



## International report

### Introduction

Talk Retail Erasmus+ project is aimed at creating a micro-learning course online for retailers wishing to open their shops to the international. The goal is to highlight the importance of communication and soft skills in international sales and provide courses that can be taken at the user's own pace and time and that adapt to the specific needs in English competence and international communication skills. As part of the project, all partners of the consortium did research on the retail worker situation in their country. Apart from this research, they send surveys to more or less 50 people in their country working in the retail industry to understand the real situation of retailers nowadays, and to find ten common skills that would be the most important to acquire as a retailer wishing to open internationally.

The retail industry is an important part of employment in these countries. It's a sector in constant evolution with the incorporation of emerging communication technologies, new regulations in commercial operations, and the adoption of new forms of sales. Over the past two years, the industry has taken a hit due to intense lockdowns across Europe, forcing businesses to close down or find alternatives to selling their goods, with only 'essential' stores such as grocery stores allowed to remain open. Many retailers also relied upon tourism bringing in customers from around the country and abroad; however, with travel restrictions in place, many shops lost their customer base almost entirely.

This international report gathers all their findings and answers and presents the current context of the retail industry in Ireland, Spain, Italy, Latvia, and France. As this report is gathering national international and national information, you can find all the specific and national information this way:

 Ireland France Italy Latvia Spain

## The state of art before the survey

### 1. About the international retail situation

Retail is the largest sector in terms of employment in Europe, with nearly 20 million workers. In addition, it supports millions more jobs in indirect employment amongst suppliers, service providers, and partners. Its contribution to employment is geographically spread retail is in the top 3 industrial employers in 95% of Europe's regions. COVID-19 did have a negative impact in some countries, but it is usually weaker than expected. Most countries experienced a drop in their retail sales in 2020, but they recovered and the impact was generally weaker during the following lockdowns. Surprisingly, some countries seem to have benefited from COVID-19, notably in Northern Europe. The main reason is that Northern European countries usually have a "tourist deficit" during summer with more people going out of the country than entering it. However, last year due to travelling constraints, these countries had more consumers than usual.

The situation also appears heterogeneous depending on market segments, with textile and apparel retailers being amongst the most severely affected by the pandemic. Apparel stores were considered non-essential and were thus often closed during lockdowns. As people were forced to stay at home, there were fewer incentives to buy clothes: sales in clothing stores, therefore, decreased by 24% in EU-27. However, these sales are expected to improve as soon as the situation eases. The effect on clothing retailers is also directly linked to companies' policies on remote working: if remote working remains important after the pandemic, the sales will not fully recover.



The average number of Social Security registered members in Spain (Ministry of Inclusion, Social Security and Migration) in the retail trade reached 1,954,177 in July 2022. This is 1.4% more than the previous year (with 26,926 more members). On the other hand, the self-employed in retail trade accounted for 501,932 in July of this year. This represents a decrease of 1.5% over the previous year, or 7,584 fewer self-employed workers. According to the State Public Employment Service (SEPE), unemployment in the small commerce sector decreased by 48,165 unemployed people, to 263,479. This represents a 15.5% decrease in unemployment in the sector.

Spanish households are consuming more retail. Specifically, in the second quarter it increased by 3.2%. In addition, when it comes to paying, credit and/or debit cards are the most widely used methods. According to BBVA data, in June 2022 card purchases increased by 34% year-on-year. The number of transactions increased in all sectors.

Meanwhile, the increase in spending moderated in all sectors, except in department stores. Growth in purchases of basic necessities stabilized, while that of personal equipment items, such as fashion and beauty, lost momentum. Caixabank indicates that consumer spending in general grew by 16% in June compared to the same period in 2019 (not taking pandemic data as a reference).

But e-commerce remains the consumer preference and is on the rise. In 2021, online purchases in Spain exceeded 57.7 billion euros. Or what is the same, 11.7% more than in the previous year. The sectors that obtained the highest revenues from online sales are: textile and fashion, with 8% of total turnover. They are followed by services auxiliary to financial intermediation (6.6%) and travel agencies and tour operators in third place, with 5.3%.

The changes that are taking place in the consumption patterns of the population, the improved economic situation of families and the notable increase in tourism are having an impact on the transformation of the retail trade sector which, in Spain, had been distinguished by a markedly traditional character in most of the establishments and now has to respond to the new needs of consumers.

 Ireland is home to some international retail giants, such as Paddy's Power (betting and gaming) and Dunnes Stores (food, textiles and housewares), who bring in a combined 11.3 billion Euros per year in turnover. However, Ireland is also home to many small and micro-companies, with 85% of the 37,000 retail companies in Ireland employing less than 10 people.

As of 2021, retail in Ireland saw a 10.6% increase from the previous year and 13.4% from the year before, meaning that retail is still on the rise even with the challenges created by the pandemic. Books, newspaper, and stationery were the sub-sectors who saw the highest increase in volume sold. Still, with supermarkets being allowed to remain open during lockdowns, the grocery sub-sector brought in the most profit over the past 2 years.

Furthermore, a 2021 survey found that as a result of the pandemic, many people preferred to keep shopping online rather than return to physical stores; 90% of respondents to the survey stated that they would continue shopping online after the pandemic. This has presented both obstacles and opportunities for retailers in Ireland, forcing them to find alternative routes to sell their goods but also opening up the possibility of reaching a much wider market than was reached by passers-by in the street. One exception to this trend is grocery stores, with the majority of people (88% in the survey) indicating they still preferred to grocery shop in-person. However, the clothing sector, for example, has just as many online shoppers as they do face-to-face in Ireland.





Latvia's top 5 export partners in 2022 are Lithuania, Estonia, Germany, the United Kingdom, and Sweden. In August 2022, Latvia's foreign trade turnover amounted to 4.4 billion euros, which in actual prices was 29.2% more than a year ago, including the value of exports of goods increased by 32.7%, and the value of imports by 26.7%, according to the preliminary data of the Central Statistical Office. Compared to August 2021, the foreign trade balance improved, with exports increasing from 42.4% to 43.6% of the total foreign trade value. It should be noted that the data on foreign trade of goods is reflected in actual prices and calculated taking into account the value of goods in euros and not their physical quantity.



In France, the retail industry represents 8% of the total employment: it is 2,2 million people working in this sector. Non-employees represent only 15% of the jobs in this area. SMEs (Small and Medium Enterprises) are central in the retail industry. Between 2009 and 2013, a lot of retail SMEs were created (INSEE, 2017). During COVID-19, the retail industry decreased a lot between 2019 and 2020 but moved back up from 2021. Between 2020 and 2021 there was a big pick of online shopping, which decreased from 2021 to 2022 but is still higher today than before COVID-19 (Banque de France, 2022). By sector, the pharmaceutical products' sales doubled from 2020 to 2021, and the flowers, food and animals sectors increased a lot between 2020 and 2021 too.

## 2. About the most important skills:

Generally, retail work heavily involves soft skills such as communication skills, empathy, time management, patience, and resilience. Moreover, it consists of a number of hard skills such as maths and financial knowledge, in-depth product knowledge, an understanding of retail technology, and styling/display skills.

Among the most important skills for retail workers, we highlight the following:

- Problem-solving, leadership and communication skills
- Communication skills in a foreign language
- Financial and business skills, numeracy
- Customer service skills
- Organizational skills
- Adaptability
- Negotiation skills
- Ability to effectively research, evaluate and analyse products based on a variety of factors, such as price and quality.
- Business Awareness
- Cultural Awareness
- Teamwork
- Patience and tact
- Time management
- Multi-tasking
- Interpersonal skills



In Ireland specifically, a report by SkillsIreland suggested that the top skills include supply chain management, efficient customer response skills, targeting with branding and marketing, and technological innovation. In Ireland, a course in retail management will typically involve classes in people management, customer engagement, security and loss prevention, marketing, retail finance, customer psychology, data analysis, e-commerce, and buying/merchandising.

## 3. About the difficulties and challenges:

International Retail Companies have several inherent challenges that they face in their line of business.

Product innovation and product mix happen to be the biggest challenges for companies both at the global as well as country-specific domestic levels. The survival and growth of the brand are directly dependent upon these challenges. The global retailers have to be tuned in to the international as well as domestic-specific fashion in each of the countries and get their product mix right for each of the markets. Service quality and merchandising methods too play an important role in brand visibility and reputation.

Pricing of products is yet another challenge faced by the brands. Developing and emerging markets are highly price-sensitive. When international brands are trying to make an entry into new markets, they have got to have an entry strategy that takes into account the price sensitivity and profitability as well.

Procurement and Supplier reliability, as well as quality marks one of the challenges that these companies face as they happen to source materials and products from several countries. Quality and reliability as well as time supplies and logistics is always a challenge that can make or break the business which is highly seasonal in each country.

In recent years we have been assisting in the emergence of ethical practices playing a vital role in the procurement policies of these international companies. The companies have got to ensure that their sourcing partners do not employ child labour or employ unethical methods in manufacturing the products and as principal buyers, these companies are held responsible. Ethical buying has gained global visibility and these companies have had to be watchful to ensure compliance or risk unwanted publicity and public outcry.

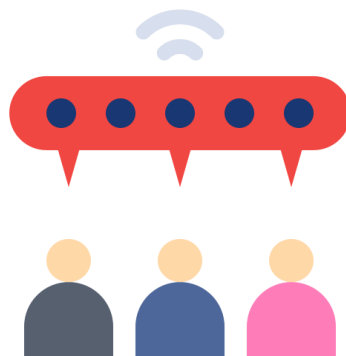
International retailing business is a high-volume business. To be a successful international brand, the companies have got to adopt the right strategies, be aware of the local culture as well as the political environment in the market and more importantly manage the brand promotion and supply chain perfectly. The challenges faced by the business are several but so are the business opportunities.



In a country like Ireland, where the vast majority of people speak English and only English, it can present some challenges when attempting to enter the international retail market. On one hand, not speaking any other languages could present itself as a problem when trying to overcome communication barriers present in other countries; but on the other hand, thankfully English is a lingua franca of commerce and many people who would be on the receiving end of it would have some knowledge of English. Whether the language barrier is an issue or not, different cultures communicate differently and this intercultural communication is another challenge to overcome.

Ireland had one of the strictest lockdowns in Europe, only allowing 'essential' retail (grocery) to remain open during times where lockdowns were in place during the COVID-19 crisis. This had forced many retailers to close their physical shops and open online, bring a new set of challenges related to customer communication as well as technological adaptations required to move a shop from a physical to an online space. This crisis has had knock-on effects such as supply chain disruption and potentially contributing to the major inflation the country is experiencing.

In terms of logistics, a major obstacle is also the cost of shipping internationally. These costs include taxes and fees related to exporting/importing of goods. Brexit has also created new issues where previously there had been much international trade between the UK and Ireland, creating logistical barriers that did not exist before.







In Latvia majority of the people speak Latvian. Some of the retailers have problems when they have to speak to foreign customers (mostly tourists or exchange students). Latvia's neighbour countries are Estonia and Lithuania, many tourists come to Latvia from these two countries and English and Russian is mostly used to communicate to these customers. Knowledge of English is highly important to maintain retail business both in Latvia and internationally. Also, customers and retailers have to communicate in the polite and professional manner. To make the retail business even more successful or/and international – it is important to communicate online and know at least the basics of the marketing.





After being hard hit by the recent economic crisis, retailing in Spain is showing signs of recovery. However, it must face and take on the challenges posed by modernization, such as changing consumer habits, high competition and technological advances related to digitalization, which affect economic activity in general and retail trade in particular.

The competitiveness and adaptation in retailing, in terms of employment, lead to a need for new occupations, and new skills for workers, in order to adapt to this changing reality. According to TBWA's report on the future of retail, these are some of the challenges the industry faces today, marked in large part by new post-pandemic habits:

Consumers, increasingly aware of climate change and environmental issues, are demanding more transparency in the supply chain.

The emergence of Direct to Consumer (D2C) brands - selling directly to the end consumer through online channels such as social media - is driving consumers away from the big box stores.

The growing number of existing shopping platforms is increasingly complicating the brand-consumer relationship.

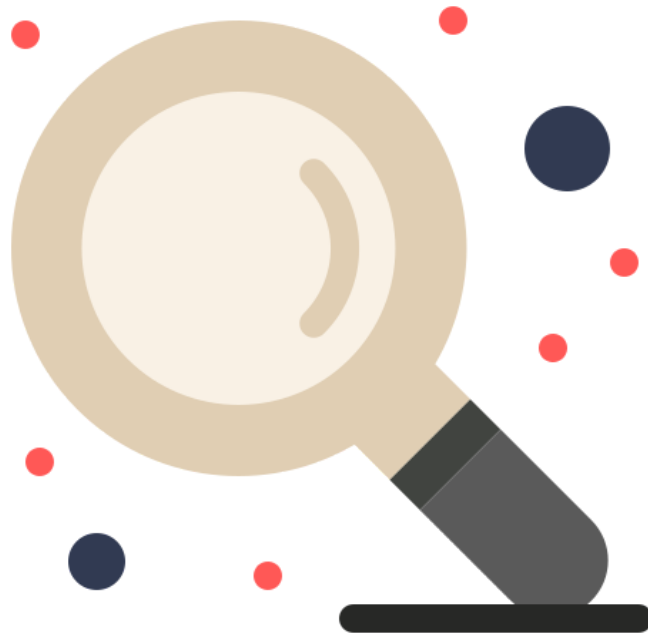
The growing demand for products through online sales is forcing retail to transform itself digitally.

Lastly, it is necessary to take into account the great changes that have taken place in the last fifty years as a result of Spain's entry into the European Union, the liberalization and globalization of markets. The increase of multinationals, franchises, and large distribution chains and the decline of traditional business markets have affected all activities, especially commerce, and have been transforming Spanish society and its purchasing habits.



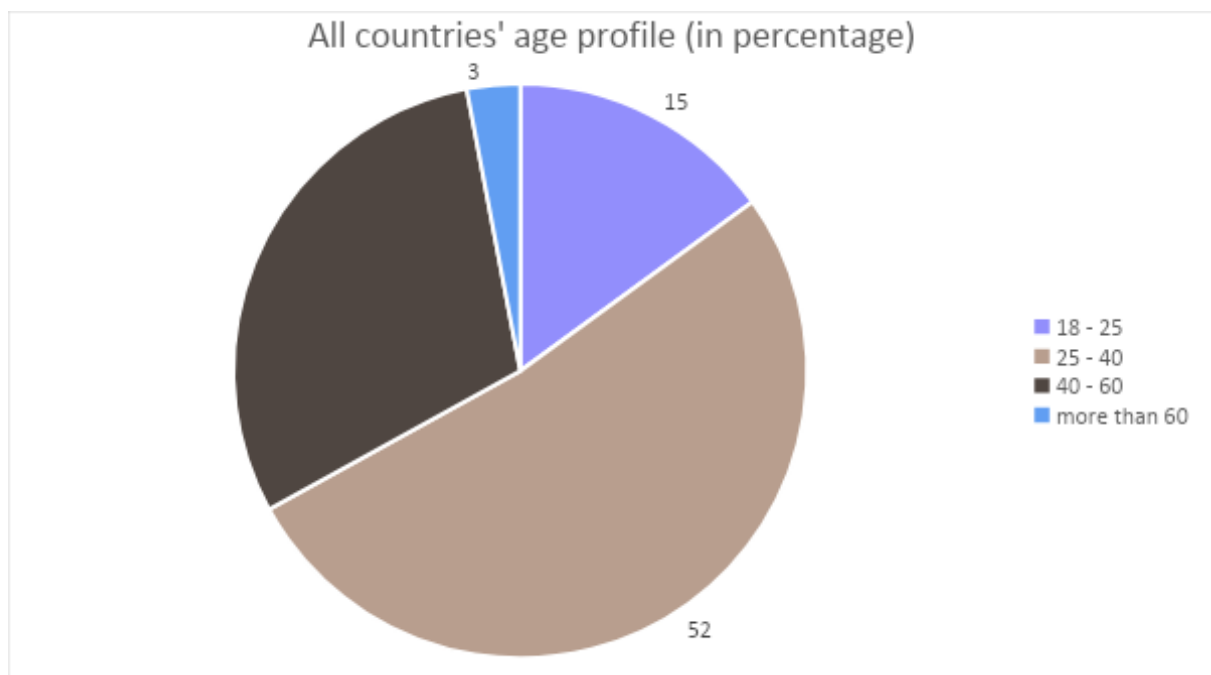
In France, the Covid crisis has revealed the need for retail businesses to act close to their catchment area. With the tensions over the availability of raw materials, the cost of transport and the asynchronous opening of markets, many companies

reconsider their international locations. Moreover, travel difficulties have also slowed down the commercial development of companies (CCI France International, 2022).



## Who are the retailers?

After the analysis of surveys, we reach the conclusion that retailers in the consortium countries are mostly around 25 and 60 years old. However, in France and Ireland, we noticed that there were many retailers between 18 and 25 years old too, with 34% in Ireland and 27% in France compared to around 6% for the other countries. There are some retailers aged more than 60 years old, but there are in the minority (around 2%).



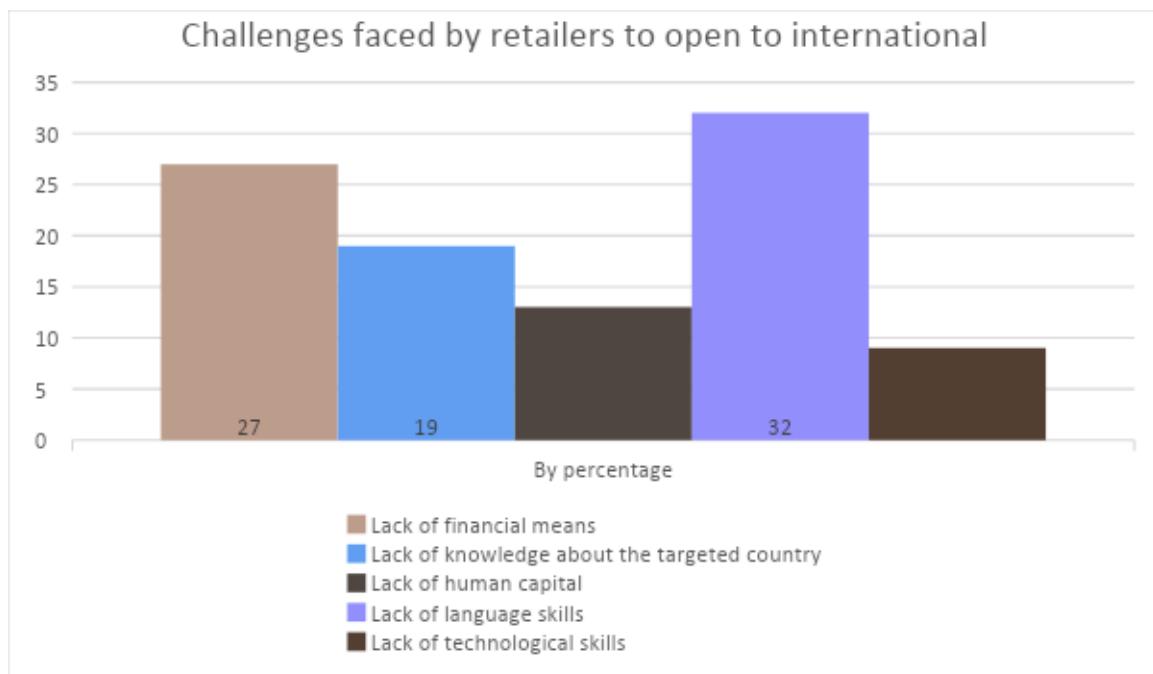
The main sectors where retailers work in the consortium countries are the food, clothes, and accessories sectors. However, we can notice some differences between the countries. In France, Italy and Latvia, the craftsmanship is also a popular sector, with 18% of responses in France, 16% in Italy and 14% in Latvia. In Ireland and France, book and stationery shop is also more present than in the other countries, with 14% in Ireland and 18% in France, compared to 4% in Spain, 4% in Italy, and 2% in Latvia.

Concerning the businesses, most of them were created from 1 to 5 years ago in all countries of the consortium, except in Spain, where businesses are more than 5 years old. Most businesses employ from 1 to 5 people in their structure, and really few have more than 250 employees.

## The obstacles or challenges retailers can face when opening to the international market:

Among the most challenging aspects that retailers face when opening to the international market, the five most quoted were:

1. the lack of language skills,
2. the lack of financial means,
3. the lack of knowledge about the targeted,
4. the lack of human capital,
5. the lack of technological skills.



**The ten most important skills to opening a retail business to the international market, according to the participants:**

- 1) Vocabulary knowledge in the targeted language
- 2) Use of social networks
- 3) Proficient oral expression skills in the targeted language
- 4) Oral comprehension in the targeted language
- 5) Proficient management of a website
- 6) Patience
- 7) Cultural and ethical sensitivity
- 8) Problem-solving skills
- 9) Written comprehension in the targeted language
- 10) Effective pitching techniques



## The utility of training:

Most of the retailers didn't do any training to open to the international market. There were only a few people who received some training in the international market. This training can help you to learn more about exports and to improve and practise your English or any other language. However, it only helps and is not mandatory.



According to the French survey, really few participants did training for international retail, but one did an English communication class and another did commercial training. Another person participated in a sale class online, and another one in a course during their master's degree.



According to the Italian survey, the participants had training on:

- Management of websites
  - Export of made in Italy products
  - Social media management
  - Export management
- E-commerce and digital marketing
  - Export in the food sector
  - Brand positioning
  - Incoterms in International Trade
  - Set up of a platform for e-commerce
  - E-commerce beginner level



According to the Spanish survey, one participant explained that they were trained in International Contracting, Incoterms, Comparative Law and International Arbitration. Another retailer said that they previously studied customs, payment of duties and taxes. Finally, two other retailers explained that they studied an online course on online sales marketing and social media, respectively. One of the respondents pointed out the need to learn more information about the changes in the industry in order to be able to adapt to the changing conditions earlier and easier. Finally, some retailers said training is needed to sell better to foreign customers, which is particularly difficult if they do not speak the foreign language.





## Best practices or advice

Participants in the surveys commented on the best practices or advice they could give to someone that would launch their own business in the retail industry at the international level. Here are a few of them:

- Take everything into consideration, and plan it thoroughly: having a clear and defined strategy and not improvising anything is a clue stage for success,
- Identify your target audience,
- Make sure you can afford the extra cost of sending physical items abroad before you start offering that service,
- Research the market and competitors, and know the local dynamics: it is important to know the non-written rules and the local habits to access the local market,
- Set up a strategy and a risk management plan, and be ready to adapt,
- Have a good international network: knowing the right channels and addressing the right persons is a crucial step for a successful export,
- Sell products or services that are in line with the needs of the local hosting country,
- Study the language: a good first step in getting in contact with local dynamics. Learning foreign languages to learn how to communicate with your customers.
- Focus on something specific,
- Gain experience and learn from someone who already using this type of export or similar,
- Be open-minded and inviting.
- Have patience until your own business is back on its feet.
- Be aware of the obligations

Most of the participants encouraged people to start and to be motivated, as it can be really difficult at the beginning. One said, “Never a failure - always a lesson”. To sum up their motivation statements, they encourage you to believe that you can do it, and do it: you just need to take the risk.

## Conclusion

It can be concluded from the current research and survey that the landscape of international retail is undergoing a big change due to the effects of the COVID-19 pandemic, and rising inflation. Consumer spending habits are changing, and retail owners who hope to open their doors to international customers must be aware of trends in consumption as well as the many soft skills required to be successful in the business. Not only is intercultural communication a challenge, but issues related to finance and logistics must also be considered.

The state of art is, except for some details, the same for all consortium countries. It highlights an increasing opening to the international scale for 25 to 60 years old people. The main challenges to this opening include a lack of financial, language and technological skills, human capital issues and a need to better know the target audience.



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