

SALES – Šibenik Actions for Leveraging Seasonality



1. The context

The City of Šibenik is the largest city and an administrative centre of Šibenik-Knin county, a region with 109,375 inhabitants. It is located in the middle of the Croatian coast of the Adriatic Sea with a population of 45,000 people.

Šibenik is a historical town with a large old city centre, many old churches, fortresses and historic monuments, including two UNESCO protected sites. Before 1990 and the Croatian homeland war, Šibenik was an industrial town, a centre of aluminium and steel industry which collapsed. Nowadays, tourism is growing strongly.

Over the last twenty years, the old city centre has been losing its function as a trade and craft centre. The decreasing population, the aging of the inhabitants, and the opening of brand-named shops in the city's outskirts are just part of the problem. Changes in the demand structure, development of new services based on modern technologies and global trends have changed customers' behaviour and the way the people go about shopping. Local retailers respond poorly to the global trends, too. They are mostly small family businesses without the necessary skills or knowledge, nor do they have the capacity and resources to be able match the competition.

Migration of inhabitants (depopulation) and increasing tourism has created new challenges for the local retailers. People are moving from the city centre converting their flats into tourist apartments, which emphasises and increases the seasonality phenomenon. Seasonality is a problem that results in huge turnover differences between summer and winter months. The city centre is alive and crawling with people in summer, but empty and desolate in the winter months. Narrow streets and shops go bare and unattractive to people, thus creating a poor business environment. Example: because of the low demand, many shops get sealed off and business premises become deserted, which creates disadvantages to the general perception of the city's centre.

During 2015, the city of Šibenik had 259 entrepreneurs in the wholesale and retail business, which represents 25.5% of the City's total. According to the Crafts Chamber, there were also 231 trade crafts. Total realized revenue in the Šibenik economy in 2015 were 3,015,834,619 HRK (EUR 400 M), 20,4% less than in 2014. The wholesale and retail entrepreneurs took in revenues of 641,239,398 HRK (EUR 86 M), which is a 2,3% growth over 2014. The trade business creates 21.3% of Šibenik's economy, in this data. The average monthly net wage per employee in the Šibenik wholesale and retail sector was 4.035 HRK, lower than the national average.

As mentioned before, Šibenik has been experiencing strong tourist growth since 2011. In 2016, 255,000 tourists visited Šibenik and generated 1,3 M overnight stays, that is a 20% growth in overnight stays compared to 2015. Over 85% of these happen between June and August. During the summer season city population doubles in growth.

Most of the shops are concentrated at the southern half of the centre, located along two main pedestrian streets where 50 of the 79 local shops are located. The retail sector is the most represented business function, taking 56% of share. This tells us that the city centre has not completely lost its shopping function; nevertheless, the quantity and quality of goods and services of trade have dropped considerably.

The old city centre is a monumental protected area, which makes doing business even harder because of the special rules and unclear business and investment conditions related to space management and the special conservation. Business premises generally located at the ground floor of several century-old houses are inadequate and with limited accessibility. They have old supply infrastructures -electricity or plumbing- and thus low energy efficiency, low ceilings, little or no storage space and small shop windows, mostly poorly decorated. In addition the old city centre has narrow streets and many stairs, worsening the logistics problem.



The city administration does not have effective regulation tools to impact on the use of business premises or directly protect desirable shops and business activities in the old city centre. Most of the business premises are privately owned and they have no restrictions for the renting of premises. Today, the local authorities are interested in opening up a process to solve local retailers' problems to help them revitalise the trade function in the old city centre. They are well aware that they need to partner up with others in this process.

The problem statement

The old city centre of Šibenik is not recognized as a quality retail destination and, as mentioned before, it has large seasonality gap in demand between summer and winter months.

2. The Action Plan

This Integrated Action Plan (IAP) aimed at supporting revitalisation of retail function in the old city centre was developed as part of the Retailink URBACT project. It is the result of meetings and consultation with a wide range of town centre businesses, local authority officers, the ULG group and other relevant stakeholders.

The first meeting between city retailers and city administration was held in October 2015 and had a participative approach. The retailers in the old city centre agreed to jointly work in a local action group that should be the backbone and generator of ideas for the revitalization of the retail function in the old city centre. An approach was set up, too, for strengthening their capacities and clearly defining their needs.

In the near future, as planned in the action plan, this organization should gather all hospitality representatives of the old city centre, develop new products linking the offer between retailers, cafe and restaurant owners and other service providers in order to create a new mix of products and services that can increase sales and attract people to the old city centre.

The local action group also aims at building a partnership with the local government to cooperate in organizing events, improving parking and infrastructures, and for promoting business and logistics solutions.

The research carried out within the project identified problems / challenges that retailers need to face if they want to pull in more consumers to the old city centre and its stores. These challenges are related to the organizational capacities of retailers, training, marketing and event organization. As a Council-led survey has shown, the consumers' complaints emphasized the following: the inadequate retail offer, low quality customer treatment, irregular perception of prices, and the unfamiliarity of the offers.

To begin to address these drawbacks, training programmes and workshops for shop owners and their employees will be conducted in partnership with Croatian Chamber of Economy, Croatian Chamber of Trades and Crafts and Polytechnic of Šibenik. The aim is to change retailers' views, better align retail offers to meet customer needs and create new customer-friendly services.

What's more, the local action group's efforts should also lead to a range of stronger marketing activities in terms of promotion of shopping experience in the old city centre by using online tools, mobile apps, organization of sales events and all kinds of events to ensure longer stays in the old town centre throughout the year, not only in summer.

The vision

Here it is: *The old city centre of Šibenik will become an attractive place for doing business, shopping and spending leisure time for the citizens of Šibenik and visitors.*

Output goals and indicators:

1. Mitigate seasonality effect through decreasing winter vacancy rate by 15 %);
2. Increase shopping as motive for visiting the old town centre from current 8,9 % to 15 %;
3. Organize joint events for promotion of retail in the old city centre (1 per year).

Priority objectives and main actions:

SO 1. Develop a frame of cooperation between ULG and city administration

Organizing a functional group of local retailers to build their capacity, show unity, better articulate problems and ideas for solutions, get more attention and provide easier access to the city administration as a partner in the process.

Actions:

- Organizing and establishing a functional local action group;

- Carrying out regular meetings of LAG representatives, the city administration and public companies;
- Creating the list of priority issues and suggestions and developing a joint calendar of events for the old city centre.

SO 2. Encouraging and promoting desirable business activities in the old city centre

The City of Šibenik owns a small number of well placed business premises in the city centre. The administration should work on spatial planning to allow setting up of selected businesses, talking with property owners of other premises and promoting new entrepreneurship. The purpose of all this would be to help expand and strengthen the quality of the diverse offers, not just retail, and make the city centre more attractive.

Actions:

- The mapping of the current situation, listing all business premises in the city centre and creating suggestions for thematic streets and quarters in the historic city centre;
- Creation of a “*doing business*” catalogue and online business management system for attracting new tenants in the historical city centre according to the thematic zones.

SO3. Improvement of the retailers’ skills and competence

Two inter-linked sub-objectives are shown: a) creating tools for analysing and knowing consumer needs and sharing that knowledge; and, b) organizing training programmes for retailers and their employees. Combined, these will strengthen retailers’ skills and competences and help them adapt, foster cooperation among themselves and inspire each to develop new products that can match customers’ needs.

Actions:

- Monitoring and analysis of market needs;
- Organizing training for retailers and their employees;
- Connecting with educational institutions to improve the quality of workforce;
- Connecting retailers with Croatian designers in order to increase the quality of the offer.

SO 4. Increasing the old city centre appeal to reduce the effect of seasonality

According to a local survey on the city centre use and perceptions, 55% of respondents answered that the most common motive for visiting the old city centre is walking, and for 44% of them it is consuming food and drinks with friends. 53% of respondents would visit the city centre more frequently if more events were organized.

Actions

- Organization of sale fairs and events and creating a pleasant shopping atmosphere;

- Development and design of improved signage - maps, suggested walking paths and directions, special retailers' signs in the old city centre with small urban interventions, shopping maps in the parking lots in neighbouring areas;
- Development of smartphone entertainment and shopping applications based on innovative technologies;
- Cross-marketing - linking various stakeholders to create new multi-dimensional products (activities with accommodation providers, caterers, public and cultural institutions, associations and companies, etc.);
- Creation of an incentive system for all-year open retailers.

SO 5. Marketing activities aimed at increasing the visibility of the retailers offer

Here, it's about addressing a problem of awareness. Most of the consumers are not aware of the offer in the old city centre, the prices or the benefits offered by city centre retailers (25% of respondents do not buy in the old city centre, and 62% buy sometimes even though 58% of respondents visit it once a week).

By creating a web site to show the old city centre offer and a creative marketing campaign to promote the site and shopping in the old city centre, the City will create an information point for consumers (buying decisions are usually made at home) and increase the visibility of retailers.

Actions:

- Development of online marketing campaign for promotion of the old city centre offer (web site, online campaign, Facebook, social networks, including online advertising training for the retailers);
- Actions and activities aimed to increase visibility and improve sales (joint advertising, seasonal catalogues, lifestyle magazine, sale coupons, loyalty programs, advertising on parking spaces in contact zones, PR activities in the local media);

SO6. Mobility Measures - Enhancing Accessibility to the old city centre (SUMP and Parking)

The old town area is a pedestrian zone. It is usually visited by foot or by car from other city parts. On the other hand, the most common reason why the project survey respondents do not visit the old city centre is because of the difficulties in finding parking space and the price of parking tickets. Due to the specificity of the city, lack of bus lines and the ticket price the public transport system is not effective enough. Not to forget the retailers' problem of logistics. Solutions are foreseen as a result of the following:

Actions:

- Organization of the electrical delivery system;
- Constructing parking lots and garages in neighbouring zones;
- Improvement and promotion of the public transport system.

SHOPS OPEN

It has been ten years since local group of shop owners have joined together to create one large shopping centre out of the Old town. Now we can say - they have made it.

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LOCAL ART COMMUNITY

Driven by the creativity

Local art district is settled in the north part of the Old town. The district is established through Retailing project and it soon became the place for all those in search for a piece of history and creativity in local community. Old crafts, handmade furniture or clothes, paintings, jewelry or some other unique and different souvenir? Certainly, you'll find them there.



New motive for tourists

It all started with Retailink

The Šibenik's narrow, old stone streets have come alive again. It seems like they are

Many different projects of the Šibenik's Old town's revival have been done in the past ten years.



3. Conclusion

Our Šibenik team (a city employee and ULG members) has benefited greatly from the transnational exchange of knowledge and good practice in RetailLink. We can group what we have learned in three main areas:

URBACT methodology

URBACT guidelines, communication with lead partners and experts and the URBACT summer school in Rotterdam increased our capacity in dealing with local stakeholders. The first visit of the lead expert and lead partner held in Šibenik in October 2015 was the first meeting between city retailers and city administration and a participative approach was introduced. We are continuing with this and often use the knowledge and skills obtained in our workshops - among these, the opera method, the problem tree and the use of other URBACT tool kits.

Thematic contents

From experts we learned about the importance of knowing the local customer. As a result, the RetailLink team conducted an opinion poll to understand the local customers and their needs. Valuable indeed were the pieces of information we collected about the new trends in retail sectors and about the new kind of customers – “e-body”, place branding, urban mobility with parking issues, and vacant space policies, to name but a few.

We used information and knowledge in our action plan as we transferred information and knowledge to ULG members. Some issues like the use of vacant space cannot be implemented due to national laws but others like place branding and new customer needs will be the backbone of our future work.

Good practice

Šibenik will adopt significant advice from URBACT partners and experts. We learned about Business Improvement Districts from The UK and the Netherlands, and urban races and pop up stores from Igualada. From more experienced partners like Basingstoke, we received a very positive review of our action plan and that is, in the end, the meaning of the URBACT.

Despite Croatia being among the EU most centralized countries and the fact that retail is primarily regulated by the central government laws, Šibenik can show good practice in attracting people to city centre.

Primarily, Šibenik as culturally heritage rich town succeeded in renovating its fortresses in the city using EU funds, thus making them an attraction for visitors, tourists and local population.

The fortress of St. Michael and the Barone fortress were successfully renovated and attract 500.000 visitors per year today. The St. Michael fortress was awarded as the cultural attraction for year 2014 and Barone for year 2016.

Still, the challenge on how to attract visitors in the city centre during winter posed a challenge on how to attract visitors in the city centre during winter. Owing much to the ideas

and practices incorporated via our participation in RetailLink, the project Advent in Šibenik started last year proved to be great success in attracting visitors in the time of year when fortresses and beaches normally go into hibernation mode. Concerts, street food and an ice skating rink starred as the main attractions, and the city centre and the park were decorated. On top of this, the Šibenik Advent is the first Croatian plastic free festival!

We can recommend our good practice in creating attractions and events that pull visitors in the city centre and try to improve cooperation with all local retail-related stakeholders.

4. Contact information

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5. Roadmap

Objective	Action	Delivery lead/team	Key partners involved	Time	Resources / Assets	Output indicator
SO1: Develop a frame of cooperation between ULG and city administration						
	A1: Organizing and establishing a functional local action group	Retailers	City of Šibenik	2017	n/a	<ul style="list-style-type: none"> • 10 retailers organized - ULG created
	A2: Regular meetings of LAG representatives, the city administration and public companies	ULG	City of Šibenik Public companies	2018	n/a	<ul style="list-style-type: none"> • At least 4 meetings held
	A3: Developing a joint calendar of events containing commercial, cultural, artistic and sports events in the old city centre	Šibenik tourist board City of Šibenik	ULG Croatian chamber of crafts Šibenik culture council Šibenik theatre Šibenik public library Fortresses of culture	2018	45.000,00 HRK/ City Budget and Tourist board Budget	<ul style="list-style-type: none"> • Calendar of events created and published
SO2: Encouraging and promoting desirable business activities in the old city centre						
	A1: Mapping the current situation, list of all business premises and creating suggestions for thematic streets and quarters in the historic city centre	City of Šibenik	ULG Šibenik architect society Šibenik tourist board Croatian craft chamber	2019	85.000,HRK/ City Budget	<ul style="list-style-type: none"> • Map and list of business premises in old city centre • Map of suggested thematic streets and quarters created
	A2: Creating a catalogue of doing business and online business management system for attracting new tenants in the historical city centre according to the thematic zones	City of Šibenik	Šibenik architect society ULG Šibenik chamber of craft Owners of business premises Marketing agency	2019 2020	55.000,00 HRK/ City Budget	<ul style="list-style-type: none"> • Catalogue created, published and distributed • Online system created and operational
SO 3: Improvement of the retailers' skills and competence						
	A1: Monitoring and analysis of market needs	ULG City of Šibenik	Polytechnic of Šibenik IT company	2017 2018 2019 2020	25.000 HRK annually	<ul style="list-style-type: none"> • Survey conducted, results analysed and presented • Customers database create

						<ul style="list-style-type: none"> • City WiFi based system of footsteps analysis developed • Heath map of city centre visitors created
A2: Organization of training for retailers and their employees	ULG City of Šibenik	Chamber of crafts Croatian economic chamber Polytechnic of Šibenik Experts on selected themes	2018 2019	40.000,00 HRK/ ULG membership and City Budget		<ul style="list-style-type: none"> • Training courses held • At least 10 retailers or their employees trained
A4: Connecting with educational institutions to improve the quality of workforce	ULG	Polytechnic of Šibenik Sibenik economic school	2019	n/a		<ul style="list-style-type: none"> • Four students educated for specific task and employed
A5: Connect retailers with Croatian designers in order to increase the quality of the offer	ULG Chamber of crafts Croatian economic chamber	City of Šibenik Independent designers	2019	n/a		<ul style="list-style-type: none"> • B2B meeting of retailers and designers
SO 4: Increasing the old city centre appeal to reduce the effect of seasonality						
A1: Organization of sale fairs and events, creation of shopping atmosphere	Šibenik tourist board City of Sibenik Chamber of crafts Croatian economic chamber	ULG Marketing and event agency	2019	100.000,00 HRK per events / City Budget, Tourist board budget, Croatian chamber of crafts budget		<ul style="list-style-type: none"> • Two sale fairs organized • Shop design handbook – brochure about how to design and decorate shop, designer advice and legal regulations created and published
A2: Development and design of special system of signalization	City of Šibenik Conservation office	ULG Marketing or design agency	2018 2019	150.000 HRK/ City budget		<ul style="list-style-type: none"> • Signalization system designed and applied • Designed retailers signs in the old city centre with small urban interventions • Shopping maps of the old city centre placed on the parking lots in the contact area
A3: Development of smartphone entertainment and shopping applications based on innovative technologies	City of Šibenik Sibenik tourist board	ULG Chamber of crafts IT agency	2019	450.000,00 HRK/ City budget, EU funds		<ul style="list-style-type: none"> • Shopping and leisure app developed and downloadable from Google play and iOS store
A4: Cross-marketing - create new multi-dimensional products (activities with accommodation providers, caterers, public and cultural institutions, associations and companies, etc.)	City of Šibenik Šibenik tourist board ULG Chamber of		2019	280.000,00 HRK/ City budget, EU Funds, National Funds		<ul style="list-style-type: none"> • 4 new multi-dimensional products created

		crafts Chamber of economy				
A5: Incentive system for all-year open retailers	City of Šibenik City of Šibenik council	ULG	2019	n/a	<ul style="list-style-type: none"> • Adopted system of encouraging all year business versus season business 	
SO 5: Marketing activities aimed at increasing the visibility of the retailers offer						
A1: Development of online marketing campaign for promotion of the old city centre offer	ULG Sibenik tourist board City of Šibenik	Chamber of crafts Croatian economic chamber Marketing agency Online advertising expert	2018	150.000 HRK/ Croatian economic chamber budget and City budget	<ul style="list-style-type: none"> • Web site for promotion of old city centre offer developed and online • Online marketing campaign for promotion of website conducted • 10 retail owners trained for digital marketing 	
A2: Actions and activities aimed to increase visibility and improve sales	ULG City of Šibenik Sibenik tourist board	Marketing and event agency	2018 2019	420.000,00 HRK / City budget, EU funds, Sibenik tourist board budget	<ul style="list-style-type: none"> • Two joint advertising campaigns conducted • Two coupon sales conducted • Advertising in parking lots in contact areas • PR activities in local media 	
SO 6: Mobility Measures - Enhancing Accessibility to the old city centre						
A1: Organization of the electrical delivery system	City of Šibenik Gradski parking Ltd.	Construction company	2018	200.000,00 HRK/ EU funds	<ul style="list-style-type: none"> • Delivery system established 	
A2: Constructing parking lots and garages in contact zones	City of Šibenik Gradski parking Ltd.	Construction company	2019 2020	50.000.000,00 HRK/ Gradski parking Ltd. – credit loan	<ul style="list-style-type: none"> • Increased number of parking spaces in contact zone • Garage Poljana operational 	
A3: Improvement and promotion of the public transport system	City of Šibenik Autotransport Ltd.	Marketing agency	2020	1.200.000 HRK/ EU funds	<ul style="list-style-type: none"> • Campaign for use of public transport 	