



# RETAIL SECTOR SKILLS ALLIANCE. FUTURE RETAIL MANAGERS FOR EFFICIENT AND FLEXICURE SMES

## **GUIDELINES FOR RESEARCH AND REPORTING**

These guidelines summarise the approaches and main tools for the research in the different partner countries.



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## 1. Initial situation - identifying the problems and needs of the research

The distributive trade sector, consisting of retail and wholesale services represents one of the largest trade areas of the European Union with 11% of its total GDP. Furthermore this sector corresponds to 29% of all European companies as well as 15% of the total European employment.<sup>1</sup> While being one of the most important trade areas in Europe the retail sector is challenged by numerous problems and developments e.g. debt crises, high unemployment rates, low wage growth, restructuring processes, globalization, internationalization and many more. This results in a lower confidence for both, consumers and retailers.

These research guidelines will first give a brief insight in current statistics to show developments in the retail sector in order to identify the problems. Afterwards the scope of the research will be defined in relation to the tasks of the project. The methodology will be explained in chapter 3. Chapter 4 and 5 treat of the foreseen desk and field research in details, mention the areas of research as well as templates and formats for reporting.

### 1.1 Historical development

Retail in Europe is characterized by continues change over the past 70 years. This change can be summarized in three major phases.<sup>2</sup>

- The first phase occurring during the years after World War II was marked by the construction of the organisational and physical structure of retailing. City and town centres all over Europe were reconstructed. In Western Europe American ideas influenced managerial developments (e.g. the introduction of self service markets).<sup>3</sup>
- The second The phase is represented by the development of a common market and subsequently into a more and more integrated EU. Furthermore a growing acceptance towards marketing took place. The first hyper markets and superstores were developed in this phase.
- The still ongoing third phase is a phase characterized by re-structuring of retailing with new roles and function in the sector emerging. Information and communication technologies are rapidly developing, while the convergence of these technologies becomes more and more important for retailing. Furthermore the sector is influenced by other applications of technology, new materials and an ever growing internationalization.

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<sup>1</sup>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions  
Setting up a European Retail Action Plan

<sup>2</sup> Dawson, John, The evolution and future structure of retailing in Europe, 1999

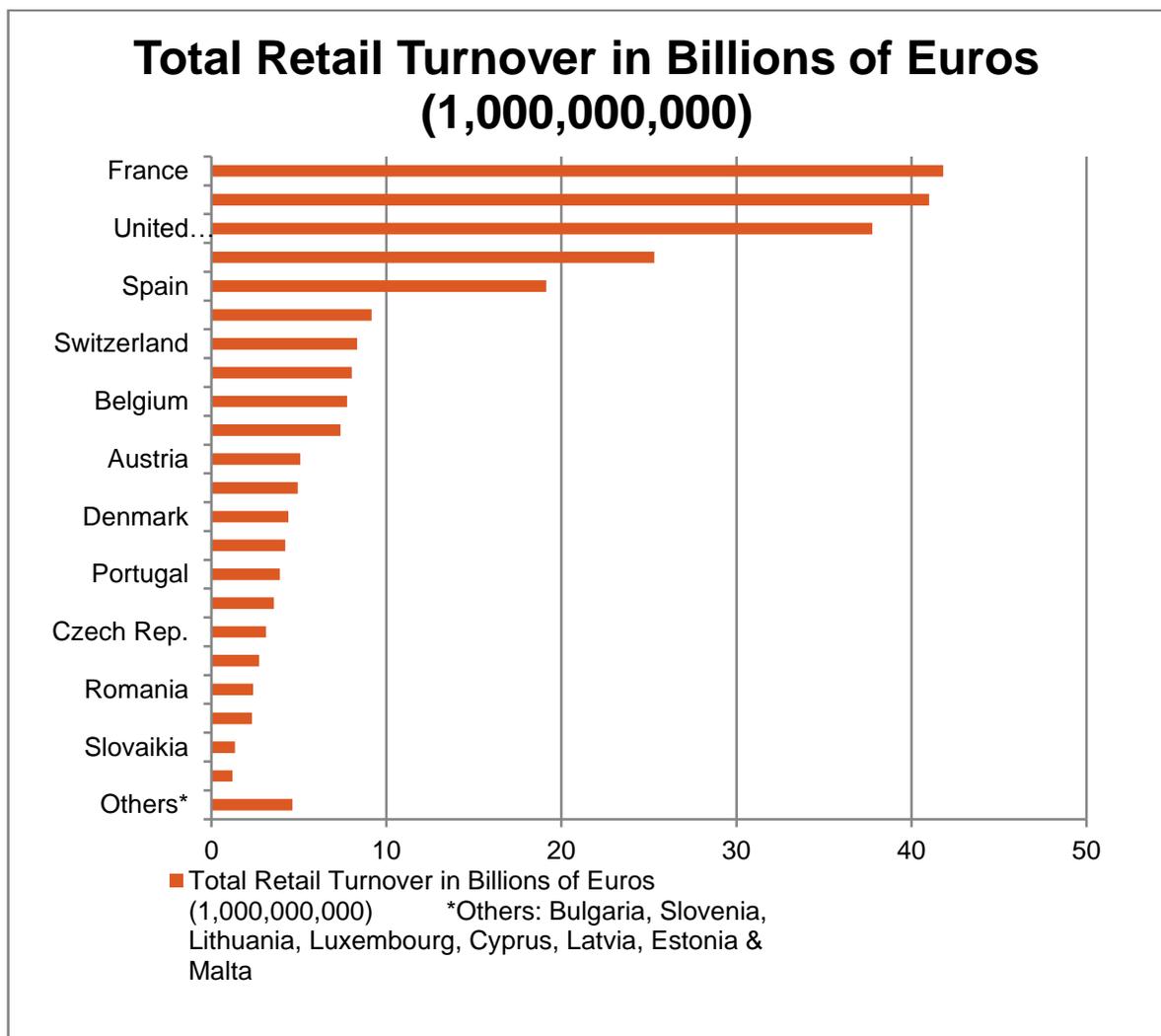
<sup>3</sup> Retailing in the 21st century, Current and future trends, 2nd edition, 2010, p. 64

## 1.1 Developments and facts in the retail trade sector in Europe

The following figures and statistics basically show the situation and the developments of the retail trade sector within the European Union for the year 2012 in order to get a general overview over the retail sector as a whole.

### a) Total retail turnover

The total retail turnover is growing, the EU-27 generated an retail turnover over of approximately 2,35 trillion Euro in 2012. Still the growth has slackened despite this positive trend. Due to the effect of crises there are alarming decreases in the retail turnover compared to 2011 for Greece (-11,8 %), Portugal (- 5,6 %), Spain (- 4,4%) as well as for Slovenia, Italy and The Netherlands.<sup>4</sup>

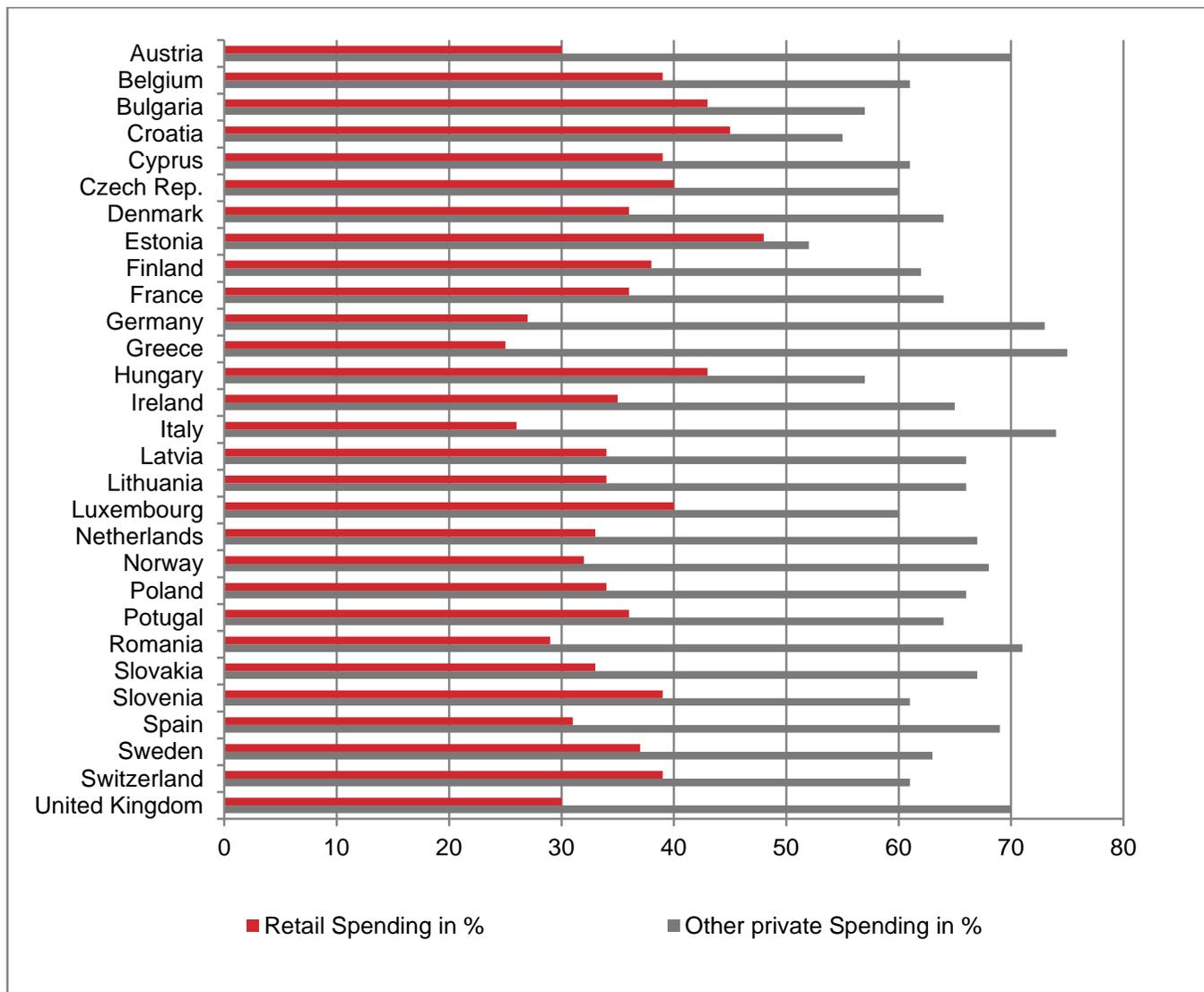


<sup>4</sup> GfK Geomarketing, Key European Retail Data 2012 Review and 2013 Forecast

## b) Purchasing power

The purchasing power within the EU-27 displayed a growth of 0,9 % to 7,56 trillion Euro. This figure corresponds to a per-capita purchasing power of 15.103 Euro. These figures are the equivalent to the disposable income available to the population. Therefore these numbers can vary greatly due to e.g. national and regional differences, exchange rates and inflation. While most nations and regions in middle, western and northern Europe e.g. France, United Kingdom, Germany, Luxembourg, Ireland, Switzerland, Belgium, The Netherlands, Austria, Denmark, Sweden, Parts of Finland as well as the north of Italy are above the European average, the most regions in north-east, east, south-east, southern and south-west Europe are even behind the European average purchasing power.<sup>5</sup>

## c) Retail spending in comparison to other private spending



<sup>5</sup> GfK Geomarketing, Key European Retail Data 2012 Review and 2013 Forecast

#### **d) Retail sales productivity**

The retail sales productivity is an important indicator for assessing the potential for retail locations. It is based on the turnover per m<sup>2</sup> of sales area per year.

Just as in 2011, the countries with the highest retail sales productivity in 2012 are Luxembourg, Switzerland and the Scandinavian Countries (Norway – 7,832 € / m<sup>2</sup>; Luxembourg – 7,406 € / m<sup>2</sup>; Switzerland – 6,936 € / m<sup>2</sup>; Sweden – 6,411 € / m<sup>2</sup>; Finland – 6,246 € / m<sup>2</sup>; Denmark 5,630 € / m<sup>2</sup>). The lowest retail sales area productivity was could be recorded in Lithuania (2,399 € / m<sup>2</sup>), Latvia (2,344 € / m<sup>2</sup>), Hungary (2,335 € / m<sup>2</sup>), Bulgaria (2,313 € / m<sup>2</sup>) and Romania (1,814 € / m<sup>2</sup>).

#### **e) Retail growth**

The European average forecast for retail growth is estimated at 2 % between 2012 and 2016.<sup>6</sup> Of course there are different tendencies within Europe. A considerable growth in the sector can be seen in:

Belgium (2,00%)	Luxemburg (5,00%)
Estonia (9,00%)	Norway (5,26%)
Finland (3,50%)	Poland (4,73%)
Hungary (4,25%)	Romania (4,28%)
Latvia (6,12%)	Sweden (2,62%)
Lithuania (5,50%)	

There is just a slight growth in:

Austria (1,50%)	Ireland (1,00%)
France (1,00%)	Slovakia (1,50%)
Great Britain (1,81%)	

A stagnation of growth can be identified in:

Bulgaria (0,5%)	Germany (0,49%)
Denmark (0,28%)	Switzerland (0,18%)

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<sup>6</sup> European Retail Guide 2013

Even a decline of the sector is evident in:<sup>7</sup>

Cyprus (-4,50%)	Netherlands (-2,50%)
Czech Republic (-0,76%)	Portugal (-4,50 %)
Greece (-12,00%)	Slovenia (-3,00%)
Italy (-2,50%)	Spain (-5,5%)

Leaving aside the fact that the retail growth rate varies greatly in size, the retail sector remains one of the most important sectors in Europe. Still enormous differences are showing the need for a deeper investigation into national, regional and European factors influencing the retail sector to identify specific needs and problems in retailing as well as to find sufficient strategies to challenge them.

## 1.2 Main Problems and challenges

The main problems and challenges affecting the retail sector in Europe can be identified as:

- A growing influence of globalisation and internationalisation, which is leading to more competition on a global level. Retailers are competing on more markets and against more concurrence. To keep up with globalization and internationalisation it requires a better knowledge regarding languages, legal frames and international private and procedural law e.g. CISG, Brussels I Regulation, Rom I Regulation, as well as a better understanding of cultural differences and differences on trading practices.
- Developments in the retail trade sector are aiming towards more mass customisation and a better adaptation of lifestyle changes of the customers. The massive use of information and communication technologies for both, customers and companies, shows the need for more ICT and marketing knowledge for retailers. Furthermore a rising importance can be seen in lifestyle changes. Customers pay a growing attention towards ethical issues, quality, safety, environmental and health – related characteristics while purchasing goods. These upcoming developments also need a better knowledge on the part of retailers.
- The current development in the retail trade sector in Europe aims for a high labour flexibility while it is characterised as a low-pay sector. This leads to less attractive work conditions and in consequence to less motivated workers, less quality, unsatisfied

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<sup>7</sup>GfKGeomarketing, Key European Retail Data 2012 Review and 2013 Forecast

customers and decreasing sales and profits. This passive, numerical labour flexibility can be challenged by the concept of flexicurity as an active, functional labour flexibility.

## **2. Scope of tasks – aims of the research**

The above described developments and problems must be faced by proper measures. The objectives of the Retail sector Skills Alliance are a better anticipation of skill needs together with the reduction of labour market crises consequences within the European retail sector.

Therefore the proposed strategy is focusing at the enhancement of developing human capital in the EU retail sector, the improvement of flexicurity conditions and the image of the sector and the improvement of customer relation management as well as efficient strategies to face crises. Since the sector is dominated by micro enterprises and SMEs this will be achieved with the creation of a Future Retail Manager for flexicure and efficient SMEs (FURM).

### **2.1 Scope of project tasks**

The following tasks will be carried out:

- Development of sectoral methods for anticipation of skill needs
- Designing and implementation of specific initiatives that stimulate sector SMEs' incentives to invest in training and flexicurity
- Development of a new model of training provision, taking into account barriers existing among SMEs and micro enterprises
- Set up the EU curricula of the new professional figure of the FURM. Endowed with more advanced entrepreneurial and management skills
- Developing flexible devices for validation, transfer and recognition of learning outcomes, using ECVET principles
- Development of the Info Formative Toolkit for the new FURM – with a strong use of simulation and blended learning modalities
- Training of 120 Future Retail Mangers
- Set up of an European Peer Development Network for FURM

## 2.2 Aims of the research

In order to carry out the tasks mentioned above, an in depths look into many aspects of the retail sector on a regional, national and European level is required. From the collected data conclusions will be drawn on the skills and competences necessary for the Future Retail Manager.

The research aims on the following aspects on **regional, national** and **European** level for both: the **actual state** as well as the **development of the last ten years**.

- Economic situation
- Employment situation
- Purchasing power
- Demography
- Data on the retail sector including e.g. percentage of SMEs, number of employees in the sector
- Education and further education
- Good practice examples

Furthermore the partners involved will focus on different key information on a national level according to specific needs. In detail this means for the different countries:

- Spain: crisis related rational and conservative purchasing behaviour, possibility for small independent players to restructure their business strategy benefiting from synergies or mergers. Focus on small firms with less than 10 employees with low education level.
- Germany: Internet retailing as a consequence of the rapid development of technology and the fast pace of life of modern consumers, national enterprise-based training system. Focus on firms with 10 employees or more; part-time workers.
- France: Internet retailing as the best performing channel (due to consumers' needed to control their budgets and increasingly stressful lifestyles; healthier eating habits; monthly pay gap between men and women in the retail sector. Focus on firms with 10 employees or more which might have an international scope.
- Bulgaria: large modern shopping centres as very attractive locations; small independent retailers' difficulties to compete with their new multinational rivals; monthly pay gap between men and women. Focus on small firms with less than 10 employees.
- Italy: M-commerce as increasingly important in Italy; consumers' habits shifting towards day-to-day shopping (more control over expenditures and reduction of the shopping baskets), hardest

hit areas of specialist retailers (variety stores, department stores, media products, furniture and furnishings retailers, stationers/office supply and jewellers). Focus on small firms with less than 10 employees with low education level.

- Norway: consumers' habit to purchase non-essential items (that were postponed during the period of economic uncertainty); non-store retailing outperforming store-based retailing, led by internet retailing.

### **3. Methodological approach**

After specifying the problems in the retail sector and the aims of the research the collection of relevant data is in the focus. The data comes from two sources, secondary and primary.

#### **3.1 Desk research**

Data that is already available to the researcher is classified as secondary data. It results from a desk research based on different sources. European, state and also local governments provide a great deal of secondary information that researchers can use to find out about business conditions. Besides, material is available from trade associations, private research organisations and Universities.

Data will be gathered about the following issues:

- Location: information about population, economic situation, labour market situation, purchasing power, infrastructure, demographics etc. in order to get results about chances and risks of retail establishments in certain locations (national and local).
- Retail trade data: information about types of retail, range of goods, turnover, employees etc. in order to draw conclusions about the role of the retail sector and the relationship of trading firms in the own and towards other sectors.
- Human resources, education and training: data about the situation, initial and further education in order to get information about the preparation of retail managers towards challenges
  - Marketing and measures in the economic crisis: information about forms of marketing, money invested and other reaction in order to manage the business in situations of change or crisis
  - National view on different issues as defined above

In chapter 5 templates for the data collection and reporting are given.

### **3.2 Field study**

In order to clearly understand the real problems and support needs of European SME's only secondary data won't bring the necessary information but primary data are needed. Primary data are the data that must be obtained firsthand through original research with retail managers, vendors, market specialists or also customers through questionnaires, focus groups, and observations. The project will use questionnaires as well as focus groups to gather information.

Questionnaires may be distributed through mail, online programmes or filled out by surveyors in phone or personal interviews. All distribution forms have advantages and disadvantages and it depends on such factors as the trading area to be examined, the size of the research team available for gathering the information, specific demographics, finances, and the time allocated which type is used. The project foresees an online questionnaire with the tool Survey Monkey.

In addition a focus group meeting should be organized in all partner countries. Focus groups are a common and very practical form of qualitative research methods, providing in-depth information regarding a particular problem or issue by using group dynamics. Gathered for one session during the research period, retail managers will discuss specific problems, good practices and support needs. Extremely important to the success of the focus group research is the selection of the moderator who guides the conversation and elicits interaction among the group to generate information.

### **3.3 Data analysis and reporting**

The data gathered by the project partners will be collected and forwarded to the WP leader in given formats for desk and field research (see templates in chapter 4 and 5). They will be analysed and used for the two reports foreseen:

#### **a) Anticipating skills in retail trade**

A report containing:

- A description of the new skills needed by Future Retail Managers
- References to main sectoral observatories/ associations at different national levels and at European level and a list of contact person (20-30 in total)
- Main 10 evidence based advantages deriving from managing SMEs in a knowledge intensive and flexicure way
- Most effective 4 learning methods and forms supporting decentralised, self-directed and efficient learning more independently in time and space

- A questionnaire for sectoral SMEs in order to identify main needs and kind of support needed in order to become “efficient and flexicure”

b) A strategy for future knowledge intensive and flexicure retail SMEs

A report deriving from the collation of results obtained at the different national levels.

Description of the profile of the new Retail manager, analysed in the view of opportunities and constraints characterising the European retail sector.

A compendia illustrating the main tasks/competencies needed by Retail managers in order to:

- 1) quickly pick up new trends, explore new markets and channels, invest in customer relations,
- 2) providing attractive working conditions as well as learnconducive and flexicure environments;
- 3) organise the retail process to better manage mass customisation and lifestyle changes; main barriers/incentives met by companies in introducing innovative learning methods within the retail sector; main evidence based advantages of managing SMEs in a knowledge intensive and flexicure way; possible incentives that could motivate companies to invest in training.

#### 4. Desk research

The desk research focusses on gathering and analyzing information which is already available in print or published on the internet. The aim of the desk research is to get information about:

- Main European sectoral reports of the new skills for the future
- Main international observatories/associations monitoring sectoral skills development and anticipating skills needs
- Different learning media, learning methods and forms supporting decentralised, self-directed and efficient learning more independently in time and space
- Main evidence based advantages of managing SMEs in a knowledge intensive and flexicure way

##### 4.1 Possible Sources

Souces to gather relevant data are for example:

- European Commission, e.g. studies by the Executive Agency for Health and Consumers, Eurostat or [http://ec.europa.eu/internal\\_market/retail/index\\_en.htm](http://ec.europa.eu/internal_market/retail/index_en.htm)
- Governmental Agencies at different levels that provide periodic studies of the general population, employment statistics, cost-of-living adjustment and businesses as well as business conditions

- Trade Associations at international, european or national level: e.g. the National Retail Federation (NRF) [www.nrf.com](http://www.nrf.com), the retail world's largest association, provides a wealth of information on every conceivable area that affects retailers and their operational needs.
- Private Research Organisations
- Universities

#### 4.2 Areas of desk research

In order to allow the creation of a comparative report on the retail sector in Europe as basis for the Future Retail Manager profile, three main areas of interest have been defined: Background information about the economic situation of the participating countries, retail specific information as well as human resources, education and training in the sector. In addition country specific areas about national trends will be treated.

The common questions are:

- 1) Background information, for the following questions please provide the most recent number as well as a comparison for a period of 10 years, e.g. population in 2013: 45 Million, in 2003: 42 Million. Specify if there were any noteworthy developments or issues.
  - a. What is the population in your country? Please state the total number as well as the number according to age ranges.
  - b. Please indicate the working-age population?
  - c. How is the current unemployment rate in your country?
  - d. Please indicate the purchasing power in your country?
  - e. What is the share of purchasing power which flows into retail?
- 2) Information about the retail sector, for the following questions please provide the most recent number as well as a comparison for a period of 10 years, e.g. 2013 and 2003
  - a. How many companies are registered in the retail sector?
  - b. What is the turnover in the retail sector in comparison to other economic fields?
  - c. What is the turnover in internet retailing (current and development, 10 years)?
  - d. What are the dominant types of retails as well as their share?
    - i. Store retailing: department store, discount store, warehouse, Mom-and-Pop, specialty stores...
    - ii. Non-store retailing / electronic retailing
  - e. Types by products: Please specify the number according to the categories of goods?
  - f. Who are the main retail players (companies) in your country and what are their shares?

- g. Are there measurable effects of the economic crisis on the retail sector in your country?
- h. Were there any recent changes, including fiscal or political, takeover activity and new corporate entries, that have influenced the retail sector?
- i. How much money is spent for marketing and commercials?
- j. What are the main marketing measures of retailers in your country?
- k. Please describe one good practice example of a sustainable retailer including the measures taken against possible effects of the economic crisis or other crucial changes.

3) Human resources, education and training in the retail sector

- a. How many persons are employed in the retail sector in your country?
  - i. Fully employed
  - ii. Part-time
- b. What is their level of qualification?
  - i. Respective vocational education
  - ii. Retraining
  - iii. No concrete training / alternate entry
- c. What are the average salaries in the retail sector (please also specify any gender gaps)?
- d. How many people are in
  - i. Initial vocational education
  - ii. Further education?
- e. Please describe the initial vocational education for staff in the retail sector (what are the professional profiles, duration of the VET, content, practical experiences during the VET)
- f. What types of further education exist?
- g. Please describe three different learning media, learning methods and forms for the retail sector.
- h. Please describe one good practice example for further education in your country

The project application foresees further partner specific research areas. Therefore the partners are kindly asked to answer in addition the questions below. Please make sure that all statements are traceable and can be proved with relevant statistics.

Spain	<ul style="list-style-type: none"> <li>• Which are measurable effects of the crisis in relation to the purchasing behavior?</li> </ul>
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	<ul style="list-style-type: none"> <li>Please give at least one positive example of a small independent retail company (max. 10 employees) that restructured the the business strategy successfully.</li> </ul>
Germany	Please describe the situation in online retail in Germany as well as current trends (What products are selling best over the internet? What is the average annual online spend per shopper? Consequences on Which education possibilities do exist?
France	Please describe the situation in online retail in France as well as current trends (What products are selling best over the internet? What is the average annual online spend per shopper? How is the employment structure in online retail? Focus on firms with 10 employees or more which might have an international scope.
Bulgaria	Please describe the development of retail parks and malls as well as large shopping centers the past 10 years (How many shopping malls were opened, are there numbers on the consequences for small firms, what was the effect of the crisis on them and their small competitors)
Italy	Please describe the situation in online retail in Italy with focus on mobile commerce (Market share and growth, usage of retail apps and sites, acceptance electronic payments) and the consequences for specialist retailers (variety stores, department stores, media products, furniture and furnishings retailers, stationers/office supply and jewellers). Focus on small firms with less than 10 employees with low education level.
Norway	Please describe the situation in online retail in Norway as well as current trends and consequences on store retailing.  Please describe the consumers' habit to purchase non-essential items (that were postponed during the period of economic uncertainty).

## 5. Field research

While the desk research aimed at gathering background information, the field research asks more concretely about current problems, possible solutions and also the relationship between a company's efficiency goals and its deployment of staff. According to the application, the field research should give input on the following aspects:

- Main problems faced by SMEs in:
  - adapting to changing environments
  - balancing flexible working needs and security in employment
  - managing mass customisation and lifestyle changes; as well as main support needed

- Main barriers/incentives met by companies in introducing innovative learning methods within the retail sector
- Main evidence based advantages of managing SMEs in a knowledge intensive and flexicure way

As written above the field study will be carried out by an online questionnaire with representatives of 100 European SMEs/micro enterprises belonging to retail sector. In addition a focus group meeting is proposed in order to clarify open questions.

As defined in the application and the schedule for WP2 “Needs and constraints in the sector” the questionnaire will be designed after the desk research.

Questions are concerning e.g.:

- Changing environments (Did the business change its innovation behaviour as a consequence of the economic crisis? How, if at all, have businesses used e-commerce to meet the challenges of the recession? Observation of and reaction to lifestyle changes of the customers)
- Occupation & Staff (Changes according to number of staff and working time)
- Staff training (How many staff have had training in the last 12 months? Who has had training? What types of training and what topics? Impact of the training. What is the most effective training? Etc.)

## 6. Timeline & deadlines

The WP2 contains of the following working phases:

Work phase	Deadline
Definition of the research guidelines	11.04.2014
Desk Research implementation	16.05.2014
Definition of the field survey questionnaire contents	06.06.2014
Desk research reporting	06.06.2014
Field survey among 100 European SMEs/micro enterprises belonging to retail sector	25.07.2014
Definition of the comparative research report in EN, stressing the main elements to be considered in the planning of the Project products	29.08.2014

## ANNEX

### How to cite sources and statistics

Citing, or referencing, is important for several reasons, including acknowledging that one has used the ideas, words or data of others and giving data a certain relevance. Accurately citing sources and statistics used also allows others to find and use the original information. In order to allow the WP leader to compile the reports a common system for citing is proposed that uses in-text references and a reference list or bibliography at the end of the partner contribution giving additional details to help the WP leader and finally the reader to locate sources.

Elements to include are:

- Author/Source
- Year of publication/issue. If there are other date details (e.g. month), place this after the Place of publication.
- Full title in italics
- Page
- Title of series, number in series (if applicable)
- Publisher
- Place of publication
- Other date details (if applicable)
- Include the page numbers being referenced unless the publication is being used generally rather than specifically. If a page is being directly referenced in the text, include the page number/s in the in-text reference

Example:

In-text:

(Northwood, Rawnsley & Chen 2001, page 10)

In reference list/bibliography:

Northwood, K, Rawnsley, T & Chen, L 2002, Experimental estimates of the distribution of household wealth, Australia, 1994-2000, Working papers in econometrics and applied statistics, no. 2002/1, Australian Bureau of Statistics, Canberra.

In case that there is no individual author:

European Commission. 2004. First report on the implementation of the internal market strategy 2003-2006. Luxembourg: Office for Official Publications of the European Communities.

In case of **individual chapters** mention the author of the chapter, date of publication, title or number of the chapter, and afterwards “in” followed by the editor of the publication, its title and publisher as above.

For **tables** please mention:

- Author/Source of data
- Year of publication/issue. If there are other date details (e.g. month), place this after the Place of publication.
- ‘Main heading: secondary heading of table’ (enclosed in single quotation marks)
- Format of item: table (if it does not appear in the heading)
- Title of publication in italics
- Publisher
- Place of publication
- Other date details (if applicable)
- Page/s (if applicable)

Referencing a **web source** can be difficult. If no author is given, web pages can be referenced by the organisation responsible or by the title instead. Ideally you should aim to include the following information:

- Author (if available) or Organisation
- Publication Date.
- Document title
- [online]
- Place: Publisher (if available). Available at:web address of document
- [Accessed: date you viewed the site]

Examples:

Office for National Statistics, 2011 Census: Digitised Boundary Data (England and Wales) [computer file]. UK Data Service Census Support. Downloaded from: <http://edina.ac.uk/census>

Thompson, B. 2006. Why the net should stay neutral [Online].

Available at: <http://news.bbc.co.uk/1/hi/technology/4594498>

[Accessed: 10 May 2007]