

**SMALL RETAILING, TOWN CENTRES AND INLAND TERRITORIES.
AN “EXTENDED TOWN CENTRE MANAGEMENT” PERSPECTIVE**

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Abstract

This paper aims to analyze the public policies that can be adopted in order to support small retail firms located in town centers and countryside small towns. The role of small retailing has been recognized for the preservation of an economic, social and cultural identity of both town centers and rural/mountain areas. The field of this analysis is more extended than that covered by the Town Centre Management (TCM) literature that is mainly focused on city centers. In this case the study is also addressed to smaller towns and inland areas. A case study of an Italian province has been conducted with the objective to underline the main factors that need to be considered by local administrators for the adoption of coordinated policies.

Keywords: *Town Center Management, small retailing, urban planning, rural development.*

JEL Classification: R58, L81, M38, O18

1. Introduction

This paper analyzes the role of small independent retailing facing the changing dynamics of the commercial distribution system in Italy. More broadly, the analysis will cover the relationship between urban settlements and new places of economic and social attraction (planned shopping centers), and the consequences that the increasing presence of modern retail structures can determine to the social tissue of both town centers and inland/rural areas.

The emergence of planned shopping centers is contributing to pauperize the social-economic structure, not only within town centers but

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also in more remote rural and mountain areas. In both cases the common influencing factor is the increased mobility of people that support the attractiveness of modern commercial and entertainment facilities, usually located in peripheral or suburban areas.

The analysis extends beyond the traditional field of studies on the relationship between traditional and modern retailing. In these studies a central role is assigned to the city, around which most of the changes are taking place. This work seeks to identify, according to the different assets of economic and housing settlements in the territory, what are the conditions to counter the threat of loss of economic and commercial activities at the local level.

The theoretical references for the analysis are related to two main areas: the first is on the characteristics and role of small retailing, and in particular the social and economic effects at a local community level of the presence of small independent retail businesses. The role of small retailing is also considered in front of the modernization process of the distribution system.

The second area refers to the Town Centre Management (TCM) and its related matters, particularly those regarding retail location planning, promotional activities and strengthening of attractiveness for residents, shoppers and a wide range of visitors for business, tourism and other activities.

At the empirical level the case of the Italian province of Pesaro and Urbino was analyzed, as an example of the methodologies that are being adopted by West-European local administrations in order to contrast an unbalanced urban development.

Evidences from the examined case have been compared with the main experiences of exploitation of urban, suburban and peripheral inland areas (included mountainous territories) that have been conducted both at national and international level.

Afterwards, some guidelines for public policy to support small retailing, as a factor that contributes to the vitality of city centers and inland territories, have been outlined. These guidelines are mainly referred to: a Town Center Management calibrated on the characteristics of smaller towns; the development of associative organizations among smaller retailers to promote economies of scale and also for the development of assortments that are suitable to the needs of peripheral retail typologies; the

development of innovative retail formats that could favor a better market positioning of small retail businesses, complementary to large modern retail structures.

The main field on which the role of small retailing can be played is that of opening hours/days of retail outlets and the provision of services – that can be extended over the traditional field of trade services – in order to fulfill specific local needs, and at the same time to ensure the economic sustainability of the firms involved.

2. The characters of small and medium retail firms

While the literature on small manufacturing firms provides a wide framework to interpret their role and economic/market potential in different sectors and geographical contexts, in the case of retail firms most of the theoretical contributions tend to consider them as a secondary and not relevant subject. Indeed, the greater part of the studies about retailing is focused on large and modern distribution companies.

Several analyses on smaller retail firms tend to emphasize their condition of backwardness and marginality in an evolutionary framework characterized by a growing weight of modern retailing (which is implicitly associated with a large firm size).

However, some studies have offered interpretive models that outline the characteristics of small and medium-sized distribution firms and the role they play (Dawson, Kirby, 1979, Davies, Harris, 1990, Howe, 1992, Musso, 2007).

Moreover, economic and social influences at the local level have been analyzed as regards the presence of small independent retailing. Some key issues have been highlighted (Smith, Sparks, 2000):

- consumer supply of products goods and services;
- provision of diversity, “colour” and choice in the commercial offer;
- dynamism and local adaptation;
- feeding of economic activities related to the presence of retail firms (suppliers of products, services, capital goods);
- employment generation and maintenance.

The typical profile of the smaller distribution firm that the literature describes is that of a firm where ownership, management and

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entrepreneurship are all in the hands of the same person, that is also the main provider of work (Smith, Sparks, 2000).

For this type of firm the main objective is to maintain the market position and firm's size. Thus, the entrepreneur usually is not pursuing a growth, avoids risks and innovation, and organizes the firm by routine activities.

These characteristics identify those retail businesses known as "traditional", but it must be considered that many small retailers play an active role in the market, consistently with their small-business character. This is not in opposition to the concept of modern retailing, as they are willing to make investments for innovation and firm's growth.

In this regard, taking into account some key factors that identify retail firms, such as quality of ownership/management, company size and retail type (format and business model), four types of small retail firms can be classified (Zanderighi, 1990):

- *Small "refuge" firms*, operating with a small shop, not competitive in the market. They survive not necessarily for economic reasons, as the entrepreneur can have difficulties in finding alternative sources of income. The lack of generational change, the presence of barriers to exit the sector or the lack of job alternatives is usually the main reasons of the persistence of this type of firms.
- *Small "craft" firms*, which operate through a single store with the prevalent use of the entrepreneur labor. Firm performance is closely dependent on the skills with which the sales function is carried, and on the ability to differentiate the assortment and the service offered.
- *Small "entrepreneurial" businesses*, characterized by a small to medium sales area with a prevailing use of employed work. Management criteria are more advanced, with the entrepreneur playing a coordinating role.
- *Medium-sized enterprises*, which operate through multiple outlets with a common format, and that, are well placed in a competitive local context. Management methods tend to be similar to those of major companies, but they don't reach the same scale dimension to achieve the corresponding economies (especially in the functions of supplying and marketing).

The analysis on small and medium-sized retail firms should be conducted taking into account all their distinguishing features, not only

with reference to the “traditional” retail firms, according to an approach that can overcome the contraposition to large firms. Indeed, a modern distribution system can also include small firms that play a complementary role along with large retailers.

3. Key issues for a small retailing role in a modern distribution system

In addition to the “subjective” characters of small retail firms that have been seen in the previous section, also the characters derived from objective conditions should be considered. Such objective characters, however, are often consequential of specific management decisions. Among these characters three of them can be identified, that are of greater importance as they are critical to firm adaptation to market changes. They are: *firm size*, the belonging to *strategic groups*, and *location* (Musso, 2005).

About *firm size*, it was emphasized that it represents a serious factor of weakness, especially below a minimum thresholds. The results usually recorded by smaller firms are always lower than those of large retailers, and the smaller is the size, the greater is the difference in results compared to large businesses.

It is among micro-firms that a position of marginality prevails. This criticism increases if, in addition to a lack of management capabilities, difficulties in the following fields arise:

- setting competitive assortments (in terms of price, uniqueness, or specialization),
- problems in coping with the extended opening hours/days, or
- financial difficulties.

With reference to the belonging to *strategic groups* in various forms of association (buying groups, cooperatives, voluntary chains) or affiliation (franchising and other contractual agreement which allow a high degree of vertical relational integration), they can be considered as the best response in the competition with large multiple retailers. This is especially true if the benefits of centralized supplying activities are combined with centralized marketing and service policies.

Finally, as regards the *location*, it represents a factor whose importance is growing, especially in relation to two orders of phenomena. On the one hand, there is the increased information capacity (i.e. selective)

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and mobility of consumers. This is altering the traditional priority of proximity locations or of socialization places (city and town centers) in the choice of point of sales. On the other, there are changes in the forms of social interaction and leisure that are influencing consumers' buying behavior in favor of new places of attraction that is not only for shopping but also for entertainment.

The result is that differences between the various locations are marked, with businesses located in the most attractive ones (mainly the malls and planned shopping centers) that are facilitated by increasing inflows, thanks also to coordinated specific initiatives to draw customers.

This brings to a problematic condition of retail firms inside the city and town centers. Town centers can be considered as "natural" shopping centers, but in Italy they fail to fully exploit their potential because of a usability that is only apparently on a human scale: the pedestrian areas are not supported by adequate parking and public transport systems; access conditions are disadvantaged compared to shopping centers; there is a lack of planning on the presence of trade activities; there is a lack of initiatives for attraction and animation. All these factors contribute to weaken the ability to draw consumers.

In addition to the three objective characters above, in the light of which the competitive weakness of a number of smaller retail firms must be interpreted, a fourth factor can be added, that is more directly linked to the strategies adopted. It is the *retail type positioning*, i.e. the combination of structural features, assortments - both quantitative (width, depth and breadth) and qualitative (quality, uniqueness/exclusiveness, brands) - and mix of services. The positioning determines the identity of each company in relation to its target market.

Undoubtedly, the ability to identify a correct positioning can significantly reduce the objective limits beyond which a small firm can suffer. However, it is necessary that the corresponding choices are accompanied by marketing tools consistent with them. In this regard, it should be noted as many difficulties are due to the inability to link all aspects of management with the strategies adopted. It is a problem of management culture that has no easy solution because small entrepreneurs tend not to prioritize the training of human resources, included themselves.

4. Criticisms of urban retail locations: the Town Centre Management perspective

Among the critical variables that determine the role and competitiveness of small retail firms there is the context in which they operate. This factor has a strong influence on their potential, as well as the mechanisms of attraction on the final demand resulting from the combination of urban, infrastructural, demographic, social, and cultural conditions in a particular area.

Until a few decades ago, the location of trade activities always developed alongside the urban agglomerations, becoming at the same time a factor of attraction and growth. This condition has changed due to increased mobility of consumers and the simultaneous development of modern distribution. With this gradual change, and with the emergence of large stores and out of town shopping centers, a separation between civic and commercial contexts occurred.

In addition to such phenomena, changes in social habits of consumers, that are common to all the most advanced societies, emerged. One of the most relevant changes is the different role assigned to leisure. This favored, in terms of attractiveness, those centers that could offer entertainment facilities together with the shopping structures, as is typically the case of shopping centers containing - or having by side - various leisure activities and restaurants, such as gaming and bingo, bars and coffee shops, beauty services, and multiplex.

Such kind of retail/entertainment offer, that is usually well planned and coordinated, is not easily reproducible inside urban centers due to lack of structural conditions and constraints to accessibility. Moreover, for urban centers a centralized planning of a balanced mix of various economic activities is not possible.

In addition to "structural" issues, town centers suffer from "functional" problems related to the coordination of initiatives and policies to draw the final demand. The spontaneity that historically characterized the development of economic activities inside urban centers tends to be replaced by the planning (of facilities, activities and services) of business activities. This substitution is possible within areas that are specifically (and artificially) organized, where economic activities can be selected according

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to criteria of variety and consistency and with respect to which promotional policies can be better adopted.

Facing this condition town centers need to respond with adequate tools in order to remove their deficiencies and claim a pivotal position, not only for trade activities but also for the social, civic and cultural life.

Thus, the localization problem arises in terms of need for coordination that can be pursued by the adoption of government models that could combine, on a territorial basis, the ability to create value for the individual subjects with that of the whole network/area where the subjects are inserted. However, if in the case of shopping malls the coordination is in prevalence at the economic level, for urban centers the economic perspective must be combined with that of town planning, culture and social relations. Undoubtedly coordination is more complex in the search of solutions aimed at reconciling different needs.

The rise of suburban commercial areas gives evidence of how spatial patterns of concentration go beyond the traditional one-dimensional axis center-periphery models, and evolve towards multi-dimensional, multi-center models (Pilotti, Zanderighi, 2003). This development is the result of the changing factors of attraction of trade areas, from the traditional ones (accessibility, mobility and those factors related to the satisfaction of buying needs of consumers) to new ones (social values, security, value of leisure, new forms of communication) less directly related to the purchase process.

The new commercial areas are advantaged by an "organizational surplus" (Pilotti, Zanderighi, 2003), which is also derived from the ability to search for coordinated solutions aimed at exploiting the latent potential of the subjects involved (Zaninotto, 1990).

To identify the guidelines for a reevaluation of the town centers role through the coordination of urban government policies, we must take into account some of the above-mentioned changes. This relates, at first, to urbanistic choices and to the retail offer planning. Moreover, also decisions related the exploitation of the urban context (security, lighting, cleaning, etc.) should be involved, as well as cultural and entertainment initiatives, promotional and marketing actions. All this is part of the issues related to the Town Centre Management (TCM) and closely connected to the marketing of the territory (Alzubaidi, Vignali, Davies, Schmidt, 1997; Bromley, Thomas, 1995; Cloar, Stabler, De Vito; 1990; Evans, 1997; Kemp,

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2000; Moulaert, Sekia, 2003; Tomalin, Pal, 1994; Warnaby, Alexander, Medway, 1998; Whysall, 1995).

The TCM is a theme rich in analyses and proposals, but actually few effective results can be observed in Italy.

The "return to the city" inevitably leads to reconsider the role of retailing and social activities when development policies for urban centers are adopted. Development projects need also to cover public spaces and transport networks, the creation of specialized professionals in the management of complex programs of commercial development and urban regeneration. This is what happens in almost all the most advanced European countries, starting from the nineties, most often with the support of EU funds.

All the context conditions that are difficult to reproduce in an artificial shopping mall, such as the pleasantness, the "naturalness" and the specificity (related to the local context) of places, and the ability to effectively integrate them into the social and economic tissue of the city center, can be factors of competitive advantage. This, however, requires a coordination of interventions and a wide overview of the requirements to be satisfied. Isolated and uncoordinated interventions are insufficient, as was the case for those regarding limitations on vehicular traffic in central areas without a coordinated parking and public transport system. This happened in most Italian experiences that caused a regression of businesses located in pedestrian zones, accompanied by a shift of customers to the suburban or out of town commercial areas.

Thus, the need is of a strategic level for decisions on all aspects of an urban center that can contribute to make it a "natural" shopping center. The intervention field is on the positioning of the retail and services offer through selection and guidance policies of the businesses involved. This can bring to consistency of strategic choices and coordination of initiatives, and also to a better integration with utility services and entertainment activities.

Looking at the example of what has been done in other European countries (Ashworth, Voogt, 1990; Bramezza, Van den Berg, Van der Meer, 1994; Aguiari, 1997; Camagni, Gibelli, 2001; Indicod, 2003), the models adopted highlight some key issues that seem to be particularly relevant, both because they emerge as efficiency factors, either because they can be used as references for the development of an Italian approach to the

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development of urban centers, even with all the necessary adjustments and contextualization.

These issues focus on the need to build a shared long term vision on the role of the town/city center, also considered in its relationship with other parts of the settlement system. In relation to this vision is the need for integration of programs, policies and actions, through the institution of project management structures in which public and private subjects are involved. These issues need to be supported by training programs that will facilitate the development of skills in both public and private/professional sector, creating multidisciplinary profiles with management skills and negotiation capabilities, and with the ability to attract and integrate public and private financial resources.

To define how to implement a function of direction and coordination of development projects for urban centers, it is necessary to identify the organizational models that can perform three types of functions: a promotional function, a collective service provision function, and a knowledge marketing function (Pilotti, Zanderighi, 2003).

The *promotional function* is necessary to promote the mix of trade and service activities that operate in a specific area. External communication, promotional initiatives and entertainment for residents, tourists and others subjects, are part of this function. A centralized and coordinated management of this function allows the achievement of economies of scale to make attraction policies more effective.

The second function relates to the *provision of collective services* to the area (accessibility, street cleaning, security, urban decoration, lighting), which help to qualify the context in which commercial and social life take place. The quality of collective services contributes to influence the consumers' shopping experience and, more in general, their fruition of the urban center.

The models that can be adopted refer to a direct management of these services, or to a pressure for greater coordination in their provision by the various public and/or private subjects which are responsible for the provision of such services.

The third function is that of *knowledge of marketing* that is necessary to define the competitive positioning of the area. The intervention field is

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about control on the location context, which results in both the ability to influence the characters of the tenant mix¹, and in the ability to achieve a coordinated management of common services.

The organization models through which a coordination action could be achieved should allow to carry all these types of functions. This requires that the interaction of the different actors can be ensured, through the analysis of how individual firms conduct their activities and, at the same time, how do they relate with other subjects in the area (professional, public administrators, institutional subjects, social actors). For this reason, the definition of proper organizational models is on two levels: on the one hand, there is the assignment process of tasks to be performed, on the other is the level of coordination, which can depend on the type of links among the subjects involved. Based on these two levels the following three organizational models can be identified (Pilotti, Zanderighi, 2003):

- *centered model*, based on the presence of a dominant player that is in the condition to define the type of bonds. This condition can result from the ownership of real estate which allows the selection of business and leisure activities that can be present in an area. Moreover, the supply of common services can be centrally negotiated on a contractual basis. The dominant position may also result from the presence of a large retailer, that is able to prioritize the relationship with other firms in the area;
- *non-centered associative model*, whereby the relationship between the coordinating subject and the individual firms is on a voluntary basis, without a formal agreement to carry out joint activities. Thus, activities are conducted by a continuous process of negotiation, based on the perception of a collective benefit that can be achieved through them;
- *non-centered contractual model*, which unlike the previous is based on the creation of a management company, whose objectives are defined by the firms themselves in a precise mandate. The partner firms delegate the joint activities and are committed to cover all costs. The participation to the management company can be voluntary or, where legally possible,

¹ The tenant mix is a set of factors through which the commercial offer of a shopping center is expressed. It refers to the relations between the tenants defined by: the proportion of space and/or the number of sales units for each type of business and service, and the respective position (location in the center) (Horvath, 1998).

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mandatory according to a territorial obligation related to the exercise of a business activity and/or real estate ownership.

The main difficulties of the organizational models mentioned above are mainly of two kinds: the distrust of small retailers in front of associations or consortia that reduce, even partially, their autonomy, and the difficulty of the local authorities and institutions to play a role of coordinator and stimulator of initiatives to revitalize the urban centers according to the needs of both businesses and citizens.

In particular, the non-centered associative model is the one that meets the greatest obstacles, as its activity is the result of the joint contribution of several subjects and the output attributable to each is difficult to define. As a consequence, no one has sufficient interest to afford the costs of each activity or project.

About this, it must be considered that there is recurring conflict between local governments and retailers, due to an experience of relationships in which the local administrators are mainly seen for the role of taxation and for measures perceived as contrary to the interests of operators, such as those related to traffic limitations and parking payments. On the other side, it must be considered that lack of economic management culture among local administrators is rather widespread in Italy.

However, both the terms of attractiveness of a urban center (usability, width and variety of retail/entertainment offer, coordination of local government policies) and the tools to exploit them can vary considerably depending on the urban center size (Table 1). In some cases there is a positive relationship: for example, the attractiveness of retail and entertainment offer increases as the urban dimension increases. In other cases the relationship is not linear. For example, attractiveness can decrease as a consequence of the extension of the pedestrian areas (see table 1).

Medium-sized cities are often in a position to aggregate limits and difficulties of the big cities and small towns: they have parking and traffic problems, the public transport system is more difficult to organize due to the limited economies of scale and, at the same time, the retail and entertainment offer is not sufficient to perform an adequate appeal.

However, it should be recognized that the coordination function is particularly complex because of the broad spectrum of implications arising from the management of a number of factors. For most cities, the objective remains the convergence of various interests by a coordination whose

effects could be clearly perceived by the potential users. The possible success depends on the perceived characters and identity of each urban area. Less strong is the identity of the area and the greater the risk of disruption and delay.

5. A case study: the Italian province of Pesaro and Urbino

The case of an Italian province was analyzed with the objective to underline the main factors that need to be considered in planning a TCM in which also peripheral territories could be involved. In the study a particular importance was attributed to the balance between urban areas and inland areas, with the latter in Italy, compared as to other European countries, more populated both with resident people and manufacturing activities. Thus, it was necessary to focus on a wider perspective of analysis that could allow to consider the less polarized structure of resident people and economic activities location.

The Pesaro e Urbino province, a second level administrative body covering 60 municipalities, with a total of 363,529 residents, is in the east coast of central Italy. It is representative of the greater part of Italian territory: prevalence of hills and mountains, spread population and businesses, strong tourism attractiveness of coastal towns and inland historical heritage. In this province, as in the majority of Italy, retail structure is characterized by a conflict between the emerging formats of modern retailing (hypermarkets, supermarkets, etc.) and out-of-town retail locations, on one side, and small independent retailing with town centre location on the other side.

The analysis was developed through a critical study of the main projects and activities that the municipalities of Pesaro e Urbino province conducted to regenerate physically and commercially town centers and rural areas. In-depth interview with local administrators and retail trade associations were conducted to examine criticisms and key factors of the projects and to point out the main problems of retailing both in urban areas and rural territories. A main objective of the interviews was to understand how the economic performance of the territory (cities, towns, inland) area could be strengthened and how access to employment and wealth creation opportunities can be improved for residents. With the interviews we also tried to understand how much local actors are really available to cooperate

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and which could be the priority fields of action for a coordinated territory management, such as: town planning, accessibility and quality of shopping areas, range and quality of the retail and leisure offer, safety and security, functionality of transport networks, car parking services and public transport.

Results have been compared to those of relevant experiences in Italy (Comune di Cremona, 2000; Arena, 2000; Zappi, 2005; Preite, 2005) and Europe (Aguiari, 1997; Ashworth, Voogt, 1990; Bramezza, Van den Berg, Van der Meer, 1994; Camagni, Gibelli, 2001; Indicod, 2003).

The province of Pesaro and Urbino is characterized by a degree of modernization of retailing similar to that at national level, although with slightly higher density of modern formats in the food sector and, conversely, slightly lower density in non-food (Table 2). In particular, within food retailing there are 1.47 modern outlets per 10,000 inhabitants (compared to 1.41 at a national level). Considering total surface of modern formats, the average density is slightly lower than the national (1,426 square meters per 10,000 inhabitants in Pesaro and Urbino, and 1,565 square meters at the national level). This is largely due to a lower weight of supermarkets (972 sq m per inhabitants against 1,146 nationally), while the total surface of hypermarkets is lightly above the national average (455 against 419 sq m).

Thus, as for the food sector, a high density of both supermarkets and hypermarkets emerges, with the first undersized compared to the national average size. The retail offer of modern formats is more fragmented and this is consistent with the widespread distribution of the inhabitants. Such distribution has led to supermarkets sizes that are more suitable to local markets.

In the non-food sector the degree of modernization is significantly lower, especially as regards the impact of total modern sales space, whose weight on resident population is almost one third lower than the national average. Even in this case the smaller structure of outlets is confirmed.

In this analysis it has also to be considered that the neighboring coastal provinces, namely Rimini and Ancona, are characterized by the presence of even more large structures (hypermarkets, supermarkets, hard discounts and large specialized outlets) easily connected by the coastal road system. Both provinces, particularly Ancona, are among the Italian provinces with the highest levels of modernization of retailing in Italy, in

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some cases higher than that in France that is the nation in Europe with the more advanced distribution system.

In particular, it is in those formats with a wider area of attraction, namely hypermarkets, that the modernization index is higher (Table 2): in the province of Ancona, there are 0.22 hypermarkets per 10,000 inhabitants, while 0.08 are in the province of Pesaro and 0.10 in the province of Rimini. In France, hypermarkets average density is 0.20 per 10,000 inhabitants, less than that of Ancona (see table 2).

The coastal development of modern retailing, favored by the conformation of the territory and the presence of the main road and highway connections, contributed to draw customers from inland. This reduced the market potential of all retailers located in hinterland territories and small towns. In some areas a risk of desertification of the retail offer emerged.

A comparison with the demographic trends in a ten years period (1997-2007)¹ points out some correlation with changes in the number of retail firms:

- 30 of the 58 municipalities inside the province registered a loss of trade activities and, at the same time, also a loss of population;
- the municipalities where the drop in the number of retail businesses was most significant are those (all inland) with a parallel decrease in the number of residents;
- only 3 of the municipalities with a loss of resident population did not register a loss of retail firms.

However, the reduction in the number of retail firms has been heavier than the decline in population, and this seems to indicate a weak cause-effect relationship. No influence emerged depending on the shape of the territory (flat, hilly, mountainous). Indeed, the reduction of retail firms was similar in the different types of territory.

In general terms, the selection process has been more severe for smaller retailers. Among them, those highly specialized firms in the non-food sector seem to have particularly suffered. This typology is the most vulnerable to the presence of large specialized stores, that in most cases are located in suburban retail parks. They can better attract non-recurring

¹ Source: Istat (Italian Institute of Statistics) and Chamber of Commerce of the Province of Pesaro and Urbino.

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purchasing customers' requirements offering wide variety of assortments within a unique shop expedition.

The competitive position of small neighborhood food shops emerges as more solid, whose complementarity to modern distribution can be better expressed in the most peripheral territories. Their role is to satisfy recurring buying requirements related to goods whose purchases are less easily programmable. The high incidence of people living in small inland towns¹ facilitates the survival of these retail types.

The specificity of the provincial territory, even if particularly complex, can be synthesized into three distinct contexts:

- a) the main cities, where the major out of town retail structures are located. In the area, and particularly inside the city centers, the contrast between planned and natural shopping centers is more marked. The main difficulties for city centers are related to real estate costs and accessibility (traffic and parking);
- b) hilly and/or industrial development areas where retail distribution structures are less distressed, benefiting from a growing resident population and, at the same time, with the ability to draw consumers from the most peripheral areas. Small retailing can be successfully complementary (in terms of outlet size and assortments) to large modern retailing in the coastal area;
- c) peripheral hinterland areas in which the reduction of the retail offer is strong but population is more stable. The presence of a scattered population in many small towns and villages can favor the survival of neighborhood shops. On the other hand, the increased mobility of population facilitates the flows to the major shopping centers located close to the main cities. This could accelerate a process of thinking of the retail offer.

The issues in which these contexts are involved tend to be self-crossing, so that the assessment of the intervention fields requires an overall view and cannot be limited to single action on a single issue. Actually there are not cases, in Italy or abroad, of such an approach. In the analyzed province the experiences of various municipalities were all

¹ 351,214 inhabitants live in the province of Pesaro and Urbino. Among them, 113,781 live in the two main cities (Pesaro and Fano), and the remaining are spread over more than 700 small towns, 80% of which have less than 200 inhabitants.

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characterized by isolated interventions, and a real TCM approach was not followed. The most frequent intervention areas were the following:

- restructuring plans for individual shopping areas or urban main streets;
- urban decoration and public gardens projects;
- limitation of road traffic (pedestrian areas) and, in few cases, organization of transport services to parking areas;
- cultural initiatives;
- entertainment initiatives on holidays (Christmas)
- extension of opening hours of public offices in the afternoon;
- extension of opening hours of shops in late evening and holidays;
- urban logistics projects;
- training programs for retail entrepreneurs;
- provision of loans for restructuring/qualification of retail businesses inside town center;
- promotion and communication, information technology development, customer care services, establishment of an area trade mark.

In almost all cases each intervention has been conducted independently by others, with very few cases where a project has been coordinated at the municipality level. Moreover, all efforts have been directed to the city and urban centers, and in no case have been taken to enhance the inland areas.

6. Conclusions: from Town Center Management to Extended Town Center Management

A main evidence of the study was the need of coordination among municipalities for managing retailing related issues. The single municipality level of planning is not sufficient, as new formats of modern retailing (such as out of towns shopping centers) are drawing a wide basin of consumers.

Moreover, the case analyzed showed the existence of a problem for rural and mountainous areas, that is related to an increasing desertification of the retail offer: as small independent retailers are stopping their business, local communities start to lose a series of essential services and

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employment opportunities. An increasing risk of population reduction emerges.

Thus, two different but related matters need to be considered. The first one refers to town centers. TCM methodologies are often designed on a medium/large city base. This means that a large city can deal with high investments (in promotional activities, transport systems, etc.) and complex coordinating structures. In case of smaller cities and rural towns a different mix of intervention tools must be found, with respect to the lack of financial and organizational resources.

The second matter refers to rural and mountainous areas, with small towns that are gradually losing their role of social and economic landmark. Small independent retailing significantly contributed to this role in the past. Actually, with the emerging of modern retailing and regional shopping centre attractiveness, a complementary positioning for inland small retailing is necessary.

In addition to the adoption of a TCM, in order to support inland retail businesses, two main intervention fields could be characterized. The first is retail co-operation as a typical way to increase competitiveness of smaller firms in buying activities, sales spaces optimization and store promotion. Local administrators can stimulate a wider diffusion of co-operatives among retailers and can also stimulate actual voluntary chains to introduce specific formats and assortments focused on the needs of rural/mountainous areas.

The second field refers to the development of retail formats that can meet the needs of local peripheral communities and, at the same time, can give to retail businesses the possibility to maintain a minimum level of turnover to survive. Such formats should emphasize a multifunctional character, with a mix of products and services (print and copy, post office, internet, café, etc). The use of technology, particularly vending and automatic telling machines (ATM), can ensure extended operating hours and days. This concept recalls the convenience store concept, adapted to be suitable to peripheral inland areas.

Both in the case of town centers and rural/mountainous areas, a key role of a coordinating administrative body emerges over the single municipality duty and an extended area planning approach is required.

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Table 1: Factors of influence on the attractiveness of urban centers in relation to their size

| | Large cities | Medium-small cities | Small towns and villages |
|--|---|-------------------------------------|--|
| Conditions of access: availability of parking areas | Low | Low, usually lower in larger cities | Medium-high |
| Conditions of access: closeness of parking areas to shopping area | Lowest | Medium-low | Highest |
| Conditions of access: public transport system | Best condition | Insufficient | Not necessary |
| Conditions of usability | Risk of dispersive usability | Best condition | Limited by the small dimension of the center and the low number of shops |
| Width and variety of retail/entertainment offer | Highest | Medium-high | Insufficient |
| Coordination of local government policies | Possible but easier by separate districts | Difficult | Facilitated by the low number of firms involved |
| Scale economies for promotion and provision of collective services | High | Medium/Low | Low/Nonexistent |

Table 2: Index of modernization of retail formats in the Province of Pesaro/Urbino, Ancona and Rimini. Comparison with total Italy and France (2007)

| | Mq per 10,000 inh. | | | | |
|---|--------------------------------|--------|--------|-------|--------|
| | Pesaro and Urbino | Ancona | Rimini | Italy | France |
| Food | 1,426 | 2,407 | 2,007 | 1,565 | 2,601 |
| among which hypermarkets | 455 | 933 | 824 | 419 | 1,167 |
| among which supermarkets and hard discounts | 972 | 1,475 | 1,183 | 1,146 | 1,434 |
| Non food | 585 | 1,657 | 1,181 | 856 | 535 |
| among which large specialized outlets | 413 | 1,130 | 771 | | |
| | Number outlets per 10,000 inh. | | | | |
| | Pesaro and Urbino | Ancona | Rimini | Italy | France |
| Food | 1.47 | 2.04 | 1.71 | 1.41 | 1.64 |
| among which hypermarkets | 0.08 | 0.22 | 0.10 | 0.07 | 0.20 |
| among which supermarkets and hard discounts | 1.40 | 1.82 | 1.60 | 1.34 | 1.44 |
| Non food | 0.36 | 0.89 | 0.42 | 0.38 | 1.70 |
| among which large specialized outlets | 0.16 | 0.35 | 0.28 | 0.19 | |

Source: our elaboration from Italian Ministry of Industry.