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Local Retail, Global Trends

How digital, green and skills shifts in the EU are
reshaping SMEs in towns and cities

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Retailers are navigating profound structural transformations

Digitalisation

- Rise of e-commerce
- Omnichannel strategies
- Automation

Sustainability

- Consumer preferences
- Rising energy costs
- Environmental regulations

Consumer behaviour

- Rise of remote and hybrid work
- Reduced footfall in central districts
- Cost-of-living pressures

Demographics

- Aging population
- Shrinking consumer base in small cities and rural areas



... which are reshaping Europe's towns and city centres

- Retail SMEs are critical to urban vitality, but their physical presence is being redefined by **fundamental shifts in how and where people live, work and shop.**
- While some of these forces have increased vacancy rates, they have also sparked a **“proximity economy”** focused on local value chains and community embeddedness.



Braga, Portugal



Cork, Ireland



Local Retail, Global Trends



OECD Studies on SMEs and Entrepreneurship

Local Retail, Global Trends

How Digital, Green and Skills Shifts in the EU are Reshaping SMEs in Towns and Cities



Fostering the twin transition of retail SMEs

Addressing labour and skills shortages

Revitalising retail SMEs in town and city centres

A row of six shopping bags is arranged diagonally across the frame. Five of the bags are a light blue color, while the one in the center is a bright yellow. All bags have a simple, rectangular shape with a flat bottom and a handle at the top. The background is a solid blue color, with a darker blue diagonal band running from the bottom left towards the top right, creating a sense of depth and movement.

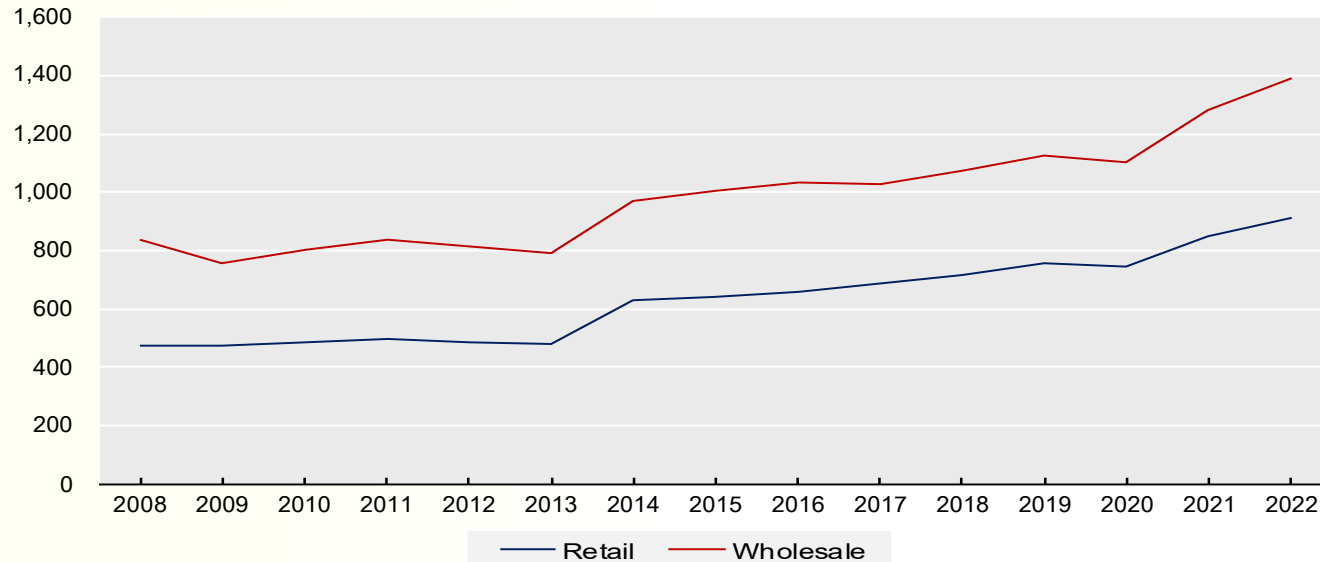
The digital and green transition



SMEs are at the core of an expanding EU retail ecosystem

Wholesale and retail production follow broadly parallel growth trends

Wholesale and retail production (EUR billion) in selected EU countries, 2008-2022



Note: Only 16 countries for which there is consistent data across the whole period of analysis are considered.

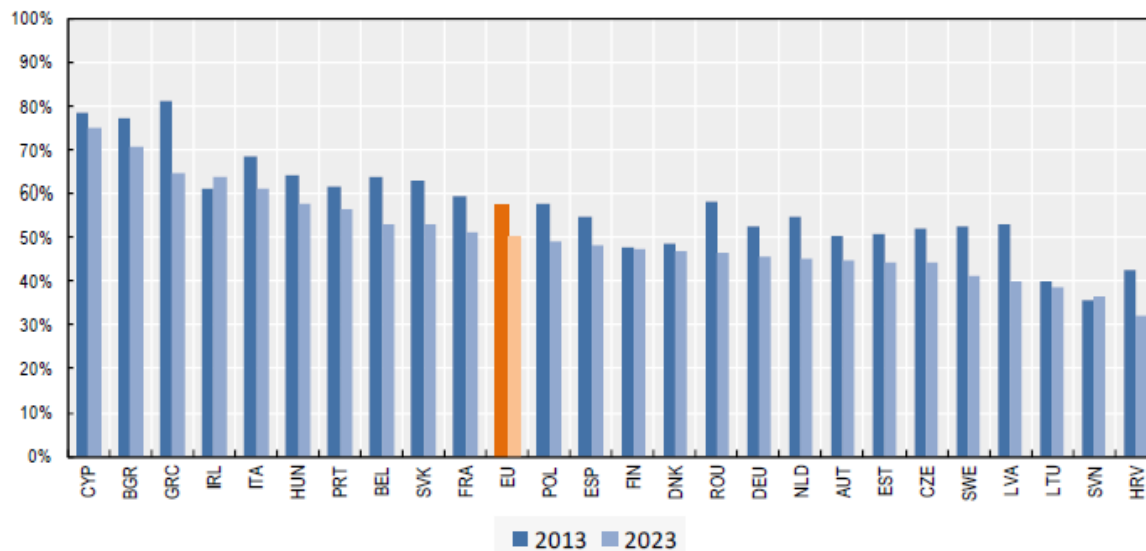
Source: OECD Structural Business Statistics



... but SME shares declined...

SMEs' share of turnover has declined across almost all EU countries

Retail SMEs' share of total turnover (%), 2013 and 2023



SMEs' share of turnover, value added and employment decreased by 6-7% over the last decade

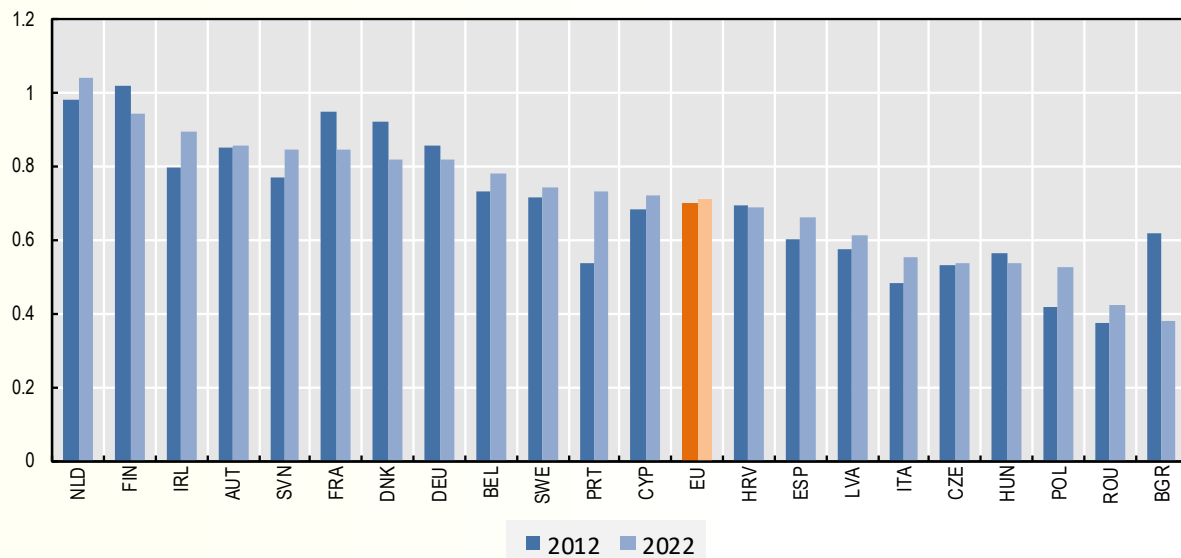
Source: OECD Structural Business Statistics



... as productivity gaps persisted and market concentration increased

Retail SMEs are struggling to close the productivity gap with large firms

Ratio of SME labour productivity to large firms in retail, 2012 and 2022



Across the EU, on average, retail SMEs are 70% as productive as large firms

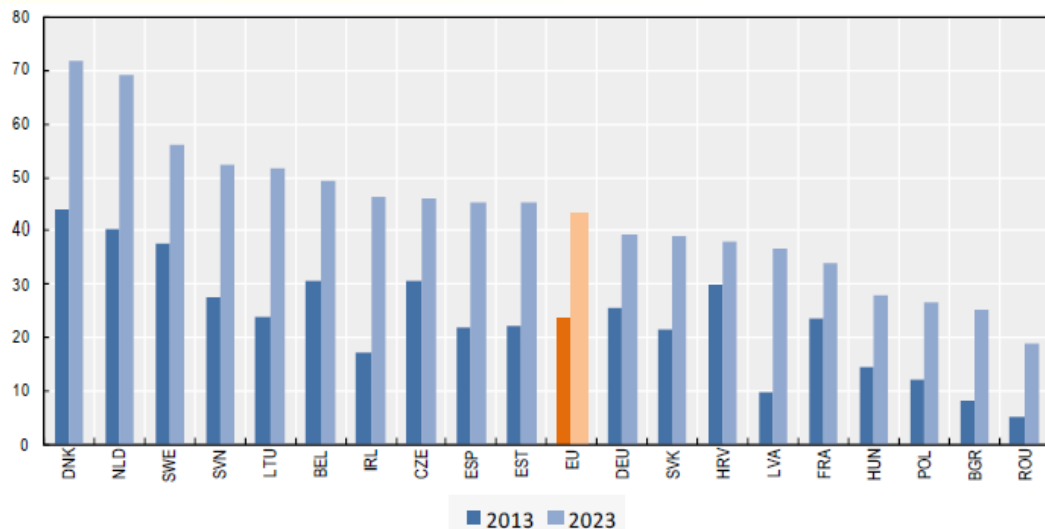
Source: OECD Structural Business Statistics



Digital adoption in retail accelerated, generating large market opportunities

More retailers are launching their own e-commerce websites

Retail businesses with 10 or more employees and websites allowing for online ordering as a percent of total enterprises (%), 2013 and 2023



Source: OECD ICT Access and Usage by Businesses

E-commerce use almost doubled among retail SMEs (23% to 43%), creating opportunities but also exposing them to global competition, including from non-EU online platforms

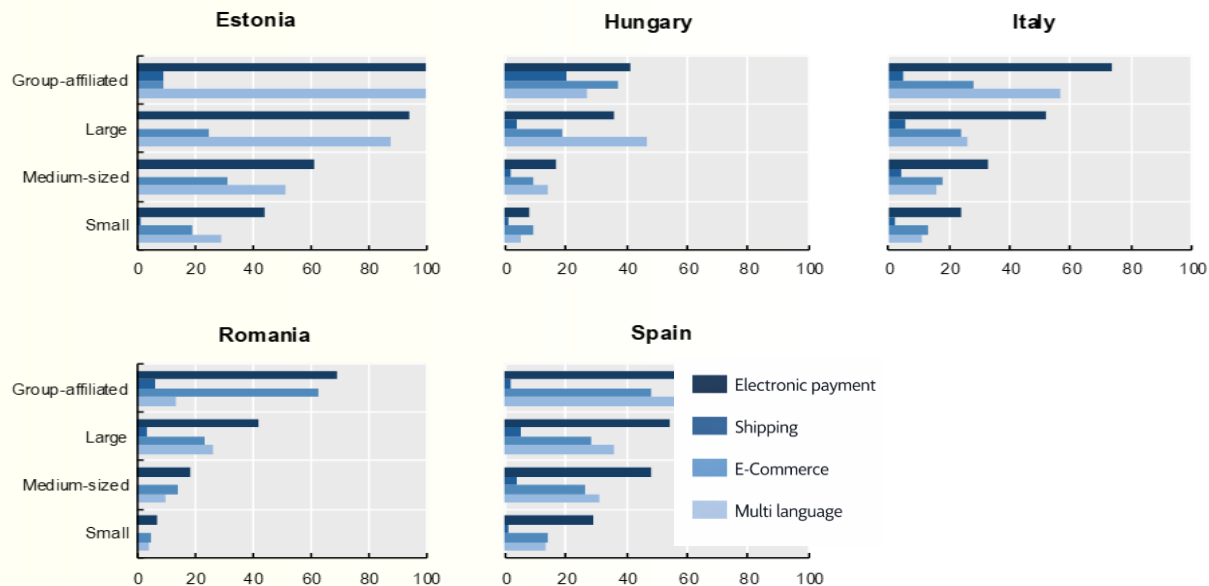
AI adoption was still at 12% among SMEs in 2024, but is growing rapidly



Group affiliated retailers lead in web technology adoption

Group-affiliated retailers show the highest web technology adoption

Shares of observed retail firms by technology in five EU countries, by size, 2025



Group-affiliated retailers benefit from corporate strategies, shared trademarks, platforms and business infrastructure

Small retailers lag behind in adoption and integration of digital tools in business models

Source: Based on Orbis and BuiltWith data



In the EU, retail is greening at a higher pace than wholesale

Retail drives the GHG decline in the EU

GHG emissions in the EU27, million tonnes



Note: Residence principle. Source: OECD Air Emissions Accounts

Key drivers

- Consumer demand
- Regulatory pressure
- Rising energy costs

SMEs taking action

- Cost saving measures
- Circular models
- Local sourcing
- Promoting sustainable consumer choices

But pressure on delivery and logistics



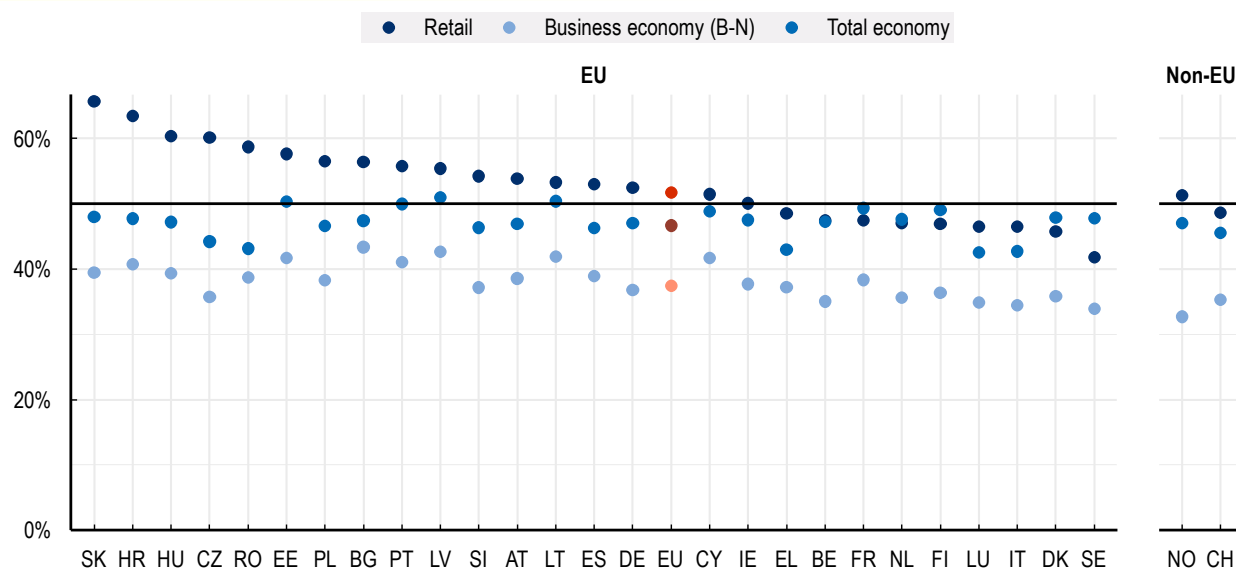
The skills shift



A highly diverse retail job market, with part-time and flexible contracts... and structural challenges

The share of female workers in retail exceeds that of other sectors

Share of female workers in total employment, by sector, 2023



Note: EU represents the weighted (national) average among the EU27. The horizontal line is placed at 50% as a general reference benchmark of gender parity. Source: Based on EU LFS and Lightcast.

Higher share of **women** (52%) and **young workers** (23%) than the broader economy (respectively 38% and 19%)

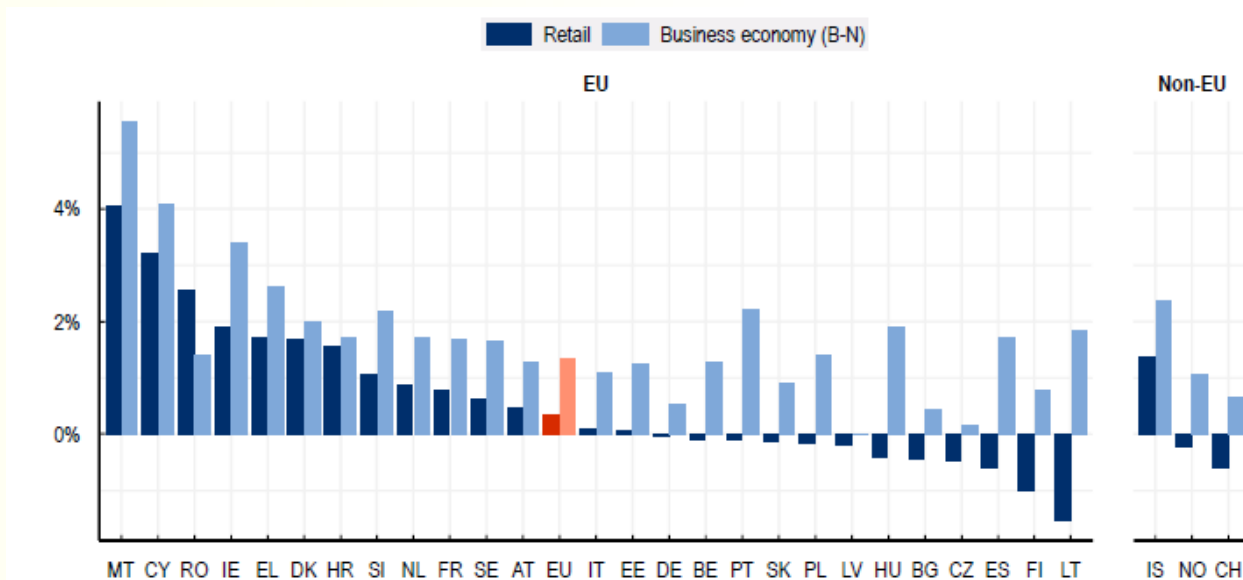
Relatively **low pay**, **limited career pathways**, **lagging in online recruitment**



The nature of retail work is changing, demanding new skills and creating shortages

Retail employment growth has been flat in retail since 2015

Annualised employment growth rate by sector, 2015 until last year available (2022-2024)



Source: Based on Eurostat

DECLINING share of traditional front-end, customer facing roles

EVOLVING front-end roles (deeper interpersonal skills and product knowledge)

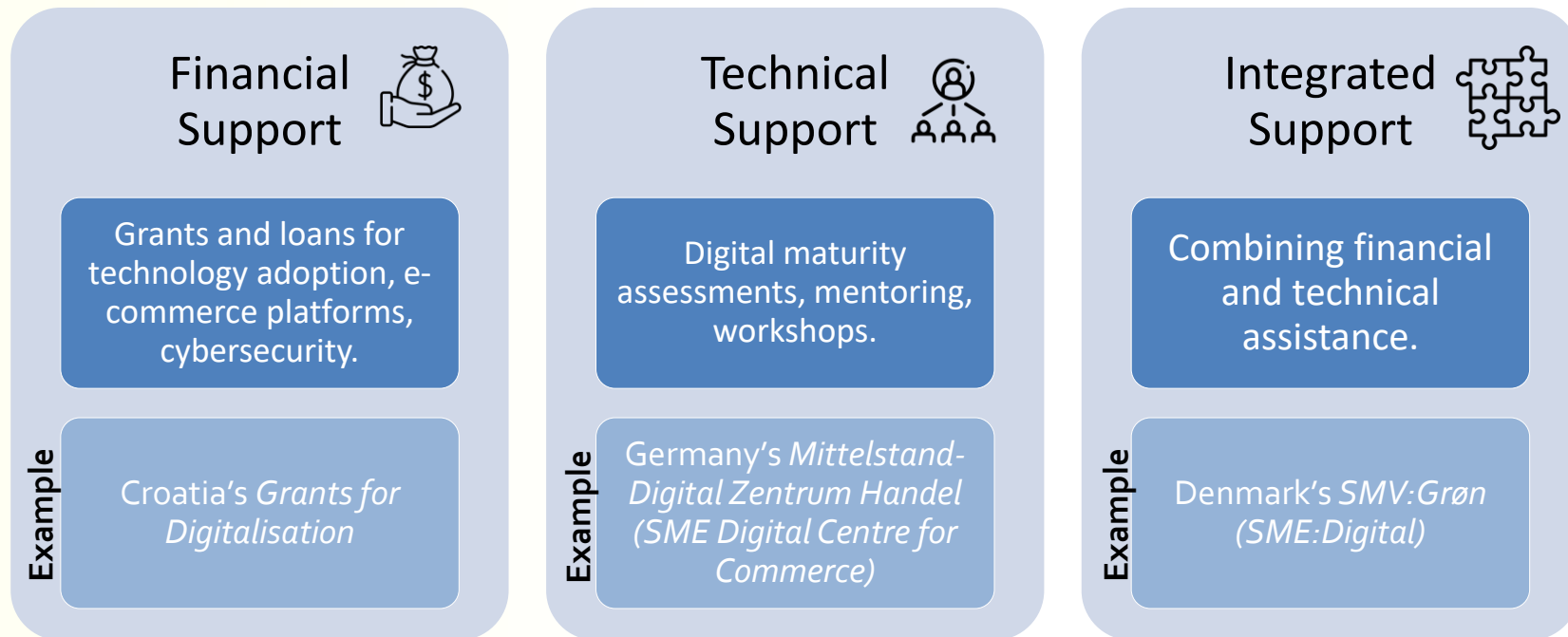
RISING share of back-end roles requiring digital skills

Key policy trends and priorities





National governments have stepped up financial and technical support, but fragmentation persists



The mapping reveals a fragmentation where **digital and green goals** are often **siloed**, and many **programs lack retail-specific targeting**



National and local policies increasingly target retail's labour and skills challenges

A coordinated response from employers, social partners and public authorities

Improved skills

Better job quality

Stronger job-matching

Effective skills programme:

- **Specific**: Tailored to subsectors and locations
- **Flexible**: Modular and adaptable (e.g., continuous training for long-term upskilling) to increase retention and completion rate
- **Accessible**: Open to all levels, from apprenticeship to degrees

Through new and established partnerships:

- **Retail SkillNet** (Ireland)
- **Competence Boost for Commerce** (Sweden)
- **Bildungszentrum des Einzelhandels** (Germany)



Cities of different sizes across Europe are experimenting with policies and initiatives

- **Bridging the digital divide**
 - **Braga (Portugal):** “Smart Retail” initiative digitalising 900+ businesses.
- **Designing for dwell time**
 - **Stockholm (Sweden):** “Living Stockholm” transforming car-free spaces into vibrant “summer places”.
- **Green logistics and built environment**
 - **Poitiers (France):** using data-driven pedestrian flows and cyclo-logistics hubs.
 - **Cork (Ireland):** targeted Energy Efficiency Grant of up to EUR 10,000 for SMEs.
- **From reactive to proactive monitoring**
 - **Brussels (Belgium):** Hub.Brussel, comprehensive retail observatory combining inventory data, sensors, and shopper surveys.



Aligning digital, green and urban planning strategies is key to small retail and urban revitalisation

	Digitalisation	Sustainability	Spatial Transformation
Infrastructure	5G / Public Wi-Fi	Urban Logistics Hubs	Pedestrian corridors
Skills and support	Digital Service Squads / Mentorships	Retrofit Grants / Audits	Pop-up Shop programmes
Regulation	Data privacy / open data	Low-emission zones / circular procurement	Mixed-use zoning



Key policy priorities

Integrated support

Overcome fragmentation by offering integrated support packages that combine financial incentives with tailored upskilling and technical assistance

Digital empowerment

Move beyond providing digital tools to focus on building capabilities and supporting full strategic integration into business operations and strategy

Sustainability and circularity

Offer financial support for energy-efficient building retrofits and low-carbon technologies, as well as practical, sector-specific guidance on regulatory compliance

Strategic urban planning

Enhance city-centre accessibility, promote mixed-use development and leverage cultural heritage to create unique, experience-rich destinations

Simpler and smart regulation

Design and implement proportional, test-and-learn regulation, including SME test

Monitoring and evaluation

Build granular, geographically detailed and sector-specific data to enhance policy design and evaluation



A successful transition depends on coherent strategies across all levels of government

EU

- Defining long-term roadmaps, ensuring a level playing field, and mobilising resources to co-finance the digital and green transitions.

National

- Designing tailored and coherent support programmes, investing in infrastructure, and providing resources to local administrations for effective management.

Local

- Managing public spaces, implementing on-the-ground support, and fostering public-private partnerships to align interests, pool resources and build community support.

Thank you

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