personal care	2	1		3	3

Furniture, home appliances and decoration		1	2	3	4
Computing, telephony and electronics		1	2	4	3
Books, stationery and reprography	4	1	3	4	2
Cleaning services, dry cleaner and arrangements	2	1		3	
Leisure and travels		2	3		1
Gifts and toys	4	1	3		2

What we can see from this is that the customers' first choice is to purchase the food in the shop close to home, otherwise most of the shopping is done in shops in the capital city of the county or in the province, the third choice is online in most cases.

When buying outside your place of residence, which is the aspects you value the most?

- 1. Personalized attention – 23 answers
- 2. Proximity, accessibility and few time invested in the process – 20 answers
- 3. Quality and confidence in the product – 17 answers
- 4. Possibility of having access to different shops – 16 answers
- 5. Relation quality/price – 14 answers
- 6. Professionalism, experience and advice – 13 answers

Personalized attention was the biggest request from the group but also proximity and quality is very important for the customer.

Which of the following aspects would encourage you to buy more often in the local shops?

- 1. Improvement of the prices and the payment facilities – 21 answers
- 2. Improved adaptation of the products to the things that I like – 17 answers
- 3. Modernization of shops and showcases – 6 answers
- 3. Improved loyalty and personalization procedures - 6 answers
- 4. Improved easiness to purchase and online and mobile attention – 5 answers
- 4. Flexibility of opening and closing hours and business calendar – 5 answers
- 4. Improved social commitment – 5 answers

Most important is prices and payment facilities but also the assortment.

What kind of local shops would you promote in your area?

- 1. Food shops – 31 answers
- 2. Clothes, shoes and accessories – 12 answers
- 3. Gifts and toys – 6 answers
- 4. Aesthetics, health and personal care – 5 answers
- 5. Computing, telephony and electronics – 4 answers
- 5. Bookstore, stationery and reprography-4 answers

The customer requests more food stores and clothes, shoes and accessories.

How often do you travel outside your municipality to buy non-daily consumption goods?

- **1. Sporadically - 23 answers**
- **2. 3-4 times a year – 7 answers**
- **3. Monthly – 4 answers**

The travel patterns for shopping outside the municipality is sporadically to 3-4 times a year.

Where do you usually travel to buy outside your municipality?

1. Gävle
2. Bollnäs
3. Hudiksvall eller Sundsvall

Which of the following situations do you identify more with?

- **1. I usually inform myself and buy in physical shops – 25 answer**
- **2. I usually inform myself in Internet but I buy in physical shops – 7 answer**
- **3. I usually inform myself and buy online – 6 answer**

Most of the customers are using physical shops and second choice is online.

In the next 12 months, which is your intention to buy online?

- **1. Maintain my present consumption level – 28 answers**
- **2. Do not know, no answer- 13 answer**

None of the customers have intention to increase their online shopping habits.

Which are the factors why you choose to buy online?

- **1. Availability of products difficult to reach in proximity shops – 26 answers**
- **2. Easiness in the process of purchasing – 15 answers**
- **3. Price and promotions – 14 answers**

Availability, that it's easy accessible and price is the main factors for online shopping.

In general, which is your type of favourite online commercial space?

- **1. Specialized marketplace (Privalia, Pixmania...) – 14 answers**
- **2. Online store of shops – 10 answers**
- **3. Generalist marketplace (Amazon, Ebay, Alibaba...) – 5 answers**

You can see that you choose the online option for goods that is specialized and hard to get in the close areas.

Have you bought online to shops in your area during the last year?

- **1. Never – 28 answers**
- **2. Sometimes – 13 answers**
- **3. Many times – 1 answer**
-

You choose to use the physical store more often if they are available.

Do you follow shops from your area in the social networks?

- 1. None – 26 answer
- 2. Some – 13 answer
- 3. Several – 2 answer
-

I believe we got this result on this question due to that it is a quite high average age of the customers who filled in the survey. If it would have been younger customers I think the answer would have looked a lot different.

**Have you purchased or sold (or have the intention to) second hand products online?
(Ebay, Wallapop, Vibbo, Cash Converters...)**

- **1. No – 30 answer**
- **2. Both – 10 answer**
- **3. Purchase – 2 answer**

IV. RURAL DEVELOPMENT POLICIES (PLANS & PROGRAMMES) IN FORCE IN THE TERRITORY

Region Gävleborg – Regional Authority, Business Development Department

Regional Development Strategy for Gävleborg -

The regional development strategy is a regional steering document that guides Gävleborg's regional development work. The strategy describes and maps out the priorities and efforts to be made in cooperation with other partners. The local and regional conditions provide an important basis for the work, which is coordinated with the national goals for development politics; the EU's general strategy for development and growth EU-2020 strategy. The regional development strategy is therefore the regional link between the local and national level as well as a link to the goals and strategies of the European Union. This means that the regional development efforts and resources are governed by the prioritized areas.. The strategy is also the basis for priorities within the Northern Mid Sweden Structural Funds Partnership.

Strengthening Regional Service Development – Gives grants to SME´s in the service sector that are located in the rural areas to secure that basic service is available. This is for SME´s located in particular vulnerable areas.

Länsstyrelsen Gävleborg – County Administrative Board

Investing in Commercial Service – Grants for investments for rural SME´s to preserve, develop and secure that local service is available. Priorities are rural grocery stores, petrol stations and create possibilities for banking services.

For developing rural job opportunities- Grants for rural businesses to expand and extend their business so it will create new job opportunities and possibilities to employ more staff. It can be for example building or extending with more services or getting new equipment that creates new lines of work within the company.

Tillväxtverket – Swedish Agency for Economic and Regional Growth

Grants for home delivery – A grant given to rural grocery stores that can provide home delivery of food to their customers. An option can also be to arrange shopping trips where the store provides transportation to and from the shop.

Grants for supporting the overall rural business - This grant is given to grocery stores in particularly difficult locations and where it is more than 10 km to the next store. It needs to provide good opening hours and be open all year around. The sales of groceries cannot exceed SEK 11 million to be able to receive this grant.

Municipality of Söderhamn

Service Points - The municipality of Söderhamn decided during 2018 to establish Service Points in the rural areas of the municipality. There will be a total of six points in different rural locations and this will be incorporated in the Service Plan.

The Service Points will mostly be incorporated in already existing businesses, like grocery stores, gasoline stations or similar. The main focus is that they function as a hub for various kind of service and functions as the natural meeting point in the village. The municipality decides in which area these points will be established and it opens up possibilities for the rural retailers to offer a bigger variety of services.

A wider spread of service will increase the possibility that the local customer will use the local store instead of shopping elsewhere.

The first Service Point in the municipality opened up during the end of November 2018, located in the local shop in the village of Stråtjärä.

V. SWOT ANALYSIS OF THE RURAL ENVIRONMENT STUDIED

Strengths:

Strengths are that the rural businesses in most of the areas have a lot of involvement and dedication from the local community. They are willing to help and support to do what they can to keep the service and hopefully create opportunities to expand. They also tend to choose the local shop as first choice if they can provide what the customer are looking for.

Weaknesses:

The number of inhabitants in the area is often too small to make the rural business profitable enough to survive. It makes it hard for a store to keep a good supply of groceries, especially fresh goods. Customers want big offerings to choose from.

Opportunities:

Find new ways to expand the businesses with more services that can generate more income. Be better at trying and applying for the grants available which could generate possibilities to grow the business.

Threats:

Online shopping, people doing their purchases in the bigger cities around, new shopping patterns emerging, customers want big offerings to choose from.

VI. CONCLUSIONS

The overall conclusion over the situation in the rural areas of the municipality of Söderhamn is that we need to provide all the support possible to the SME's providing the services in the rural areas.

If we give them the right tools and help, there will be a good possibility for them to extend their level of service and expand their businesses.

If the small businesses can grow and develop they are also most likely being able to employ more staff.

The number of inhabitants in the rural areas is in desperate need to increase. If they do this would give the SME's the necessary customer basis needed to exist and the more service available the more likely it is for people to move to the area.

We also should try to use their strong local anchor to the local public and really appreciate the work that is done in from the inhabitants in the villages.

See this as the tremendous resource it really is, and also see how to be able to develop this further.

As we can see from the survey, the people are likely to choose their local shop, if what they are looking for is available. This is of course a bit of a dilemma since the smaller store often having difficulties to provide a big variation.

The local shop is also a very important meeting point for the inhabitants in the rural areas. This means that it is also filling a big social function in the community and the consequences can be quite dramatic if it disappears.

It should be possible to access basic needs and services in every part of the municipality making it more attractive to move to these areas.