WDC Insights

providing insights on key issues for the Western Region of Ireland

Wholesale & Retail in the Western Region

Regional Sectoral Profile

October 2018

Contents

1.0 Introduction

The Western Development Commission (WDC) is a state agency charged with promoting the economic and social development of the Western Region of Ireland.[1] To effectively deliver this remit the WDC carries out detailed analysis of a range of socio-economic issues of relevance to the region to inform policy debate and formulation.

This report is the first in a series of 'Regional Sectoral Profiles' analysing the most recent employment and enterprise data for the Western Region on specific economic sectors and identifying key policy issues.

The two-page ***WDC Insights*: Wholesale & Retail in the Western Region** summarises the main points from this report. It is available here.

1.1 Wholesale & Retail

The Wholesale & Retail sector is the second largest employment sector in the Western Region (after Industry) and the largest nationally. It is a broad sector including motor sales and maintenance, wholesaling of all products and all forms of retail activity e.g. supermarkets, clothing stores, market stalls, specialised shops etc.

It plays a critical role in the regional and rural economy as Wholesale & Retail is more widely dispersed geographically than many other sectors and is present in all areas, from city centres to towns and villages. Two-thirds of employment in this sector is located outside of Ireland's five cities compared with 43% of all Information & Communications employment. Wholesale & Retail is a highly visible sector and its performance has a major impact on the viability and vibrancy of towns. It also provides important job options for people with lower skill levels and younger people.

Despite its importance, Wholesale & Retail can sometimes be overlooked in debates on job creation, economic growth and regional and rural development. As a primarily domestically trading sector, it does not qualify for many of the financial enterprise supports targeted at internationally trading businesses. There has however been an increasing policy focus on the sector in recent years in response to a number of challenges, including concerns over the future of small and medium-sized rural towns.

While providing flexible job opportunities e.g. for those with caring commitments, there are concerns about the quality of some employment in the sector. Increasing consumer mobility, changing patterns of demand, growth of online sales and Brexit are other challenges which the sector is trying to adapt to.

Following a description of the data that will be used, Sections 2 and 3 of this Regional Sectoral Profile outline the current employment and enterprise situation of the Wholesale & Retail sector in the Western Region. The sector's key policy issues are examined in Section 4.

1.2 Data Used

A number of CSO data sources are used to examine the Wholesale & Retail sector in the region.

[1] Counties Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare.

Census of Population: The Census provides comprehensive data on employment by sector at both county and town level. No other data source provides this level of geographic breakdown. There are a number of issues to bear in mind:

1. Most recent Census data is 2016.
2. Census data refers to where a person lives which may not be the same as where they work.[2] Data presented here on the number of people working in a sector in a specific county/town refers to the number of residents of that county/town working in the sector, even if they work elsewhere.
3. Census data does not give an indication of whether employment is full or part-time. Each person who works in the sector, regardless of how many hours per week they work, is counted the same.

Business Demography: Business Demography data gives the number of enterprises in each sector in each county. An enterprise is assigned to the county where it is registered with the Revenue Commissioners. Therefore a business with multiple locations e.g. a chain store, is only counted once where it is headquartered (often Dublin), individual branches are not counted (though in the case of a franchise e.g. SuperValu, if the business is locally owned it would be registered in that county). As this data measures enterprises registered in a county, they may have stronger ties to the area.

[2] See WDC (2018), Travel to Work and Labour Catchments in the Western Region: A Profile of Seven Town Labour Catchments 2018, for an analysis of travel to work patterns in the region.

2.0 Wholesale & Retail Employment

In this section we examine employment over time and by gender, as well as self-employment, in the Wholesale & Retail sector in the Western Region, western counties and towns. Employment in specific Wholesale & Retail sub-sectors is also set out.

2.1 Employment in the Western Region and its counties

42,510 people were employed in the Wholesale & Retail sector in the Western Region in 2016. **At 12.7% of total employment, it is the region's second largest employment sector**, after Industry. It is somewhat less important in the region than nationally (Fig. 1). At 13.3% of all employment, it is Ireland's largest employer.

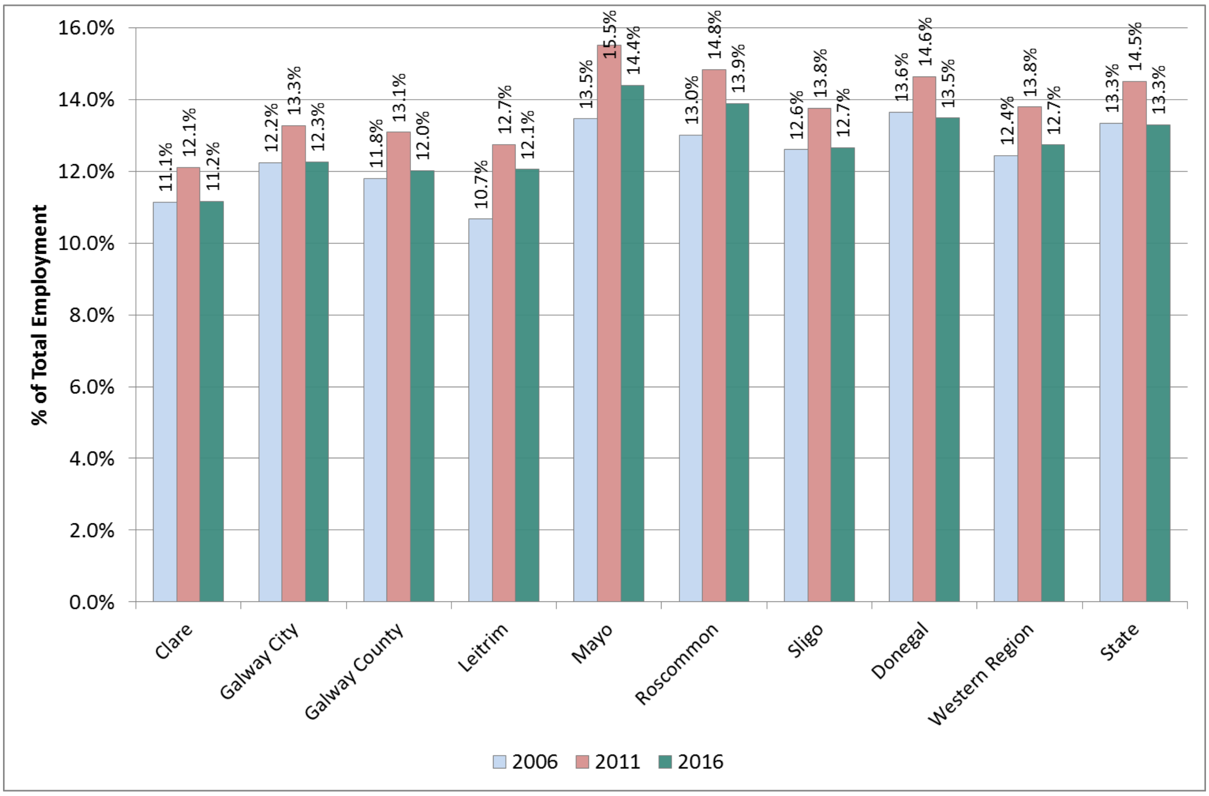
Among western counties, Wholesale & Retail is most significant in Mayo (14.4%) and least so in Clare (11.2%). Two other largely rural counties (Roscommon and Donegal) had the next highest shares working in the sector in the region.[3] The relatively lower significance of the sector as an employer in the region is evident from the fact that Mayo, though highest in the region, is only tenth highest nationally.[4] On the other hand, only two counties nationally have a lower share working in the sector than Clare.[5]

All western counties saw a similar pattern. Initially the sector's relative importance grew between 2006 and 2011, partly as a result of job losses in other sectors (e.g. construction). It's importance then decreased again in 2016 as other sectors expanded more rapidly and in some counties the actual number working in Wholesale & Retail also fell (see Table 1).

Despite the decline in the sector's relative importance between 2011 and 2016, **Wholesale & Retail accounted for a higher share of total employment in 2016 than a decade earlier in all western counties (except Donegal) and most notably in the most rural counties** (Leitrim, Mayo and Roscommon). This is in contrast to the State where the sector accounted for the same share of employment in 2016 as 2006, indicating a growing contribution to the rural economy. The fact that Donegal had a lower share in 2016 than 2006 may be due to its susceptibility to changing patterns of cross-border shopping.

[3] See Appendix 1 for more detailed data on Wholesale & Retail employment in western counties.
[4] Counties Louth (15.9%) and Kildare (15.7%) have the highest shares working in the sector.
[5] Dublin City (10.3%) and Dún Laoghaire–Rathdown (10.7%) have the lowest shares working in the sector. Both areas have high levels of Wholesale & Retail activity, however as they are expensive areas to live and the Wholesale & Retail sector tends to be lower paid, many working in the sector in these areas do not live there.

Fig. 1: Percentage of total employment in the Wholesale & Retail sector in Western Region and state, 2006, 2011 and 2016



Source: CSO, Census 2016: Summary Results Part 2, Table EZ011; CSO, Census 2006: Volume 7 - Principal Economic Status and Industries, Table C0713

2.1.1 Change in employment in the Western Region and its counties

Wholesale & Retail employment in the Western Region in 2016 was 0.7% below 2011 but 3.6% above what it had been a decade earlier (Table 1). The region experienced the same growth over the decade as nationally, however during 2011-2016 employment decline in the region was in contrast to growth elsewhere.

The sector in the region appears not to have benefitted as strongly from the recent recovery. As a consequence **the share of total national employment in Wholesale & Retail which is based in the Western Region fell from 16.3% in 2011 back to 15.9% in 2016** (the same share as in 2006). This is somewhat below the region's average share of national employment (16.6%).

The sector's performance varied across the seven western counties. **All western counties except Sligo and Clare saw growth in the actual numbers working in Wholesale & Retail in the decade 2006-2016.** Given the presence of the key urban centres of Sligo and Ennis, the decline in employment in these two counties is a matter of some concern. Over the decade, Leitrim experienced very significant growth (13.5%) with the very substantial expansion of retail activities around Carrick-on-Shannon a likely contributor. Galway County also saw strong growth, with growth in some of its towns (see Section 2.2) as well as people commuting from the county into the city.

Table 1: Number employed in the Wholesale & Retail sector in Western Region and state, and percentage change 2006-2016 and 2011-2016

County	2006	2011	2016	% Change 2006-2016	% Change 2011-2016
Clare	5,636	5,522	5,523	-2.0%	0.0%
Donegal	7,730	7,795	7,866	1.8%	0.9%
Galway City	4,145	4,187	4,287	3.4%	2.4%
Galway County	8,329	9,057	9,024	8.3%	-0.4%
Leitrim	1,351	1,525	1,534	13.5%	0.6%
Mayo	7,035	7,609	7,400	5.2%	-2.7%
Roscommon	3,360	3,618	3,585	6.7%	-0.9%
Sligo	3,443	3,499	3,291	-4.4%	-5.9%
Western Region	**41,029**	**42,812**	**42,510**	**3.6%**	**-0.7%**
State	**257,309**	**262,206**	**266,673**	**3.6%**	**1.7%**

Source: CSO, Census 2016: Summary Results Part 2, Table EZ011; CSO, Census 2006: Volume 7 - Principal Economic Status and Industries, Table C0713

The most recent period (2011-2016) saw only marginal change in most counties. Galway city, with growth of 2.4%, and Sligo and Mayo with declines of 5.9% and 2.7% respectively, were the only counties with notable change over the five years. There seems to be increasing concentration around Galway City while the large decline in Sligo, a key regional centre for the North West region, is a worrying trend.

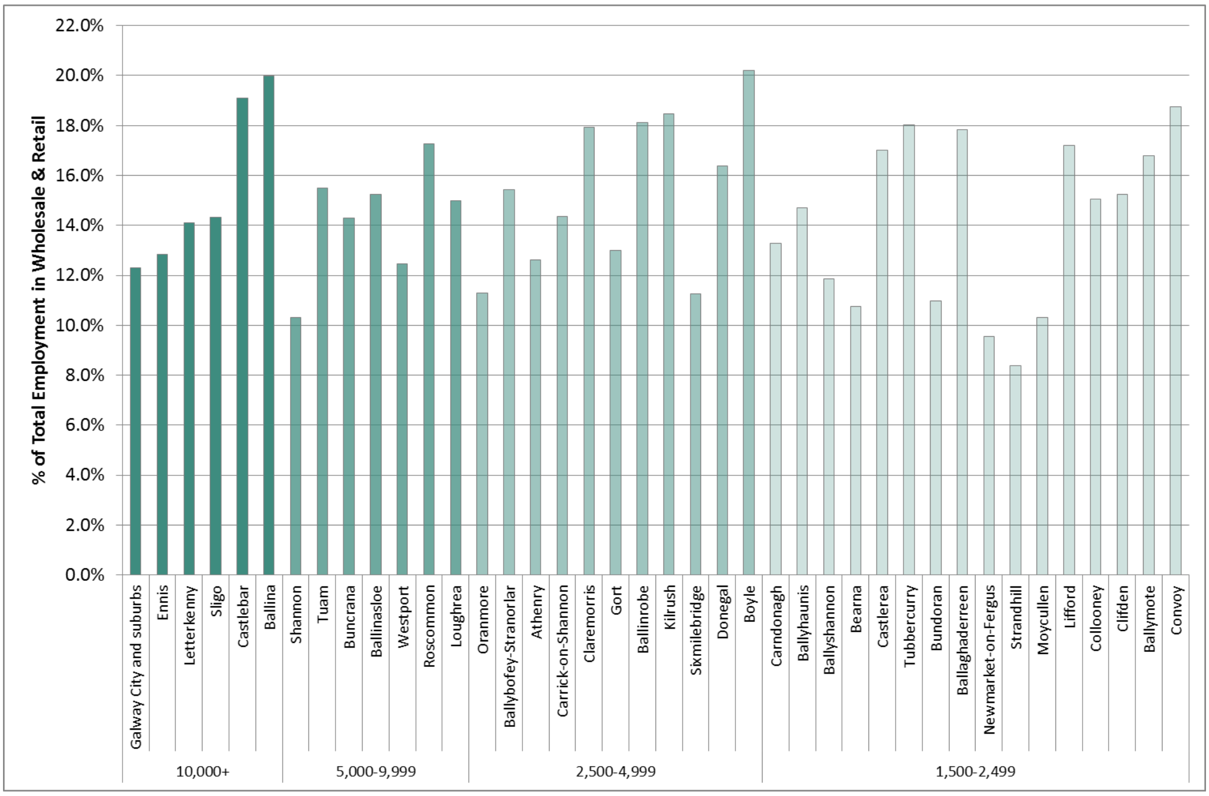
2.2 Employment in western towns

In 2016 there were 40 urban centres with a population over 1,500 in the Western Region. The relative importance of the Wholesale & Retail sector varies across these towns. **It is the largest employment sector for 16 out of the region's 40 urban centres**.[6] When considering towns, commuting can be particularly important and it must be remembered that this data refers to <u>residents</u> of the towns, although some may work elsewhere. It should also be noted that Wholesale & Retail is more likely to take place within a town boundary than some other sectors e.g. agriculture, which may make it more likely that people working in the sector live in towns.

There is no clearly discernible pattern in the relative importance (as a percentage of total employment) of the sector across the 40 towns, ranked by descending size (Fig. 2). Factors such as location, distance from larger urban centres, diversity of its economic profile and alternative job options combine with a town's size to determine the role played by the sector.

[6] See Appendix 2 for more detailed data on Wholesale & Retail employment in towns.

Fig. 2: Percentage of total employment in the Wholesale & Retail sector in towns in the Western Region, 2016



Source: CSO, Census 2016: Profile 11 – Employment, Occupations and Industry, Table EB030

There is a clear pattern however among the six largest urban centres (10,000+) that the relative importance of Wholesale & Retail increases as town size decreases. Ballina and Castlebar, the two smallest in this group, have a very significantly higher share of employment in the sector than the region's other large centres. Clearly they are both important retail service centres for Mayo, but the very high share working in Wholesale & Retail indicates less diversity in the economic profile of these towns and greater reliance on local demand.

Indeed Ballina (20% | 724 people) and Castlebar (19.1% | 925 people) have the second and third highest shares working in Wholesale & Retail across all towns in the Western Region. Boyle (20.2% | 167 people) is highest in the region and third highest in the country.[7] Boyle and the other towns with 18+% working in the sector (Convoy, Kilrush, Ballinrobe and Tubbercurry), are **important rural service centres located quite some distance from larger centres and serving wide rural hinterlands**. The high share might also indicate a relative lack of alternative job options.

The sector is least important for Strandhill, Newmarket-on-Fergus, Moycullen and Shannon, employing 10% or less of the population; all are towns located close to large urban centres which are likely their main retail centre.

[7] Carrickmacross, Co Monaghan (23.3%) and Derrinturn, Co Kildare (23.2%) have the highest shares.

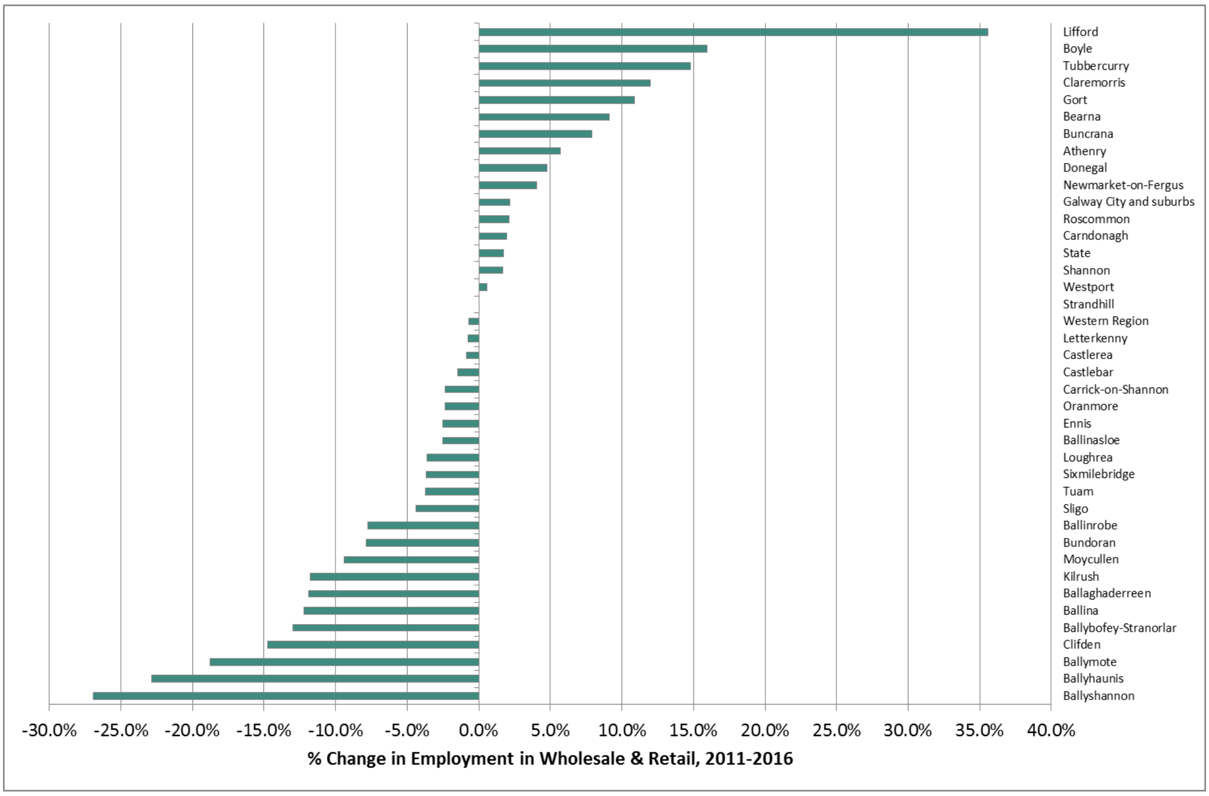
2.2.1 Change in employment in western towns

There are 38 towns in the Western Region which had a population above 1,500 in both 2011 and 2016.[8] Of these, **over half (22) experienced a fall in the number of people working in the Wholesale & Retail sector between 2011 and 2016** (Fig. 3). Ballyshannon (26.9%), Ballyhaunis (22.8%) and Ballymote (18.8%) had the largest falls in employment in the sector. These are all small towns serving rural hinterlands, located away from primary routes and relatively close to other towns serving a similar catchment which performed better – Bundoran, Claremorris and Tubbercurry respectively.

In general the smallest towns (1,500-2,499) performed worst, with 7 of the 10 poorest performing towns in this group. Size is not the only factor however, as the three towns with the strongest growth (Lifford 35.6%, Boyle 16% and Tubbercurry 14.8%) are also small. It must be remembered that for small areas even a modest increase can result in substantial percentage growth. Growth in Lifford could be due to new retail openings and people working in Strabane in Northern Ireland.

Except for some growth in Galway city, all of the region's largest urban centres (10,000+) had a modest fall in employment in the sector.[9]

Fig. 3: Percentage change in employment in the Wholesale & Retail sector in towns in the Western Region, 2011-2016



Source: CSO, Census 2016: Profile 11 – Employment, Occupations and Industry, Table EB030; CSO, Census 2011: Profile 3 – At Work, Table CD320

[8] Two towns with a population above 1,500 in 2011 (Portumna and Bunbeg-Derrybeg) dropped below in 2016. Two towns (Collooney and Convoy) rose above the 1,500 threshold in 2016. There were also town boundary changes between 2011 and 2016 for 15 of the 40 towns in the Western Region which has an impact when considering change over time. For most towns the impact was relatively minor, however there was a quite substantial change for Ballina.

[9] In the case of Ballina, a significant town boundary change reduced its population and the actual decline in employment in this sector is likely less than it appears in Fig. 3.

Fifteen towns experienced growth in the actual number of residents working in the sector (2011-2016). However as this growth was often less than growth of other sectors, Wholesale & Retail's relative importance declined or remained unchanged in 34 of the 38 towns.

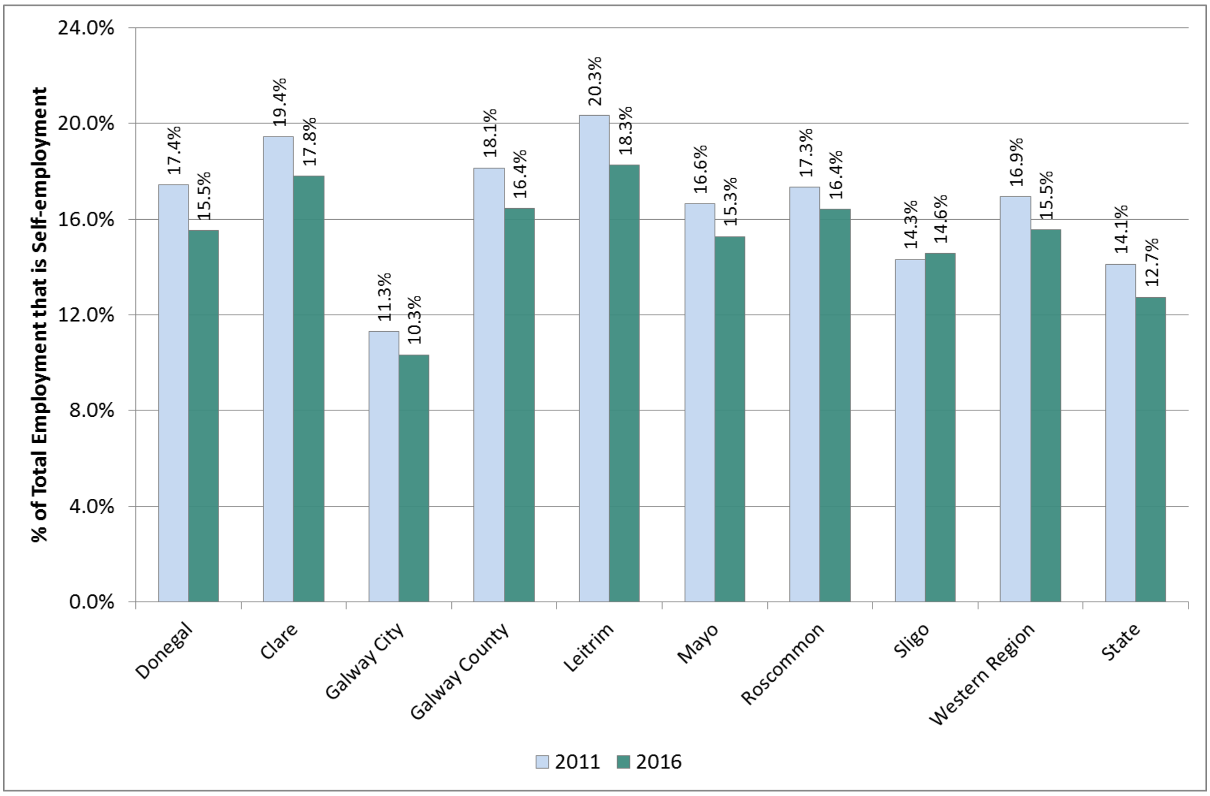
Only four towns in the region, all small, saw the relative importance of Wholesale & Retail increase (Boyle, Lifford, Tubbercurry and Clifden). As Clifden actually had a decline in the number working in the sector, it clearly suffered even greater losses in other sectors. Clifden also suffered the largest population decline of all western towns, partly due to the closure of a Direct Provision Centre in 2012.

2.3 Self-employment in Wholesale & Retail

Of the 42,510 people working in this sector in the Western Region, 6,606 are self-employed (employer or own account worker). **The Western Region is characterised by greater self-employment in Wholesale & Retail than the national average** (15.5% of total employment compared with 12.7%) (Fig. 4). **Self-employment however is less common in Wholesale & Retail than generally across the economy**.[10]

Every western county, except Galway City, also has an above average share of self-employment, meaning the sector in the region is characterised by more family or owner/ manager run businesses, likely smaller in scale. Among western counties, Leitrim (18.3%) and Clare (17.8%) is where self-employment plays the biggest role.

Fig. 4: Percentage of total employment in the Wholesale & Retail sector that is self-employment in Western Region and state, 2011 and 2016



Source: CSO, Census 2016: Profile 11 – Employment, Occupations and Industry, Table EB033. Special run from CSO.

[10] 18.3% of all employment in the Western Region is self-employment, compared with 15.5% in Wholesale & Retail. In the state, 15.6% of all employment is self-employment compared with 12.7% in Wholesale & Retail.

2.3.1 Change in self-employment

In the Western Region, the number of self-employed in Wholesale & Retail declined by 8.9% between 2011 and 2016. This is far greater than the 1% decline in total self-employment, indicating Wholesale & Retail suffered a far greater contraction than many other sectors.

Every western county had a substantial decline. At over 10%, the large rural counties of Mayo and Donegal had the largest falls in self-employment in Wholesale & Retail with Sligo performing best, though still with a fall of 4.4%. In all counties self-employment in the sector performed considerably worse than self-employment generally.

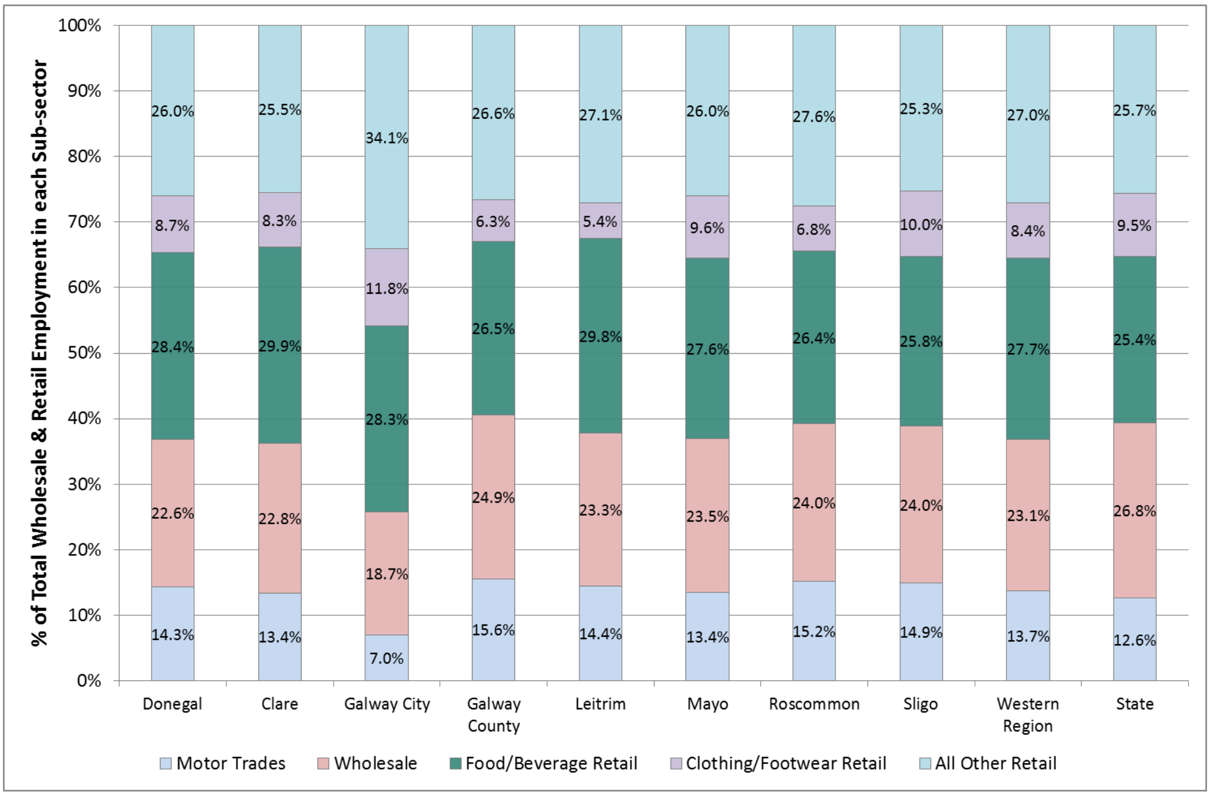
In the Western Region the share of all employment in the sector that is self-employment fell from 16.9% to 15.5% between 2011 and 2016 (see Fig. 4 on previous page).

2.4 Employment in Wholesale & Retail sub-sectors

Census data on employment in the Wholesale & Retail sector is sub-divided into 17 separate activities. For ease of presentation here these are grouped into five broad areas: Motor trades; Wholesale; Food/beverage retail; Clothing/footwear retail; and All other retail.[11]

In 2016, **the largest sub-sector in the Western Region was 'Food/beverage retail'** (Fig. 5) accounting for 27.7% of all employment in the Wholesale & Retail sector. The largest element of this is supermarkets. The next largest sub-sector is 'All other retail' (e.g. furniture, computers, petrol stations etc.) followed by 'Wholesale'.

Fig. 5: Percentage of total Wholesale & Retail employment in each sub-sector in Western Region and state, 2016



Source: CSO, Census 2016: Summary Results Part 2, Table EZ011

[11] Appendix 1 provides data for all 17 activities.

The relative importance of the five sub-sectors differs across counties. Generally, 'Food/beverage retail' is the largest with close to 30% working in this sub-sector in Clare and Leitrim. Two exceptions are Galway City and Roscommon where 'All other retail' is bigger. The 34% working in 'All other retail' in Galway City clearly shows the diversity of its retail offering with a wide range of more specialised shops. As county Roscommon includes parts of Athlone town, another key retail centre, this may influence the county's high share of 'All other retail'.

Among the other sub-sectors, 'Clothing/footwear retail' is most important in Galway City, Sligo and Mayo all of which have large urban centres offering a range of clothing retail options. In contrast 'Motor trades' is least significant for Galway City but most significant for Galway County, as the space required for car dealerships means they are located outside the city, similarly explaining the low share of employment in 'Wholesale' in Galway City and high share in Galway County. In general, 'Wholesale' accounts for just under a quarter of employment.

2.4.1 Change in employment in Wholesale & Retail sub-sectors

The sub-sectors have performed differently over time (Table 2). For the Western Region, '**Motor trades' saw the most significant jobs growth between 2011 and 2016 reflecting strong recent growth in car sales and recovery from substantial job losses during the recession**. 'Clothing/footwear retail' was the only other area to show some growth with the other three sub-sectors declining in the region. This is in contrast to the national picture where all sub-sectors grew except 'Food/beverage retail'.

Table 2: Percentage change in employment in Wholesale & Retail sub-sectors in Western Region and state, 2011-2016

County	% Change in Employment 2011-2016					
	Motor Trades	Wholesale	Food/ Beverage Retail	Clothing/ Footwear Retail	All Other Retail	Total
Donegal	7.1%	3.9%	1.4%	1.9%	-5.3%	0.9%
Clare	18.8%	4.5%	-4.4%	10.6%	-8.9%	0.0%
Galway City	0.7%	-1.1%	-7.2%	-1.7%	16.8%	2.4%
Galway County	9.4%	-3.0%	-7.7%	6.9%	3.3%	-0.4%
Leitrim	11.6%	0.8%	-3.4%	-6.7%	1.2%	0.6%
Mayo	9.0%	-4.2%	-7.4%	5.4%	-4.3%	-2.7%
Roscommon	7.5%	-9.8%	-4.4%	-12.8%	11.6%	-0.9%
Sligo	11.1%	-9.2%	-9.5%	-6.3%	-7.3%	-5.9%
Western Region	**9.5%**	**-2.0%**	**-5.2%**	**1.6%**	**-0.1%**	**-0.7%**
State	**8.8%**	**3.8%**	**-6.0%**	**5.7%**	**3.1%**	**1.7%**

Source: CSO, Census 2016: Summary Results Part 2, Table EZ011

'Food/beverage retail' declined in all western counties, except Donegal, with Sligo experiencing a particularly large fall. In contrast, employment in 'Motor trades' recovered very strongly everywhere, up 18.8% in Clare and over 11% in Leitrim and Sligo. 'Wholesale' showed a mixed performance, growing in Clare and Donegal but contracting sharply in Roscommon and Sligo.

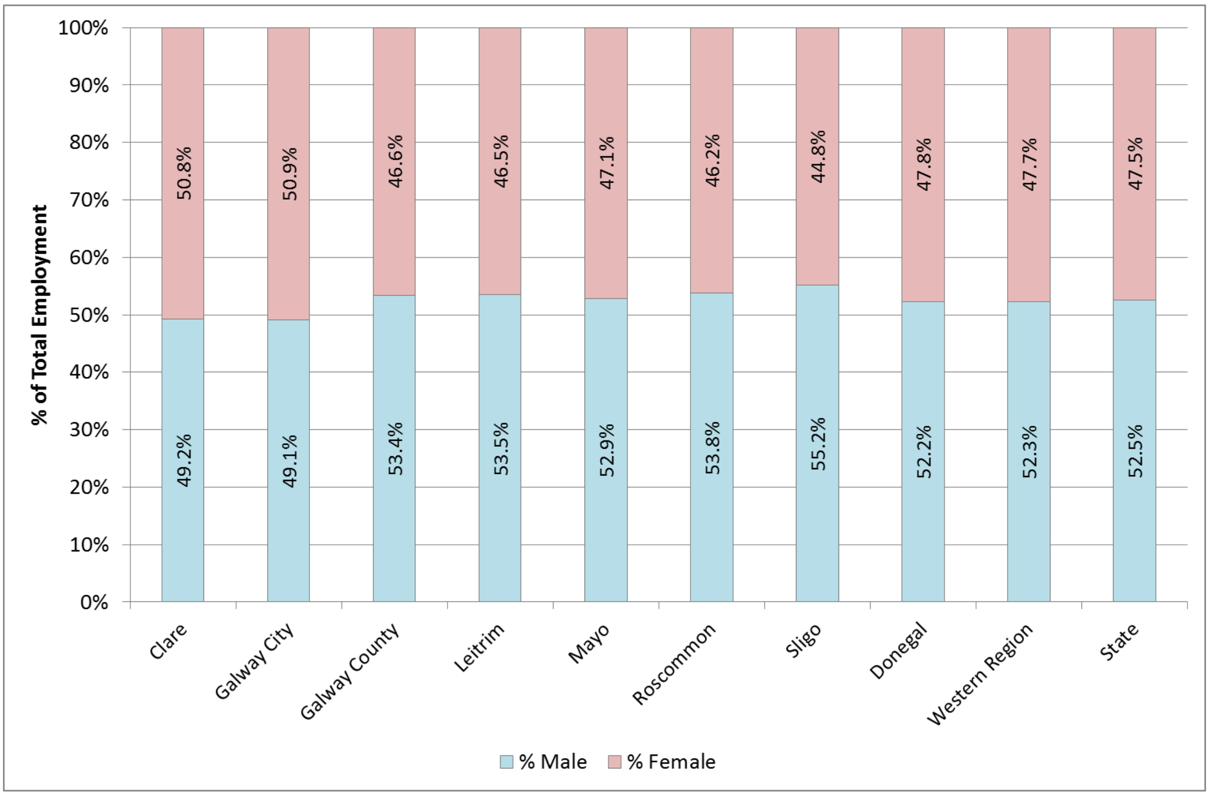
'Clothing/footwear retail' also showed a mixed picture with strong growth in Clare, perhaps due to the expansion of Ennis as a retail centre. In contrast Roscommon suffered large employment losses in 'Clothing/footwear retail', with neighbouring counties Leitrim and Sligo also declining. This sector likely suffered losses in smaller rural towns e.g. closures of family-run businesses, as consumers increasingly travelled to larger centres or shopped online to avail of greater choice. This period also saw a number of significant retail closures in Sligo town.

The miscellaneous 'All other retail' sector grew very strongly in Galway City and Roscommon. Looking in more detail, the strongest growth area in Galway City was furniture and lighting reflecting the recovery of disposable income and the property market, while in Roscommon there was growth in petrol stations and other retail (e.g. chemists, florists).

2.5 Employment by gender

52.3% of people at work in the Wholesale & Retail sector in the Western Region are male, similar to the national average (Fig. 6). Males make up the majority in all western counties except Clare and Galway city. While data is not published on employment by gender for the detailed sub-sectors, it is likely that 'Motor Trades' and 'Wholesale' are quite male-dominated. Galway city and Clare are the two counties where these two sectors combined account for the smallest share of employment which may help explain their female majority. 'Clothing/footwear retail' is likely to have greater female employment.

Fig. 6: Percentage of total employment in Wholesale & Retail sector in Western Region and state by sex, 2016



Source: CSO, Census 2016: Summary Results Part 2, Table EZ011

In terms of the sector's relative importance to male and female employment, it is slightly more important for females with 13% of all employed women in the region working in the sector compared with 12.5% of men. Although men account for the majority of people working in the sector, the sector's relative importance for total male employment is slightly less, due to the greater sectoral diversity evident in male employment.

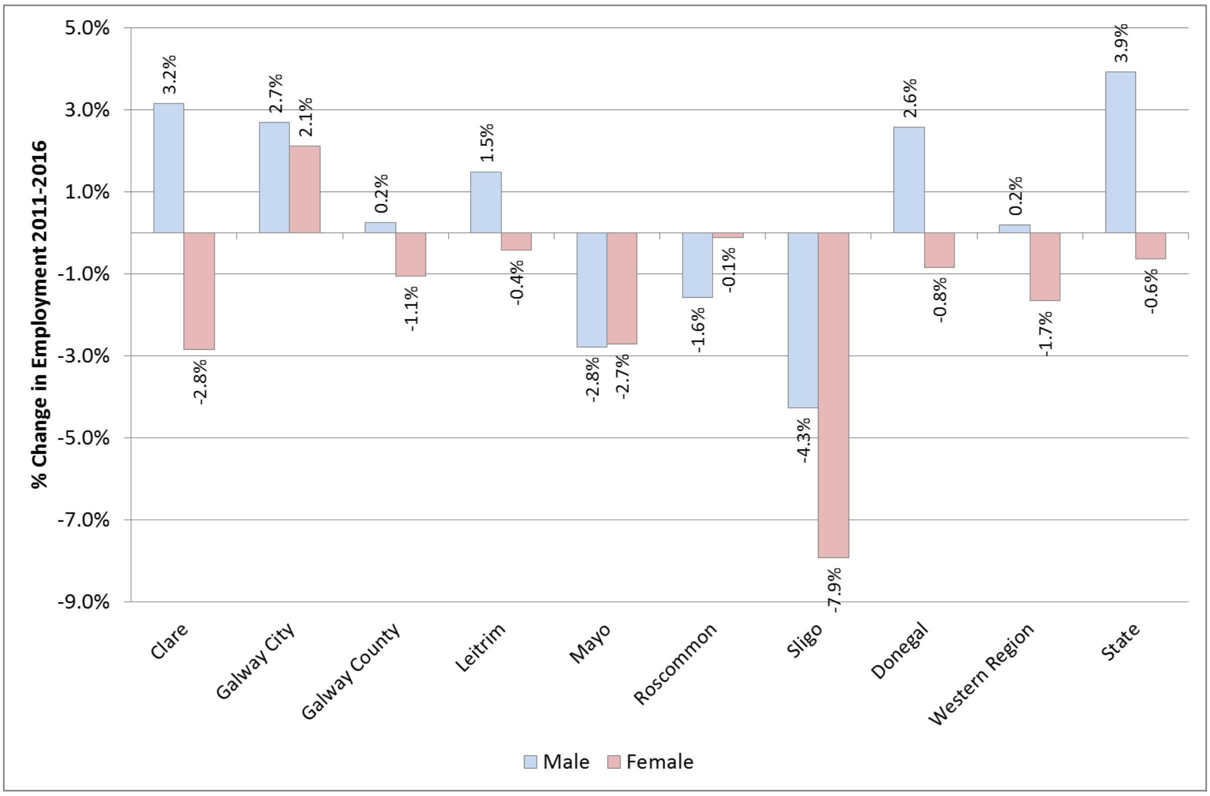
2.5.1 Change in employment by gender

The period 2011 to 2016 saw male employment in Wholesale & Retail in the Western Region increase marginally (0.2%), while female employment fell by 1.7% (Fig. 7). The region had far lower growth in male employment than the national average (0.2% v 3.9%) and a greater fall in female (-1.7% v -0.6%).

Galway City was the only western county to experience growth in both male and female employment, showing that its overall employment growth was quite evenly distributed by gender. Sligo's large overall employment decline resulted from having both the largest fall in female (7.9%) and male (4.3%) employment in the region. The fact that 'Motor Trades' was the only sub-sector to grow in Sligo (see Table 2 on previous page) may help explain the larger decline for women.

Mayo, the only other county with a notable overall employment decline in this period, also saw employment fall for both sexes, as did Roscommon. In both cases male employment performed worse. Clare was where male employment grew most strongly, likely influenced by its very significant growth in 'Motor Trades' (18.8%).

Fig. 7: Percentage change in employment in Wholesale & Retail in Western Region and state by sex, 2011-2016



Source: CSO, Census 2016: Summary Results Part 2, Table EB027

3.0 Wholesale & Retail Enterprises

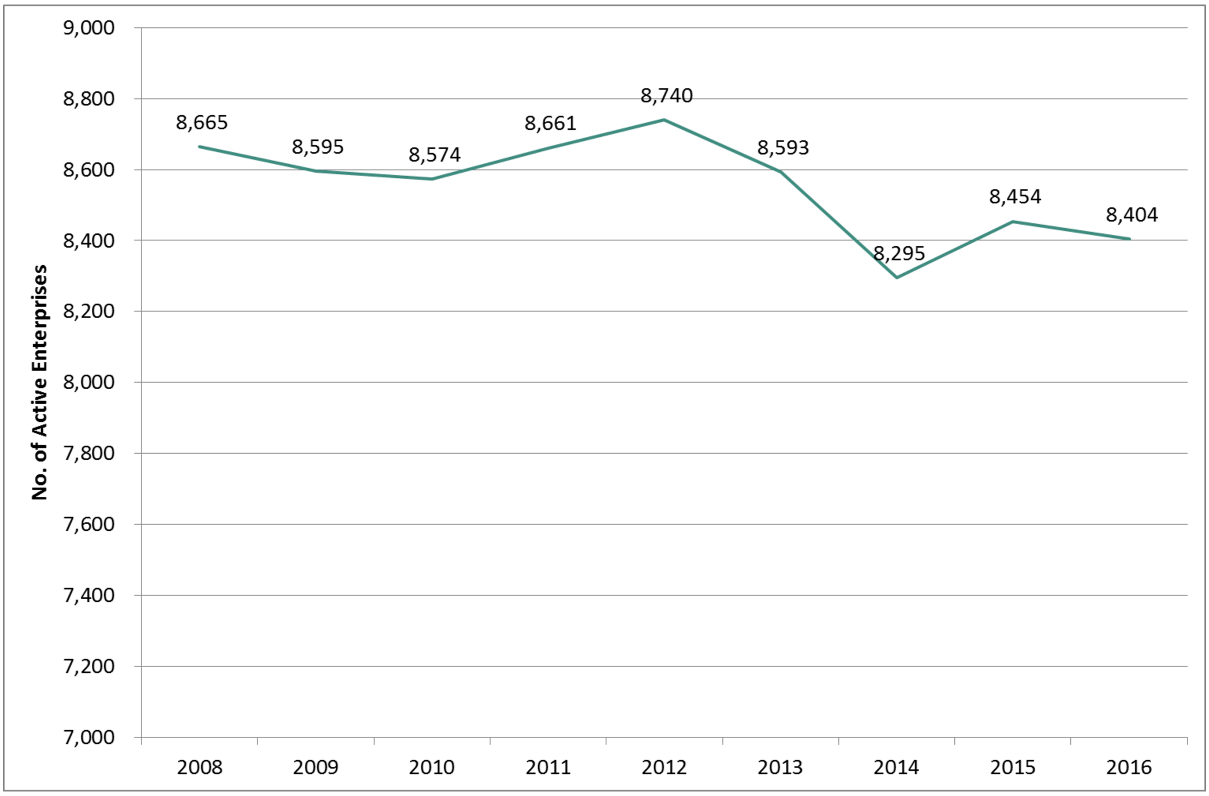
In this section we examine enterprise numbers over time in the Wholesale & Retail sector in the Western Region and counties.

3.1 Enterprises in the Western Region

In 2016 there were 8,404 Wholesale & Retail enterprises registered in the Western Region (Fig. 8). This is 3% below the number in 2008, but an improvement on the low point of 2014. This decline in the number of Wholesale & Retail enterprises in the region is consistent with the earlier finding of a reduction in the instance of self-employment (see Section 2.3).

In 2016, the Western Region was home to 18% of all Wholesale & Retail enterprises in the state but only 15.9% of all employment in the sector in the State indicating that such enterprises in the region are smaller in scale. This pattern is even stronger than these percentages imply as the region's share of enterprises does not count chain store branches in the region, but the region's share of employment does count people working in these.

Fig. 8: Number of active Wholesale & Retail enterprises registered in the Western Region, 2008-2016



Source: CSO, Business Demography 2016, Table BRA18. To ease interpretation, the vertical axis begins at 7,000.

3.2 Enterprises in western counties

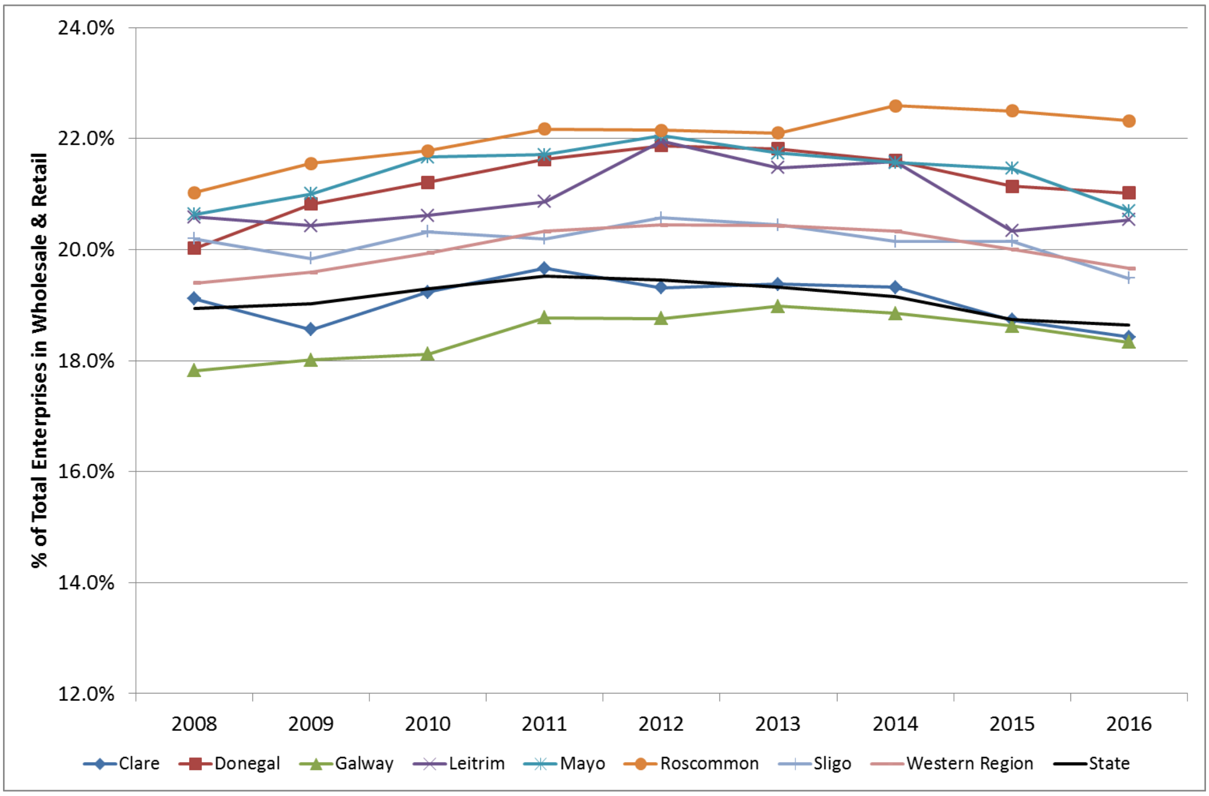
Throughout the nine-year period 2008-2016 Roscommon was the county where Wholesale & Retail accounted for the highest share of total enterprises in the business economy[12] **(22.3% in**

[12] Business economy includes all economic sectors except Agriculture, Forestry & Fishing, Public Administration & Defence, Education, Health & Social Work and Other Services.

2016) and Galway[13] was the county where it was lowest (18.3% in 2016) (Fig. 9). The greater diversity of Galway's enterprise base is one of the key factors; other rural counties (Donegal, Mayo and Leitrim) have the next highest shares in Wholesale & Retail, after Roscommon, again illustrating its significance to the rural economy.

The general trend was an increase in the relative importance of Wholesale & Retail enterprises 2008-2012, likely influenced by substantial losses in other sectors, followed by some levelling-off. Since 2014 there has been a decline in the sector's share of total enterprises, in the region and each county. Given that the total number of Wholesale & Retail enterprises in the Western Region in 2016 is higher than it was in 2014, the decline in the sector's relative importance was due to other sectors recovering more strongly, a similar pattern to employment. In a relative sense, the Wholesale & Retail enterprise base has not recovered to the same extent as other components of the economy.

Fig. 9: Wholesale & Retail enterprises as a percentage of total business economy enterprises in Western Region and state, 2008-2016



Source: CSO, Business Demography 2016, Table BRA18. To ease interpretation, the vertical axis begins at 12%.

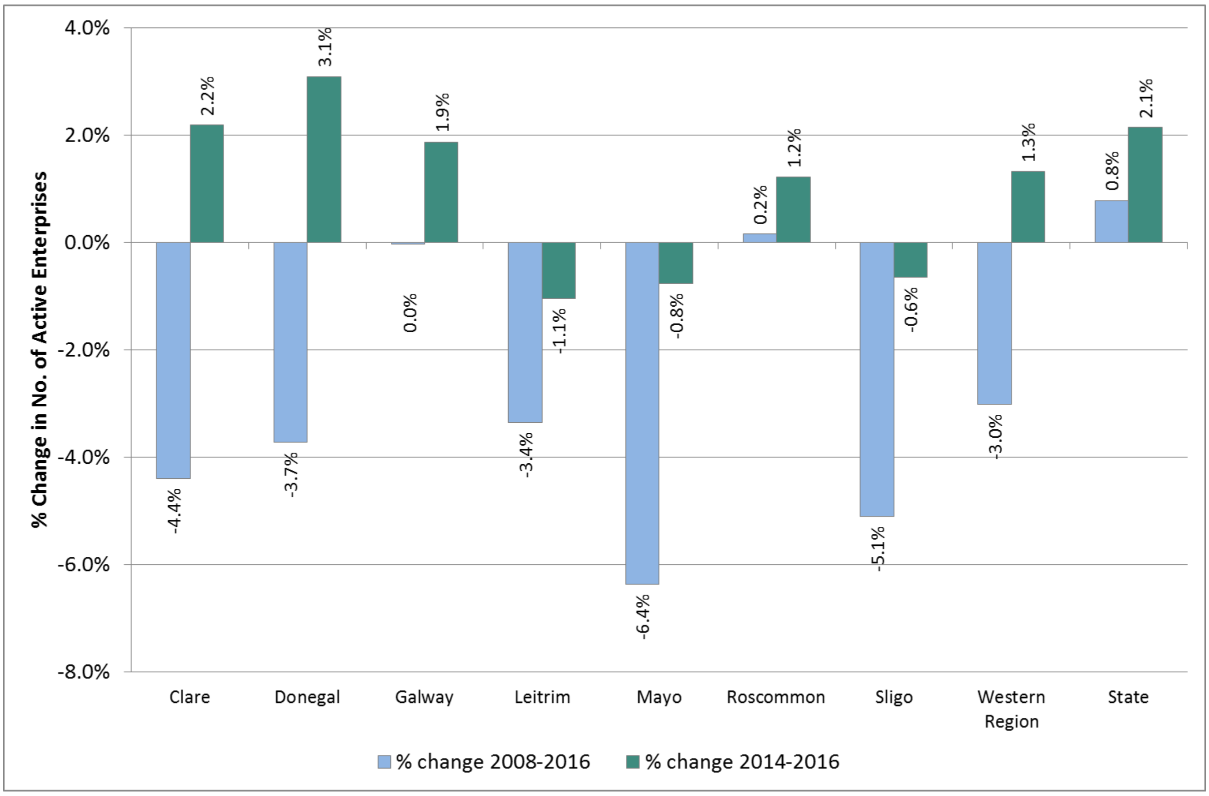
For three counties (Leitrim, Mayo and Sligo) however, as well as a fall in its relative importance there was also a decline in the actual number of enterprises in the sector between 2014 and 2016 (Fig. 10). They were three of only six counties nationally where this occurred.

All other western counties had growth in enterprise numbers since 2014, with Donegal and Clare performing best. Over the longer 2008-2016 period, all western counties (except Roscommon) experienced decline in enterprises, most significantly Mayo (6.1%) and Sligo (5.1%), the two counties which also had the largest falls in employment 2011-2016. The Wholesale & Retail sector in these

[13] Business Demography data does not distinguish between Galway City and Galway County.

two counties appears not to have recovered from the recession to the same extent as elsewhere in the region.

Fig. 10: Percentage change in the number of Wholesale & Retail enterprises registered in Western Region and state, 2008-2016 and 2014-2016



Source: CSO, Business Demography 2016, Table BRA18.

4.0 Key Policy Issues for the Western Region's Wholesale & Retail Sector

The recession had a significant impact on the Wholesale & Retail sector. Initially job losses were concentrated in businesses supplying the construction sector, but spread more widely as disposable income and consumer demand fell. These pressures coincided with changes in consumer behaviour, increased mobility and the growth of online shopping.

There has been growing policy interest in this sector in the past number of years, in no small part due to the very visible impact of vacant shop units on town and village centres. Retail has therefore often been discussed in the context of rural or regional decline. Given its key role in town centre viability, strategies to address the retail sector often form part of broader approaches to city, town and village centre regeneration, rather than specifically having an enterprise focus. Recent years have seen an increase in schemes for public investment in towns and villages for example through the Town and Village Renewal Scheme[14] and the Rural Regeneration and Development Fund.[15]

As a largely domestically trading local service, Wholesale & Retail is generally not eligible for financial enterprise supports. It can however benefit from soft supports provided by Local Enterprise Offices, Leader Partnerships, Skillnets and others. Retail Ireland has called for a single State Agency to centralise Government support for the retail sector.[16]

Some of the key issues for the Western Region's Wholesale & Retail sector are discussed below.

Increased consumer mobility

Increased consumer mobility has led to a growing trend of travelling to cities and larger urban centres to avail of a wider retail choice. This presents opportunities for the region's larger urban centres such as Galway, Ennis, Letterkenny, Sligo and Castlebar, though it can also create problems of accessibility and car parking. Recent performance indicates that among these key centres, it is Galway City in particular that is benefitting from strong growth. Athlone has also benefitted from this trend with the M6 in particular increasing accessibility. Increasing mobility can however have significant negative implications for smaller towns and villages as their customer base declines.

Rural counties and towns

Wholesale & Retail plays a more significant role in the employment and enterprise profile of the region's most rural counties. Mayo, Roscommon and Donegal have the highest shares of both employment and enterprise in this sector, indicative of relative weakness of other sectors. In contrast, Galway and Clare have lower shares, given their greater economic diversity.

Wholesale & Retail plays a particularly important role in small and medium-sized rural towns at some distance from larger centres and serving a wide rural hinterland. It must therefore be identified as a priority sector in national, regional and county strategies aimed at sustaining and revitalising the rural economy.

In 2014 Retail Excellence Ireland published A Strategy for Rural Retailing which identified some of the main issues for Ireland's rural town centres: out-of-town retail preference; weakening town centre retail mix; greater consumer mobility; carparking charges; accessibility; and changing

[14] https://drcd.gov.ie/subheader1/town-village-renewal-scheme/
[15] https://drcd.gov.ie/about/rural/rural-regeneration-development-fund/
[16] Shaping the Future of Irish Retail 2020

consumer behaviour including online competition. They noted that retailing was undergoing a fundamental structural change and that declines in rural towns were not just the result of the economic cycle.

Recent debate on the closure of seven shops in the centre of Carrick-on-Shannon is a good example of the challenges facing retail in such towns. Reasons for the closures cited by the shop owners included traffic congestion, a change in the traffic flow, parking, growth of the out-of-town retail centre, weekend ‘hen and stag’ groups deterring families and reduced overseas tourists.[17]

Town centre renewal

The future of retail is therefore intrinsically linked to the rapidly changing role of town centres. Towns of all sizes are having to adapt to their changing function as increased consumer mobility and online shopping reduces their customer base. Retail is just one of the services provided by towns and for many towns it is declining in importance compared with other activities e.g. cafés, hairdressers, sports facilities.

Taking a broad approach to town centre renewal, addressing issues of accessibility, attractiveness of the public realm, public and private services, safety and local distinctiveness is critical to making towns more attractive as retail and service destinations e.g. ‘experience’ retail, local craft, artisan food.

The Government’s Retail Consultation Forum examined this issue and published A Framework for Town Centre Renewal in 2017, which drew on the proposals of ‘A Strategy for Rural Retailing’. The Framework sets out an Action Plan for Town Centre Renewal particularly targeting towns which have experienced increasing vacancy or a shift of economic activity out of the town centre and are struggling to reverse this trend. It sets out three steps:

> **Step 1 – Stakeholder Engagement and Health Check**: to allow stakeholders to assess a town’s vitality and viability. Possible indicators include the diversity of use of space in the town (retail, offices, restaurants etc.), competitiveness of the retail offering, current mix and likely future changes of retail representation (chains, family-run shops etc.) and street level vacancy rates.
>
> **Step 2 – Establish a Town Centre Management Partnership or ‘Town Team’**: a multi-stakeholder ‘Town Team’ (of approx. 10-15 people) to drive change in the town.
>
> **Step 3 – Prepare and Implement a Town Centre Plan**: with four key components 1) A vision for the future of the town centre 2) Key objectives including retail and hospitality investment 3) Costed listing of projects with sponsors 4) Key performance indicators.

The Framework provides a very comprehensive listing of possible interventions that towns could consider for their plans. The intention was for the Framework to assist ‘Town Teams’ in setting out a plan for their town’s future and to help them to apply for funding e.g. from the Town and Village Renewal Scheme, the Rural Regeneration and Development Fund.

---

[17] https://www.irishtimes.com/news/ireland/irish-news/as-carrick-on-shannon-shops-close-some-blame-hens-and-stags-1.3616016

Local Authorities are key actors in town centre renewal and retail is pivotal to this. Each County Development Plan therefore includes a Retail Strategy which outlines a 'sequential approach' in line with Department of Housing, Planning and Local Government retail planning guidelines. These guidelines state that the preferred location for new retail development is within a town/district/village centre, where this is not possible then consideration can be given to a site on the edge of the town centre. The guidelines specify that out-of-centre sites should only be considered when no other suitable site exists.

Border counties

The retail sector in Border counties can be strongly influenced by currency fluctuations with Donegal's retail sector particularly susceptible. Given the current weakness of sterling, cross-border shopping flows are favouring the North. Brexit will clearly have a major impact on cross-border shopping, though as yet the nature and extent of this is unclear. The possibility of border controls, differing regulatory regimes etc. could have major implications. It is important that retail is among the priority sectors taken into consideration in the ongoing Brexit negotiations.

The recently launched pilot Online Retail Scheme to support eligible SMEs in the retail sector to develop a more competitive online offer, forms part of the 'Getting Brexit Ready' approach of the Department of Business, Enterprise and Innovation, indicating that one route for Border retail businesses to adapt to Brexit may be to exploit online opportunities.

Growth of online sales

Online sales in Ireland continue to grow and it is estimated that 70% of online spending leaks out of Ireland.[18] While online can be seen as a threat to traditional retail, it also presents an opportunity for retailers in the region to expand beyond their local market. In addition to established retail businesses offering online sales, there has also been a trend of some smaller shops closing their physical premises and shifting to an online-only business model. This removes many of the overheads associated with having a shop and seems to have occurred particularly in towns with relatively low footfall or areas with very high rents.

Among retail SMEs in Ireland, only 44% can process transactions online,[19] though it is the second best performing sector after travel and tourism. Initiatives such as the Trading Online Voucher, increased online training for retailers and the pilot Online Retail Scheme are important to help realise the potential. Retail Ireland has also called for introduction of a tax credit to support further online sales capability for Irish retailers.[20]

Broadband access is another critical factor. Only 39% of SMEs in Connacht and Ulster rate their internet connection as excellent or very good. Rapid roll-out of fibre (or fibre-like) connections, with front loading of investments in the Western Region due to the current digital gap, is needed to increase participation in online activity by retailers in the region.

Smaller scale businesses and declining self-employment

Wholesale & Retail enterprises registered in the Western Region tend to be smaller in scale than the national average. This may pose challenges in adapting to current trends e.g. online sales, more

[18] Doing more with digital: National Digital Strategy for Ireland
[19] IE Domain Registry, SME Digital Health Index 2018
[20] Shaping the Future of Irish Retail 2020

flexible opening hours and may also increase the burden of regulatory compliance. However smaller businesses have the benefit of being able to offer a more personal service, with close and long-standing relationships developing between shop owners and their customers.

While the extent of self-employment in the Wholesale & Retail sector in the Western Region remains higher than elsewhere in the country, it is declining. The composition of the sector is changing with fewer family or owner/manager run enterprises. This will impact on efforts to maintain or enhance the local distinctiveness of the retail offering of individual towns, as well as the level of embeddedness of the sector in local areas.

Initiatives and soft supports for those interested in establishing new Wholesale & Retail enterprises, as well as incentives for succession planning for family-run businesses, are needed to maintain or grow the diversity of the retail offering, particularly in smaller urban centres.

Quality of employment and skills development

While the Wholesale & Retail sector offers many high quality, skilled jobs e.g. store managers, it is also a very important source of employment for younger and lower skilled workers as well as those seeking flexible working hours e.g. for child care. The past number of years has seen growing concern over an increase in employees on insecure (zero-hour) contracts who may not know from week to week what hours they will be working. The precarious nature of this work can have a very negative impact on people working in the sector and reduces its attractiveness as a job option. The Government is currently progressing legislation which prohibits contracts specifying zero contract hours in certain circumstances.[21]

Improving the quality and security of employment for those working in this, the State's largest employment sector, is not only important in terms of worker rights, but also for the sector's future viability. Responding to current retailing trends and the sector's growing complexity requires tailored training and education programmes, for example specialist training in online sales or financing.

Changing consumer behaviour has led to an increasing demand for personalised service e.g. a personal shopper, technical advice, as a reason to choose a 'physical' retail experience over purchasing online. Staff need to be equipped with the necessary skills. The Retail Ireland Skillnet is currently developing the content and structure of a new 'National Apprenticeship in Retail Operations' which will be available in 2019.[22] This is a useful upskilling initiative and also gives important recognition to the value of skills development in the sector.

High quality after-sales service is another key differentiator e.g. for computer sales, and this may involve quite high skill levels as do the increasingly complex financing arrangements offered for Wholesale & Retail sales e.g. PCP finance for new cars. There is a need for upskilling across the retail sector and for initiatives which increase its attractiveness as a career option.

[21] The Employment (Miscellaneous Provisions) Bill 2017 is currently before Dáil Eireann, Fifth Stage
[22] https://www.retailirelandskillnet.com/retail-apprenticeships/

5.0 Conclusion

As the Western Region's second largest employment sector, Wholesale & Retail plays a pivotal role in the regional economy. Employment in the sector is more widely distributed than many others, with small and medium-sized towns particularly dependent on it.

The nature of retail is changing, along with the role and function of many towns. Trends such as increased consumer mobility, growth in online sales, Brexit and changing consumer behaviour require the Wholesale & Retail sector to adapt and provide a competitive and attractive retail offering. Addressing issues of the quality of employment and skills development can make it a more attractive job option as well as supporting adaptation to these emerging trends.

Increasing incomes and consumer spending in recent years has led to some recovery in the sector, but this has been quite uneven geographically with Sligo and Mayo experiencing declines while Galway City moves further ahead. The composition of the sector is also changing with a decline in family or owner/manager run businesses.

New opportunities exist to grow online activity and to restructure the retail and service offering of towns to meet changing consumer needs. However, grasping these opportunities will depend on proactive policy to support the sector, a willingness to adapt among retailers, increased capacity for businesses to compete with larger national or global retailers and a collaborative approach to help towns adapt to their changing function.

Download **'Wholesale & Retail in the Western Region: Regional Sectoral Profile'** here

For further information contact:

Pauline White
Policy Analyst
Western Development Commission
Ballaghaderreen
Co Roscommon
paulinewhite@wdc.ie
094 986 1441

Appendix 1: Population aged 15 years and over by detailed industrial group in the Wholesale & Retail sector NACE Rev 2 in Western Region 2011 and 2016

Detailed industrial group	Donegal			Clare			Galway City		
	2011	2016	% Change	2011	2016	% Change	2011	2016	% Change
Motor trades	1,050	1,125	7.1%	622	739	18.8%	299	301	0.7%
Wholesale of food, beverages & tobacco	726	783	7.9%	363	361	-0.6%	300	395	31.7%
Wholesale of household goods	197	96	-51.3%	188	163	-13.3%	121	98	-19.0%
Wholesale of wood, construction materials & sanitary equipment	156	150	-3.8%	104	92	-11.5%	54	47	-13.0%
Wholesale trade (all other)	629	746	18.6%	551	644	16.9%	337	263	-22.0%
Retail sale in non-specialised stores with food, beverages or tobacco predominating	1,899	1,938	2.1%	1,430	1,413	-1.2%	1,116	1,049	-6.0%
Retail sale of food, beverages & tobacco in specialised stores	307	298	-2.9%	301	241	-19.9%	193	166	-14.0%
Retail sale of automotive fuel in specialised stores	333	321	-3.6%	153	151	-1.3%	70	83	18.6%
Retail sale of ICT equipment in specialised stores	97	75	-22.7%	105	75	-28.6%	86	89	3.5%
Retail sale of textiles in specialised stores	12	12	0.0%	24	21	-12.5%	22	10	-54.5%
Retail sale of hardware, paints & glass	253	211	-16.6%	171	156	-8.8%	101	111	9.9%
Retail sale of electrical household appliances in specialised stores	74	76	2.7%	36	55	52.8%	47	53	12.8%
Retail sale of furniture & lighting	208	159	-23.6%	91	84	-7.7%	85	141	65.9%
Retail sale of cultural & recreation goods in specialised stores	159	201	26.4%	177	173	-2.3%	262	214	-18.3%
Retail sale of clothing in specialised stores	599	575	-4.0%	355	362	2.0%	448	448	0.0%
Retail sale of footwear & leather goods in specialised stores	70	107	52.9%	61	98	60.7%	68	59	-13.2%
Retail trade (all other)	1,026	993	-3.2%	790	695	-12.0%	578	760	31.5%
Total Wholesale & Retail	**7,795**	**7,866**	**0.9%**	**5,522**	**5,523**	**0.0%**	**4,187**	**4,287**	**2.4%**

Detailed industrial group	Galway County			Leitrim			Mayo		
	2011	2016	% Change	2011	2016	% Change	2011	2016	% Change
Motor trades	1,283	1,404	9.4%	198	221	11.6%	911	993	9.0%
Wholesale of food, beverages & tobacco	816	866	6.1%	111	128	15.3%	601	607	1.0%
Wholesale of household goods	304	245	-19.4%	33	28	-15.2%	312	210	-32.7%
Wholesale of wood, construction materials & sanitary equipment	185	173	-6.5%	36	23	-36.1%	152	137	-9.9%
Wholesale trade (all other)	1,015	967	-4.7%	175	179	2.3%	749	784	4.7%
Retail sale in non-specialised stores with food, beverages or tobacco predominating	2,226	2,105	-5.4%	405	408	0.7%	1,876	1,803	-3.9%
Retail sale of food, beverages & tobacco in specialised stores	365	287	-21.4%	68	49	-27.9%	327	236	-27.8%
Retail sale of automotive fuel in specialised stores	300	309	3.0%	42	48	14.3%	212	241	13.7%
Retail sale of ICT equipment in specialised stores	129	101	-21.7%	22	13	-40.9%	105	81	-22.9%
Retail sale of textiles in specialised stores	41	25	-39.0%	2	3	50.0%	11	15	36.4%
Retail sale of hardware, paints & glass	368	343	-6.8%	61	72	18.0%	284	215	-24.3%
Retail sale of electrical household appliances in specialised stores	61	71	16.4%	12	6	-50.0%	48	35	-27.1%
Retail sale of furniture & lighting	139	171	23.0%	32	22	-31.3%	128	143	11.7%
Retail sale of cultural & recreation goods in specialised stores	262	205	-21.8%	35	25	-28.6%	265	257	-3.0%
Retail sale of clothing in specialised stores	465	484	4.1%	81	70	-13.6%	583	573	-1.7%
Retail sale of footwear & leather goods in specialised stores	71	89	25.4%	8	13	62.5%	89	135	51.7%
Retail trade (all other)	1,027	1,179	14.8%	204	226	10.8%	956	935	-2.2%
Total Wholesale & Retail	**9,057**	**9,024**	**-0.4%**	**1,525**	**1,534**	**0.6%**	**7,609**	**7,400**	**-2.7%**

Detailed industrial group	Roscommon			Sligo			Western Region		
	2011	2016	% Change	2011	2016	% Change	2011	2016	% Change
Motor trades	506	544	7.5%	441	490	11.1%	5,310	5,817	9.5%
Wholesale of food, beverages & tobacco	273	252	-7.7%	289	286	-1.0%	3,479	3,678	5.7%
Wholesale of household goods	88	100	13.6%	165	113	-31.5%	1,408	1,053	-25.2%
Wholesale of wood, construction materials & sanitary equipment	76	60	-21.1%	74	58	-21.6%	837	740	-11.6%
Wholesale trade (all other)	519	450	-13.3%	343	334	-2.6%	4,318	4,367	1.1%
Retail sale in non-specialised stores with food, beverages or tobacco predominating	842	837	-0.6%	812	742	-8.6%	10,606	10,295	-2.9%
Retail sale of food, beverages & tobacco in specialised stores	147	108	-26.5%	127	108	-15.0%	1,835	1,493	-18.6%
Retail sale of automotive fuel in specialised stores	100	129	29.0%	108	84	-22.2%	1,318	1,366	3.6%
Retail sale of ICT equipment in specialised stores	53	41	-22.6%	68	44	-35.3%	665	519	-22.0%
Retail sale of textiles in specialised stores	13	12	-7.7%	4	4	0.0%	129	102	-20.9%
Retail sale of hardware, paints & glass	157	158	0.6%	143	100	-30.1%	1,538	1,366	-11.2%
Retail sale of electrical household appliances in specialised stores	36	28	-22.2%	31	33	6.5%	345	357	3.5%
Retail sale of furniture & lighting	56	64	14.3%	61	61	0.0%	800	845	5.6%
Retail sale of cultural & recreation goods in specialised stores	82	66	-19.5%	110	87	-20.9%	1,352	1,228	-9.2%
Retail sale of clothing in specialised stores	230	205	-10.9%	308	284	-7.8%	3,069	3,001	-2.2%
Retail sale of footwear & leather goods in specialised stores	51	40	-21.6%	42	44	4.8%	460	585	27.2%
Retail trade (all other)	389	491	26.2%	373	419	12.3%	5,343	5,698	6.6%
Total Wholesale & Retail	**3,618**	**3,585**	**-0.9%**	**3,499**	**3,291**	**-5.9%**	**42,812**	**42,510**	**-0.7%**

Source: CSO, Census 2016: Summary Results Part 2, Table EZ011

Appendix 2: Population aged 15 years and over employed in the Wholesale & Retail sector in western towns 2011 and 2016

Towns	2011		2016		% Change 2011-2016
	No. Employed	% of Total Employment	No. Employed	% of Total Employment	
Galway City and suburbs	4,283	13.3%	4,376	12.3%	2.2%
Ennis	1,391	14.1%	1,356	12.8%	-2.5%
Letterkenny	1,103	15.3%	1,095	14.1%	-0.7%
Sligo	1,068	15.1%	1,021	14.3%	-4.4%
Castlebar	939	19.8%	925	19.1%	-1.5%
Ballina	825	21.2%	724	20.0%	-12.2%
Shannon	425	10.8%	432	10.3%	1.6%
Tuam	533	17.7%	513	15.5%	-3.8%
Buncrana	317	15.3%	342	14.3%	7.9%
Ballinasloe	355	16.0%	346	15.2%	-2.5%
Westport	353	14.0%	355	12.5%	0.6%
Roscommon	383	18.1%	391	17.3%	2.1%
Loughrea	359	18.4%	346	15.0%	-3.6%
Oranmore	299	11.9%	292	11.3%	-2.3%
Ballybofey-Stranorlar	292	19.1%	254	15.4%	-13.0%
Athenry	228	13.5%	241	12.6%	5.7%
Carrick-on-Shannon	258	15.6%	252	14.4%	-2.3%
Claremorris	251	17.9%	281	17.9%	12.0%
Gort	147	14.0%	163	13.0%	10.9%
Ballinrobe	220	20.2%	203	18.1%	-7.7%
Kilrush	170	20.9%	150	18.5%	-11.8%
Sixmilebridge	136	13.2%	131	11.3%	-3.7%
Donegal	169	17.0%	177	16.4%	4.7%
Boyle	144	17.0%	167	20.2%	16.0%
Carndonagh	104	16.3%	106	13.3%	1.9%
Ballyhaunis	162	19.6%	125	14.7%	-22.8%
Ballyshannon	130	16.6%	95	11.8%	-26.9%
Bearna	88	10.8%	96	10.8%	9.1%
Castlerea	116	18.0%	115	17.0%	-0.9%
Tubbercurry	108	16.2%	124	18.0%	14.8%
Bundoran	89	12.7%	82	11.0%	-7.9%
Ballaghaderreen	118	22.3%	104	17.8%	-11.9%
Newmarket-on-Fergus	74	10.1%	77	9.5%	4.1%
Strandhill	67	9.0%	67	8.4%	0.0%
Moycullen	85	12.0%	77	10.3%	-9.4%
Lifford	59	13.6%	80	17.2%	35.6%
Collooney	N/A	N/A	99	15.0%	N/A
Clifden	122	13.7%	104	15.2%	-14.8%
Ballymote	112	20.2%	91	16.8%	-18.8%
Convoy	N/A	N/A	90	18.8%	N/A

Source: CSO, Census 2016: Profile 11 – Employment, Occupations and Industry, Table EB030