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ATTITUDINAL TYPOLOGY OF LOCAL RETAIL BUSINESS OWNERS: PROFILE ANALYSIS AND PROSPECTS FOR CONTINUITY IN A CHANGING RETAIL ENVIRONMENT

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Abstract. The transformation of local proximity retail is a significant phenomenon that reflects changes in the current retail landscape. This sector has experienced a notable decline in its overall market share, from 27% in 2005 to 21% in 2020, mainly due to changing consumer habits, digitalization, globalization and increasing competition from large corporations. In order to better understand the current situation and future prospects of this sector, a comprehensive qualitative study was carried out involving 61 interviews, of which 54 were with store owners and 7 with locally retailers' associations in the Comunitat Valenciana (Valencia Region, Spain). The research was developed through a semi-structured questionnaire of 72 questions, organized around the six main challenges identified in the Strategic Plan for Retail Trade and Crafts of the Valencian Community 2021–2025. The methodology employed included the NGT technique for psychographic segmentation, allowing an in-depth understanding of the different business perspectives. The results of the study revealed four distinctive profiles of traders. The "Pre-retirees", the "Conformists", the "Disoriented" and "Innovators". The implications of these findings suggest the need for differentiated policies to promote local commerce, according to the profile of the merchant.

Keywords: locally-owned retail stores, psychographic segmentation, entrepreneurial profiles, entrepreneurial attitudes, local trade continuity, promotion policies.

JEL Classification: L81, R11, R58.

1. Introduction

Locally owned retailers, integrated into what are known as traditional stores, has been undergoing an intense process of transformation, change and expansion motivated by the incorporation of new consumption habits (Tena, 2016), digitalization, globalization and the incorporation of new commercial formats led by large corporations (Casares Ripol, 2021). In fact, the market share of traditional commerce at a global level has gone from 27% in 2005 to 21% in 2020 (Bonfrer et al., 2022), to the detriment of modern distribution formats such as supermarkets, hypermarkets and discount stores. These formats are not only competing with their large-format stores. They are also expanding with formats such as proximity stores, which directly challenge the traditional local retailing format (DIRCE, 2022). In addition to the causes mentioned above, there is also the paradigm shift caused by the COVID-19 pandemic. This is caused not only by restrictions on people's mobility, but also by the growth of electronic commerce, which has left many merchants behind due to the existence of a significant digital divide (Fernández & Albert, 2021). In addition to their contribution to the local, regional and national economy, small businesses have proven to be an element of social cohesion, creating urban fabric and promoting citizen resilience. Authors such as Rybaczewska and Sparks (2020) show that locally owned stores have a much greater social impact than corporate stores, as they contribute to the consolidation of the social structure of cities and neighborhoods and provide social benefits to the citizens of these areas.

The decrease in the number of small stores in city neighborhoods and towns can reduce the positive impact that their presence has on citizens and contribute

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to the degradation of these urban areas (Confederación Española de Comercio, 2016; INE, 2023). The reasons for the disappearance of local shops are many and varied, and there are several players who are encouraging this process. These range from the peculiarities of the traders themselves and traditional businesses, to the evolution of consumer purchasing habits (OCU, 2022), including interest groups and governments at all levels (Pateco, 2021). Once these causes are known, measures can be taken to reactivate this commercial model, which requires an analysis of the current situation of the actors involved. In this paper, we will present the work carried out on one of these actors, local retail business owners.

Research to date has determined that not all traders operating today have the same business vision and not all share the same vision for their business in the future (Pateco, 2022). On the other hand, in the interviews previously conducted with these businessmen, a generalized perception of victimization in the face of the problems affecting local commerce was observed. However, at no time have the interviewees shown themselves as possible causes or contributors to these problems. This observation leads us to hypothesize that the attitudes and perspectives of the traders themselves towards their professional future could contain relevant clues to identifying internal elements that are harming small commerce. To address this issue, we have thought of carrying out a psychographic segmentation of local retail business owners. This approach will allow us to classify traders according to their lifestyles, values and attitudes towards their professional activity, providing a deeper insight into how their personal characteristics may influence the dynamics of the sector.

Our previous experience in psychographic segmentation, applied in research related to food consumption, supports this methodology. In works such as Baviera-Puig et al. (2021) and Buitrago-Vera et al. (2016), we have successfully employed psychographic techniques to identify behavioural patterns and values among consumers. However, specific references on segmentation of local small business entrepreneurs are limited and focus on understanding the characteristics and dynamics of entrepreneurs (Dowell et al., 2012; Stokes, 2000). We highlight the work of Kenney and Weinstein (2010) as a key methodological reference. This work uses qualitative techniques, such as the Nominal Group Technique, to conduct an exploratory analysis of the psychographic profiles of the self-employed, classifying them into segments based on personality traits and perceived benefits. This approach will allow us to adapt its methodology to the context of small local commerce, providing a solid basis for analyzing the attitudes and behaviors of entrepreneurs.

The objective of this study is to gain an in-depth understanding of the attitudes and predispositions of local traders to establish a typology of profiles based on their perception of the future. The specific objectives are as follows: i) to ascertain the opinion of small proximity commerce traders on the current situation of commerce; ii) to identify the different attitudes that traders have about their own businesses and about small businesses in general; iii) to segment traders based on their future prospects; and iv) to define recommendations on measures to be adopted based on the different perspectives detected.

2. Materials and methods

The present study has employed a combination of desk research and first-hand data. This approach draws upon well-established quantitative and qualitative methodologies, which have demonstrated their effectiveness in similar research contexts (Flick, 2015; Juan & Roussos, 2010; Lozares & Verd, 2016). Specifically, the qualitative technique of ad-hoc interviews (Ibertic, n.d.) and the NGT psychographic segmentation technique have been used (Kenney & Weinstein, 2010). The study *Psychographic segmentation of the self-employed: An exploratory study* (Kenney & Weinstein, 2010) used the Nominal Group Technique (NGT) as a methodology to segment the self-employed according to psychographic criteria. It belongs to the qualitative consensus techniques, being suitable for exploratory studies that require a balance between individual creativity and group consensus.

Kenney and Weinstein (2010) applied it through a process structured in four phases:

1. Individual generation of ideas: Participants independently reflected on personality traits and perceived benefits.

2. Group idea sharing: Each participant presented his or her contributions without initial discussion.

3. Group discussion: Ideas were clarified and grouped thematically.

4. Prioritization: Participants voted to identify the most relevant categories.

They identified four segments:

- Exemplars: visionary leaders who drive industry/societal change. They prioritize innovation, delegate effectively, and leverage strategic alliances.
- Generals: Technically proficient but resistant to delegation. Maintain tight control over operations, often limiting growth.
- Moms and Dads: Lifestyle-oriented entrepreneurs who view their business as an extension of personal values or family legacy.
- Altruists: Mission-driven individuals running nonprofits or social enterprises.

For the ad-hoc interviews, a semi-structured questionnaire was used. Traders from the target audience were interviewed, as well as institutions and sector representatives of retail trade in Comunitat Valenciana (Valencia Region, Spain). The questionnaire grouped the questions into 6 blocks, defined according to the 6 challenges posed by the Strategic Plan for Retail Trade and Crafts of the Valencia Region 2021–2025 (Pateco, 2021). In this work, these challenges have been called Retail

Trade Challenges (RTC) and are as follows:

- RTC 1 (D1): Help the sector to avoid loss of companies and jobs.
- RTC 2 (D2): Modernization of commercial spaces.
- RTC 3 (D3): Innovation and productivity
  - Block 3.1: Profitability and innovation
  - Block 3.2: Professional teams
  - Block 3.3: Digitalization
  - Block 3.4: Sustainability.
- RTC 4 (D4): Public-private collaboration.
- RTC 5 (D5): Administrative regulation.
- RTC 6 (D6): Public financing.

For each of these challenges, the different problems that have been considered as the cause of each challenge were defined. And for each problem, possible general actions to solve it and specific proposals for each of these general actions were determined.

The questionnaire was developed by a group of four academic experts and comprised 72 questions in total. It is shown in Appendix A.

The responses to the inquiries were collected using two distinct formats: i) A 5-point Likert scale, indicating the level of importance of the statement, ranging from 1 (not important at all) to 5 (totally important). This scale was employed when interviewees were queried about the challenges, based on the importance they ascribed to the problems described, the general actions, and the specific proposals; ii) Additionally, open-ended responses were solicited for five inquiries posed at the conclusion of the study. The specific inquiries posed are as follows:

1. What is the main challenge facing your subsector in the next 5 years?

2. What successful initiatives/actions are currently being carried out in your subsector?

3. In your opinion, what should be the priority action(s) that the Public Administration should support?

4. What would you ask of merchants' associations?

5. Are there collaborations with other merchants in the subsector? If so, what level of collaboration? Would you like them to be strengthened?

Next table shows the technical details of the fieldwork (Table 1).

Table 1. Technical details of the fieldwork

Scope	Traders and trade associations from Comunitat Valenciana (Spain)
Type of interviews	In-depth interviews, with a semi-structured questionnaire.
Sample size	61
Average duration of interviews	1 hour and 25 minutes
Interview format	Microsoft 365 TEAMS video format face-to-face
Field work	May – September 2022

Specifically, of the 61 interviews, 7 are traders who are also representatives of associations and 54 correspond to small business traders. The information was transcribed directly to a Google Forms, which allowed direct collection of the information in the appropriate format for analysis.

Several techniques were used to analyse the information collected in the interviews. First, a frequency analysis was performed in which the scores provided in the interviews with the Likert scale were determined, for the problems, general actions and specific proposals. The value considered was the average of the scores provided by the interviewees for each question.

For the analysis of the open-ended responses, all and each of the contributions were analysed and the responses were grouped by themes. Subsequently, those that offered the same or similar idea were unified into a single sentence.

The results obtained in the interviews were the basis for the reflection process carried out by a panel of eight experts in local commerce, both at academic and business level. On the part of the Universidad Politècnica de València (UPV), the experts who participated in the psychographic segmentation of the entrepreneurs were the researchers and professors who are the authors of this article, belonging to the Marketing and Market Research Unit of the Department of Economics and Social Sciences of the UPV. All of them have experience in research on consumer behaviour, consumer psychographic segmentation and agri-food marketing. They are also part of the research team of the Confecomerç-UPV Chair of Commerce. Confecomerç is the Confederation of Commerce, Services and Self-Employed Entrepreneurs of the Valencian Community. On the other hand, the experts belonging to the trade sector were, on behalf of Confecomerç, its managing director and a technician, and on behalf of the traders, two businessmen, belonging to the Governing Council of Confecomerç. To develop the psychographic segmentation of the entrepreneurs, the experts used the Nominal Group Technique (NGT) methodology. This methodology has been used by Kenney and Weinstein (2010) in their study on the psychographic segmentation of entrepreneurs and its procedure has been replicated in this work.

The team of experts met in a working session, during which two exercises were carried out. First, the research project was presented and the tasks to be carried out were explained. It was emphasized that the purpose of the work sessions was to identify entrepreneur profiles based on their professional perspective and their expectations about their future and that of their business. The number of profiles identified should be between three and five.

The first exercise began by showing the results of the in-depth interviews, ordered from highest to lowest score, for problems, general actions and concrete proposals. Subsequently, they were asked to carry out an individual reading and reflection in which they analysed the traders' responses and extracted patterns of behaviour. Through the question "What characteristics define the professional expectations of entrepreneurs in the face of the challenges identified?", they were asked to identify different profiles of traders according to the priorities detected. As a result, an initial list of attributes was obtained, such as "orientation to

digitalization", "dependence on public aid", or "resistance to generational change. In the second exercise, the answers to the open-ended questions were presented so that, as in the first exercise, the experts could make an individualized reflection to identify the profiles of the entrepreneurs, taking into account the attributes highlighted in the first exercise.

In the final phase, each expert publicly presented the profiles they had defined and substantiated them based on the information derived from the interviews, and linking them to specific merchant responses, such as the recurring mention of "unfair competition from e-commerce" or the "lack of generational renewal." These profiles were written on a whiteboard, ensuring neutrality and avoiding duplication, and organized in four categories. Once the categories into which merchants could be segmented were defined, a series of deliberations took place, in which each expert assigned scores to the profiles according to their relevance to the segmentation. Finally, a vote was held to determine the name that best represented the various identified segments. Through this consensus-building process, a definitive identification was established.

2. Analysis and results

2.1. Analysis for the problems, general actions and specific proposals

For the analysis of the problems, they have been ordered, from highest to lowest, by the average score obtained when assessing their importance for the sector (Figure 1).

The most important problems have been selected as those that are in the first quartile of the ranking, i.e., the 25% of problems with the highest score. In the first quartile there are two problems related to D6 "Public funding", three related to D3"Innovation and productivity" and two related to D5 "Administrative regulation" (Figure 2).

The most important problem is D6P1 "Reduction of profitability due to the increase in costs, ...", followed very closely by two problems included in the challenge D3 "Innovation and productivity" such as D3B2P6 "Failure of commerce entrepreneurs" and D3B1P1A1 "Facilitating evolution". The following places are occupied by the problem D6P2 "There is no use of all the grants due to their design and deadlines" and the D3B3P9 "Low level of digitalization of commerce". Finally, we find two problems related to the challenge D5 "Administrative regulation" such as D5P1 "Lack of commercial regulation of retail giants" and "D5P2 " Slowness in the management of administrative licenses…"

The analysis of the main problems shows that small local commerce faces a series of problems that affect its sustainability and competitiveness. The most prominent is the reduction in profitability due to the increase in energy costs, which puts direct pressure on profit margins. Added to this are two challenges linked to innovation and productivity: the failure of entrepreneurs in the

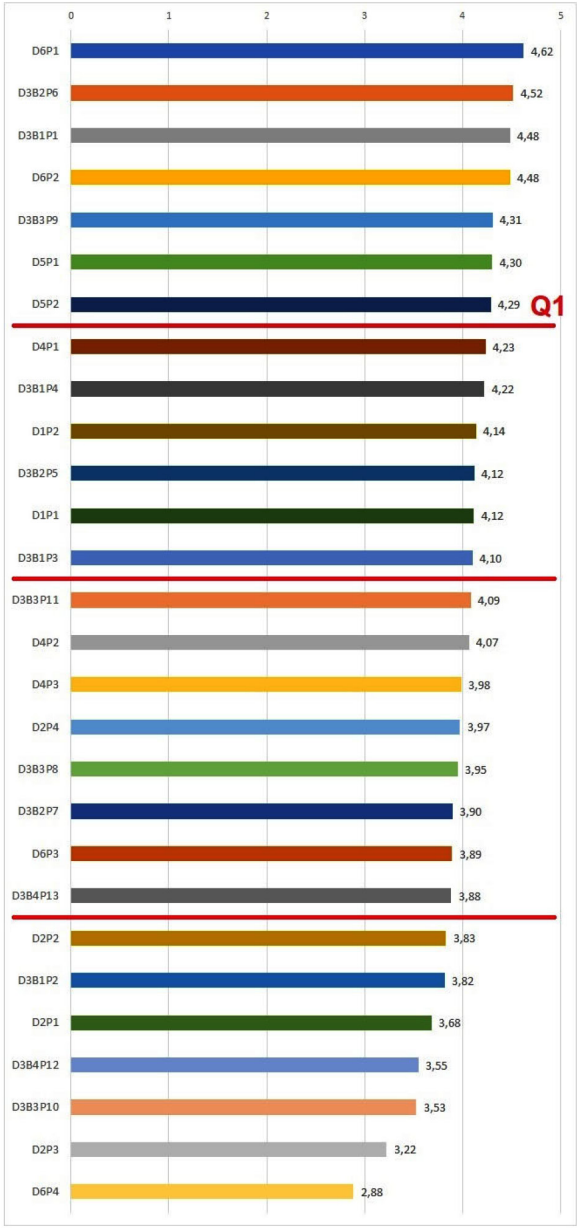


Figure 1. Ranking of the level of importance of the identified problems

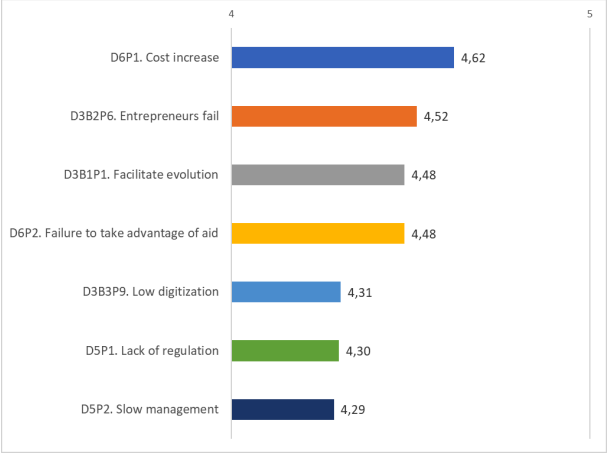


Figure 2. First quartile in importance of the problems

commercial sector and the loss of profitability caused by changes in consumer habits. A lack of effective use of public aid is also identified, attributed to its design and timing, together with a low level of digitalization that limits the capacity of commerce to adapt to new market demands. Finally, problems related to administrative regulation are mentioned, such as the lack of control over commercial giants and sales between individuals, which generate unfair competition.

For the analysis of the actions, they have been ordered, from highest to lowest, by the average score obtained when assessing their importance for the sector (Figure 3).

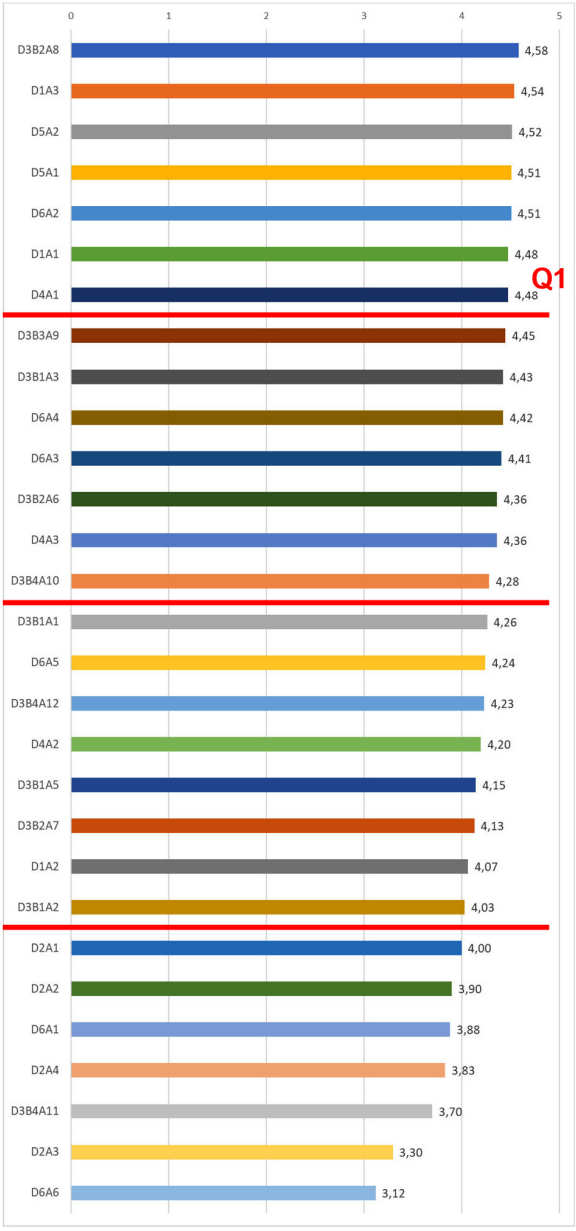


Figure 3. Ranking of the level of importance of actions

The most important actions have been selected as those that are in the first quartile of the ranking, i.e., the 25% of actions with the highest score. The highest scoring actions are related to many of the challenges posed. In the first quartile there are two actions related to the challenge D1 "Helping the sector to avoid loss of businesses and employment", two related to D5 "Administrative regulation", one to D3 "Innovation and productivity", another to D4 "Public-private partnerships" and one to D6 "Public funding" (Figure 4).

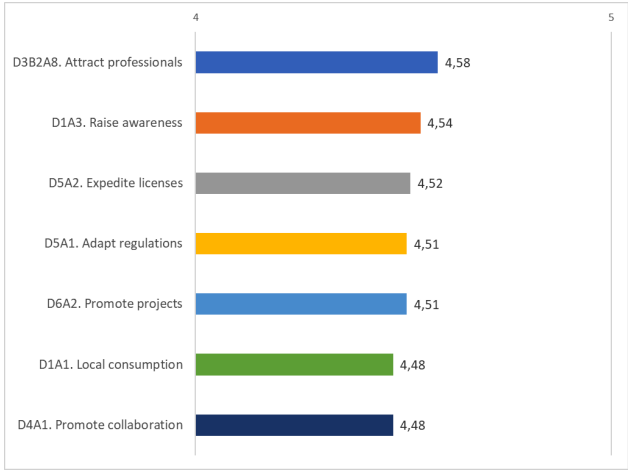


Figure 4. First quartile in importance of the actions

The most important action is D3B2A8 "Attracting professionals and improving their training" followed very closely by D1A3 "Raising consumer awareness of local commerce". Next, two actions related to administrative regulation are pointed out, such as D5A2 "Streamlining licenses and administrative procedures" and D5A1 "Adapting regulations to the real situation of small businesses and legislating against unfair competition". They are followed by the actions of D6A2 "Promote cost reduction projects", D1A1 "Encourage local consumption" and D4A1 "Promoting collaboration between the administration, associations and entrepreneurs".

The study of the main priority actions to strengthen small local commerce focuses on attracting qualified professionals and improving their training, which is considered key to meeting the sector's current challenges. The importance of raising consumer awareness of the benefits of local commerce is also highlighted, encouraging a change in purchasing habits. In the area of administrative regulation, the streamlining of licenses and procedures is identified as necessary, as well as the adaptation of regulations to the commercial reality and the fight against unfair competition. Other relevant actions include promoting projects aimed at reducing costs, encouraging local consumption and promoting closer collaboration between the administration, associations and entrepreneurs.

For the analysis of the specific proposals, they have been ordered, from highest to lowest, by the average score obtained when assessing their importance for the sector (Figure 5).

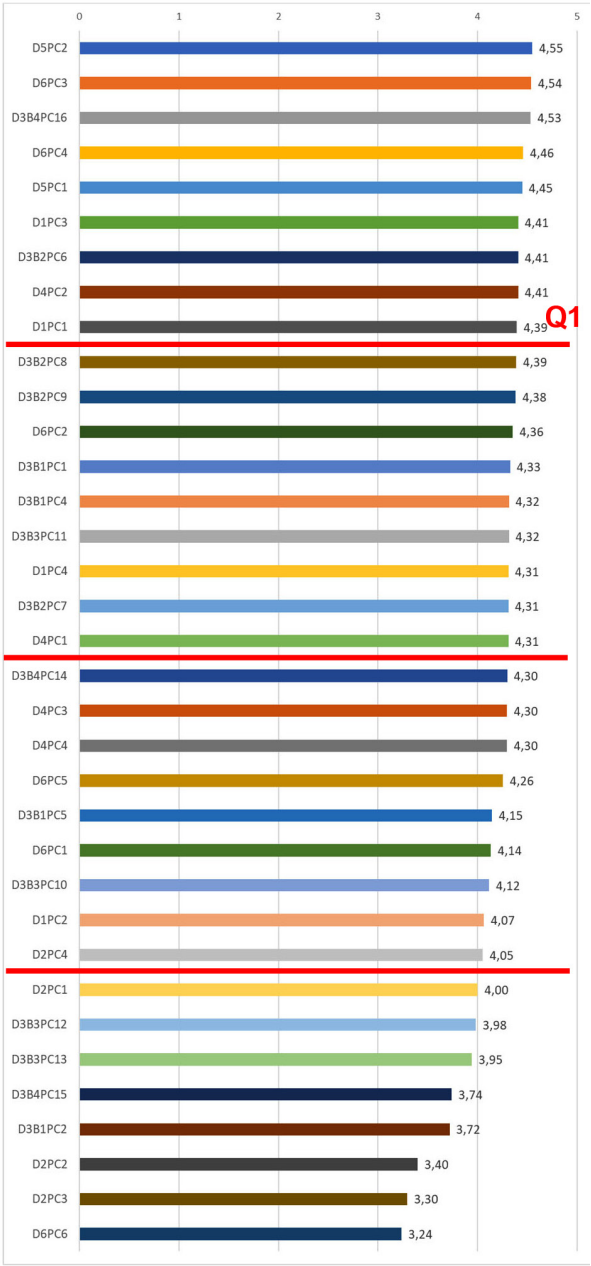


Figure 5. Ranking of the level of importance of the specific proposals

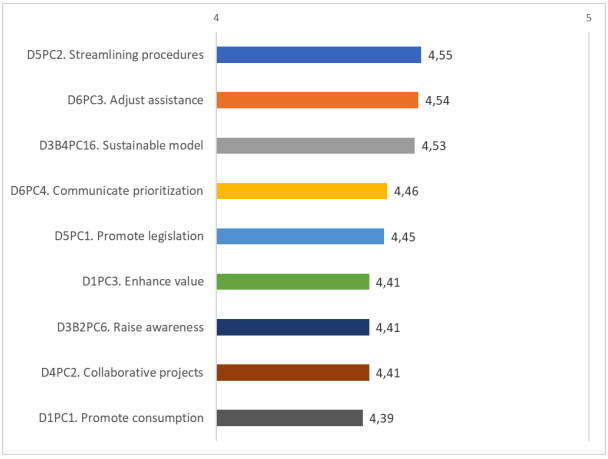


Figure 6. First quartile in importance of the specific proposals

The most important specific proposals have been selected as those that are in the first quartile of the ranking, i.e., the 25% of specific proposals with the highest score. The highest scoring specific proposals are related to many of the challenges posed. In the first quartile there are two specific proposals related to the challenge D1 "Helping the sector to avoid loss of companies and employment", two related to D3 "Innovation and productivity", two related to D5 "Administrative regulation", two to D6 "Public funding" and one to D4 "Public-private partnerships" (Figure 6).

The most important specific proposals related to the challenge D5 "Administrative regulation" are D5PC2 "Streamlining licenses and administrative procedures" and D5PC1 "Promoting common legislation and compliance demanding with current regulations". Regarding the challenge D6 "Public funding", the most important specific proposals are D6PC3 "Adjusting grants to real challenges" and D6PC4 "Communicate in advance the deadlines for the publication and opening of grants". For D3 "Innovation and productivity", it is proposed to D3B4PC16 "To make local commerce visible as a sustainable model …" and D3B2PC6 "To make business opportunities visible to new traders and to promote the business succession". Regarding the challenge D1 "Helping the sector to avoid loss of businesses and jobs", the specific proposals that have been considered most important are D1PC3 "Promote the value of local commerce" and D1PC1 "Encourage local consumption…". Regarding the challenge of D4 "Public-private partnership", the specific proposal that is in the first quartile of the most important is D4PC2 "Supporting collaborative trade projects (Administration-Associations)".

Thus, after analysing the main proposals, it is revealed that the most relevant ones to address the main challenges of small local commerce cover various strategic areas. In the area of administrative regulation, it is considered a priority to streamline licenses and procedures, as well as to promote common legislation that guarantees compliance with current regulations. In relation to public financing, it is proposed to adjust aid to the real challenges of the sector and to communicate the deadlines for the publication and opening of these aids earlier, improving their accessibility. For the challenge of innovation and productivity, actions such as making proximity trade visible as a sustainable model and promoting business opportunities for new traders, promoting generational change are highlighted. As for the challenge of avoiding the loss of businesses and jobs, the importance of enhancing the value of local commerce and promoting its consumption, strengthening its position in the market is stressed. Lastly, in the area of public-private collaboration, priority is given to supporting collaborative projects between the Administration and trade associations, promoting active cooperation that benefits the sector.

2.2. Analysis of the open-ended questions

For each open-ended question, the primary ideas generated are presented below.

Question 1: What is the main challenge facing your subsector in the next 5 years?

"Being competitive with e-commerce".

"Unfair competition from online sales".

"Competition from organized distribution".

"Knowing how to adapt to new challenges: covid, crisis, new buying behaviors, young buyers."

"How to fit small businesses against new marketing channels. Online business management".

"Generational change, there is no succession".

"Improving local commerce communication".

"The uncertainty of markets and consumer response".

"The consumer has become very cautious".

The responses to the first question point to different challenges that small retailers will face. Among the most important are the competition from e-commerce and organized distribution, the need to adapt to changing economic and social contexts, and the digital transformation to integrate online channels in their commercial management. In addition, structural problems such as generational change and the difficulty of attracting successors are mentioned, along with the need to improve communication to effectively connect with consumers who are increasingly cautious and overloaded by excessive commercial information. In this context, the resilience and differentiation capacity of small retailers, through unique value propositions, will be key to ensuring their sustainability in the face of new market dynamics.

Question 2: What successful initiatives/actions are currently being carried out in your subsector?

"Being innovative: in-store cafeteria, home delivery, healthy and organic products".

"The emergence of novel business types in conjunction with the prevailing ones: training customers to repair and assemble bicycles, among other activities".

"Local actions of commercial dynamization: well promoted to citizens by city councils".

"Online sales promotions, using social networks and mobile applications. This allows visibility and market expansion...".

"They have adapted to the new tendences: electric urban mobility, spending time at home, e-commerce, etc."

"Selling 'shopping experience and services that cannot be offered online".

"Adapting to new buying behaviors".

"Traders offers personalized treatment (and acts as) prescriber, advisor".

"Engagement with the Internet".

The analysis of the answers to the second question shows that small local businesses are implementing successful initiatives focused on innovation and adaptation to new market demands. Actions such as the incorporation of complementary services at points of sale (cafeterias, training in practical skills) and the offer of products that respond to current trends stand out. There is also a drive towards digitalization through online sales, the use of social networks and mobile applications, which expands markets and improves visibility. At the same time, there is a commitment to offer unique shopping experiences and personalized services that cannot be replicated on the Internet, reinforcing the role of the merchant as an advisor and prescriber. In addition, the municipal actions of commercial dynamization and the adaptation to new consumer behaviors (such as more life at home and reduced mobility) contribute to strengthen the sector.

Question 3: In your opinion, what should be the priority action(s) that the Public Administration should support?

"Monitor compliance with obligations on the use of brands that support local commerce, for example, the Crafts brand".

"Aid to hire technicians to help small businesses".

"To the Administration, legislate listening to merchants' proposals".

"The Administration is partly to blame. Not only grants for physical modernization, but to improve management, adapt to new demands (like corporate stores), improve services, etc."

"[Some traders] not favorable to grants and subsidies to subsist".

"It is recommended that the Administration engage in more frequent dialogue with associations."

"Regulate unfair competition".

"Effective digitalization grants: for hire digital manager, training not aimed at knowing how to do, but at knowing the resources".

"Digitalization requires professional management, the trader cannot cover everything."

In the third question, there are responses indicating that the priority actions of the Public Administration should focus on three key areas: regulation, technical support and dialogue with the sector. In the first place, the need to legislate in a more inclusive manner, listening to the proposals of traders and regulating aspects such as unfair competition and the proper use of brands that support local trade, such as the Artesanía brand, is highlighted. Secondly, technical support is requested through aid to hire specialized professionals, especially in areas such as digitization, where practical training and digital managers are required to facilitate technological adaptation. Finally, entrepreneurs stress the importance of a more fluid dialogue between the Administration and trade associations to design effective policies that are not only limited to financial aid, but also promote improvements in management, modernization and adaptation to new market demands.

Question 4: What would you ask of merchants' associations?

"Promoting relationships between associations and confederations".

"To collaborate among themselves, even if they are not from the same sector".

"Greater collaboration between all".

"More union between commercial associations to present joint proposals to the Administration".

"To be professional and to function like a corporation. Professionalization, professional management".

In the responses to the fourth question, the local small business owners consider that the merchants' associations should play a more active and coordinated role in order to strengthen the sector. Among the main demands, they highlight the need to encourage collaboration between associations, even those belonging to different sectors, with the aim of creating synergies and presenting joint proposals to public administrations. In addition, greater professionalization is requested in their operation, adopting more efficient management models and operating with the structure and organization of a company. The union between associations and confederations is seen as essential to solidly represent the interests of small businesses and promote strategic actions that benefit the sector as a whole.

Question 5: Are there collaborations with other merchants in the subsector? If so, what level of collaboration? Would you like them to be strengthened?

"Value chain collaboration: manufacturers collaborate in online sales, manufacturers leave products on deposit."

"Some traders specialized a lot in their trade, but lacking in business management, legal, marketing ..., should ask for collaboration".

"In some sectors collaborations are common, but in others they are not".

"Promote discussion forums among traders".

"This collaboration can be based on the exhibition of products from other stores".

Finally, by asking traders from different subsectors, it is summarized that the level of collaboration between traders varies according to the subsector, but existing initiatives that could be strengthened are identified. Current practices include collaboration with other members of the value chain, such as suppliers. As an example of this, firstly, the deposit of products by manufacturers and their support in online sales is highlighted, and secondly, the display of products from other stores, which promotes mutual visibility. However, it is pointed out that some specialized retailers lack business management knowledge, which could be solved through collaborations aimed at the exchange of experiences and training. In addition, it is proposed to promote discussion forums among retailers to share ideas and strategies. These actions reflect the fact that collaboration helps to strengthen the capabilities of small businesses in the face of current challenges.

2.3. Psychographic segmentation using the NGT

Once the different responses were studied, the experts applied the NGT (Nominal Group Technique) psychographic segmentation method, identifying four distinct segments: PRE-RETIREES, CONFORMISTS, DISORIENTED and INNOVATORS. The main characteristics of these segments are detailed below.

PRE-RETIREES are traders who are in the final stage of their professional career, waiting for retirement. They maintain conservative management of their businesses and show a marked concern for generational change. These entrepreneurs face difficulties in adapting to market changes, new buying behaviours on young consumers and new technologies, maintaining a traditional vision of the business. Their experience in the trade is notable, but they often lack up-to-date knowledge in areas such as marketing, business management and current legal aspects (Generalitat Valenciana, 2018).

CONFORMISTS are characterized by their satisfaction with the status quo and their low inclination towards innovation. These merchants show resistance to change, especially in the face of growing competition from modern distribution and e-commerce. They tend to depend on grants to subsist and show little initiative to modernize their businesses (Pateco, n.d.). Their passive attitude is reflected in the lack of efforts to improve local commerce communication or to adapt to new market demands. They recognize the need to improve management and adapt to new demands, but expect others, such as traders' associations or the Administration, to take the initiative instead of doing it themselves.

The DISORIENTED are merchants who recognize the need to innovate, but lack clear direction on how to implement change. These merchants are aware of the importance of adapting to new buying patterns and digitalization, but feel overwhelmed by market uncertainty and consumer reaction. They seek external support, such as grants to hire specialized technicians, and recognize the importance of digitization, but don't know how to approach it effectively. Their desire for change is hampered by a lack of knowledge and resources to implement innovative strategies. They express a need for assistance in hiring technicians to help them modernize their businesses and manage online channels.

INNOVATORS are distinguished by their proactivity in implementing new strategies and their ability to adapt to market demands. These traders constantly seek innovative ways to attract customers, such as incorporating in-store cafeteria, home delivery services, and offering products that respond to current trends, like health and ecology (Chiclana, 2020). They leverage technology to boost online sales, use social media and mobile applications to increase their visibility and expand markets. Innovators actively collaborate with other traders and other members of the value chain, seeking synergies and

new opportunities, such as centralized purchasing (Ministerio de Industria, Comercio y Turismo, 2022). They strive to offer unique shopping experiences and services that cannot be replicated in online commerce, demonstrating a deep understanding of the competitive advantages of local commerce. They have been able to adapt to new mobility (Ajuntament de València, 2022), increased home living and online sales, and understand the importance of selling a "shopping experience" that cannot be offered online.

3. Discussion and conclusions

The findings of this study provide a nuanced understanding of the challenges, initiatives, and expectations of local retail business owners, offering valuable insights into the dynamics of the sector and its future prospects.

The analysis highlights several critical challenges, including competition from e-commerce and organized distribution, the need for digital transformation, generational renewal issues, and improving communication strategies to engage cautious consumers. These challenges underscore the necessity for resilience and differentiation through unique value propositions to ensure sustainability.

Some local businesses are actively implementing innovative strategies such as offering complementary services (e.g., in-store cafeterias, training workshops), promoting online sales through digital tools, and creating personalized shopping experiences that cannot be replicated online. Municipal actions to support commercial dynamization further bolster these efforts.

Merchants emphasize the need for legislative reforms that consider their proposals, effective regulation to address unfair competition, and targeted financial aid to support modernization, management improvement, and digital adaptation. Additionally, fostering collaboration between public entities and merchants' associations is seen as crucial for sectoral growth.

The psychographic segmentation approach adopted in this study offers a novel perspective on understanding local retail business owners beyond traditional demographic or economic classifications. By focusing on attitudes and expectations, this methodology provides actionable insights for tailoring policies and initiatives to specific merchant profiles.

Through the application of psychographic segmentation using the Nominal Group Technique (NGT), four distinct profiles of traders were identified:

- PRE-RETIREES: traders who are waiting for retirement.
- CONFORMISTS: traders who maintain the status quo without doing anything new.
- DISORIENTED: traders who want to do new things, but don't know what to do or how to do it.
- INNOVATORS: traders who want to and are doing new things.

The identification of these four profiles of local small business merchants reveals the need to implement differentiated and specific strategies for each group. Based on this segmentation, we can develop a comprehensive and detailed set of recommendations to support these traders, focusing efforts mainly on the DISORIENTED and INNOVATORS, without neglecting the particular needs of PRE-RETIREES and CONFORMISTS.

3.1. Strategies for DISORIENTED and INNOVATORS

These two segments show a greater willingness to implement strategic actions to improve their situation, so public and private policies should focus primarily on them. For example, facilitating access to flexible financing and strengthening business support systems. This could be achieved through tailored microcredit and grant programs, as well as collaboration with cooperative development financial institutions (Pateco, n.d.). Additionally, a coordinated business support system should be established that includes financial coaching, mentoring, and the development of a robust entrepreneurial ecosystem.

Creating new business opportunities is crucial for these segments. This involves facilitating access to public contracts at the local level (Observatorio Industrial de la Construcción, 2021), creating open innovation programs that connect small businesses with large companies, and coordinating with local tourism initiatives in which small businesses can participate (Comunitat Valenciana, 2021). Approaches based on fostering social relationships and community building, such as municipal and urban revitalization programs, and the creation of opportunity zones, would also be beneficial for these profiles.

3.2. Strategies for PRE-RETIREES

Although this segment shows less willingness to change, it is crucial to address generational succession to ensure the continuity of these businesses, especially when the direct family members of the entrepreneurs are not willing to take over. This can be achieved through the creation of business succession platforms, led, for example, by traders' associations (Pateco, n.d.). Reverse mentoring programs, tax incentives for business transfer, and "active retirement" programs that allow for a gradual transition of business control should also be promoted.

3.3. Strategies for CONFORMISTS

For this segment, the focus should be on fostering innovation and entrepreneurial spirit. This can be achieved through "soft innovation" programs, which introduce gradual and less disruptive changes in businesses (Pateco, n.d.). The creation of sectoral working groups could expose conformists to new ideas and innovative practices from their peers, while mentoring provided by merchants or innovative companies from other sectors could be opted for (ADFB, n.d.; Redpac, 2024; Observatorio Industrial de la Construcción, 2021). It would also

be interesting for public administrations to facilitate tax incentives linked to the implementation of innovations, and the creation of guided "technology adoption" programs.

The effective implementation of these measures requires close collaboration between the public sector, businesses, and traders' organizations (associations, federations, and confederations), as well as continuous evaluation and adjustment of strategies based on the results obtained. The ultimate goal would be to optimize the resources dedicated to local proximity commerce by creating a comprehensive support ecosystem adapted to the specific needs of each segment.

4. Limitations and future research directions

While this study provides valuable insights, it is based on a regional sample (Comunitat Valenciana) that may not fully represent broader national or international contexts. Future research should expand the scope to include comparative analyses across regions or countries to identify universal versus context-specific trends in local retail dynamics, longitudinal studies to assess how merchant attitudes evolve over time in response to external pressures and explore quantitative validation of psychographic profiles through surveys or experimental designs.

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Authors contribution

Conception and design of the work: C. E.-P.; Acquisition of data: L. M.-V. and C. E.-P.; analysis and interpretation of data: A. B.-P. and J. B.-V.; drafting the article: A. B.-P and L. M.-V.; revising the article: L. M.-V.; J. B.-V. and C. E.-P.

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APPENDIX

A. Semi-structured questionnaire

CHALLENGE 1 (D1). HELPING THE SECTOR TO AVOID LOSS OF BUSINESSES AND JOBS.

P1. Reduction in profitability due to reduced consumption, direct sales from manufacturers to consumers and entry of other trade operators.

A1. Encourage local consumption.

PC1. Encourage local consumption with consumer vouchers, promotions, etc.

A2. Promote the improvement of the value chain.

PC2. Promote integrated management of the value chain.

P2. Population uninformed about what trade brings.

A3. Raising consumer awareness of local commerce.

PC3. Promote the value of local commerce. Publish studies that demonstrate the contribution to society.

PC4. Promote trade among consumers and tourists.

CHALLENGE 2 (D2). MODERNIZATION OF COMMERCIAL SPACES

P1. Excessive commercial weight of large cities compared to small municipalities.

A1. Retain businesses in small municipalities.

PC1. Attract investments with direct aid for commercial urban revitalization.

P2. Streets with no commercial activity due to the closure of commercial tractors. And invasion of franchises and hotels and restaurants.

A2. Improve commercial variety.

PC2. To regulate the changes of activity in the premises that close.

P3. Insufficient management of the artisan network and non-sedentary sales.

A3. Modernize and promote crafts and non-sedentary sales.

PC3. Promote the professional management of artisans and non-sedentary sales.

P4. Lack of investment in municipal markets (accessibility, sustainability,...).

A4. Modernize municipal markets and allow public-private management.

PC4. Invest and turn markets into locomotives of health and sustainability.

CHALLENGE 3 (D3). INNOVATION AND PRODUCTIVITY

Block 1 (B1): Profitability and Innovation

P1. Loss of profitability of commerce due to the change in consumer habits towards: ecommerce, supermarkets, hotels and restaurants.

A1. Facilitating the evolution and growth of retailers.

PC1. Adapt the business model and the associated products and services to new consumers: seniors, singles,...

A2. Promote the improvement of commercial management thanks to business collaboration.

PC2. Promote business collaboration projects: purchasing centers, internationalization,...

P2. The consumer does not perceive innovation in local commerce.

A3. Promote modernization and innovation.

PC3. Incorporate new trends and good innovative practices.

P3. Lack of updated commercial information.

A4. Improve trade awareness.

PC4. Support university research to transfer that knowledge to trade.

P4. Crafts have not been valued and do not have marketing channels.

A5. Promote collaboration with local commerce, rural commerce, markets and souvenirs.

PC5. Create marketing channels for handicrafts, thanks to the support of tourism, rural commerce and markets.

Block 2 (B2): Professional Equipment

P5. The current business owner has a high average age (55 years old) and needs to be replaced. There is a lack of mechanisms to facilitate business transfer.

A6. To create platforms for business transfer.

PC6. To make business opportunities visible to new traders and to promote the business relay.

P6. A significant percentage of traders fail (lack of: knowledge, financing,...).

A7. Mentoring the new trader.

PC7. Support entrepreneurship.

P7. Difficulties in hiring trade professionals.

A8. Attracting professionals and improving their training.

PC8. Create training itineraries in vocational training and universities. Promote lifelong learning for employers and workers.

PC9. Support the attraction of talent: internships and scholarships in commerce.

Block 3 (B3): Digitalization

P8. Change in consumer habits towards e-commerce purchases.

P9. Low level of digitalization of commerce.

P10. Retailers are exhausted by multitasking in physical and online stores.

P11. Increase in cybercrime.

A9. Promote the digitalization of commerce.

PC10. Standardize e-commerce and provide home delivery services to local commerce.

PC11. Support training and knowledge of digitalization tools.

PC12. Attract talent and outsource digital services.

PC13. Increase digital and cybersecurity knowledge.

Block 4 (B4): Sustainability

P12. Consumers demand sustainability, but are unaware of the contribution of commerce to sustainability.

A10. Communicate contributions to environmental and social sustainability: energy efficiency, waste reduction,...support local projects.

PC14. Communicate and raise awareness of the lower carbon footprint of local commerce compared to online commerce.

P13. Increase of requirements to comply with sustainability legislation: Waste Law, Food Waste Law, etc.

A11. Make the entry into force of new legislation more flexible.

PC15. To make compliance with legal requirements on sustainability more flexible.

P14. Lack of awareness of the retailer that sustainability is an argument of competitiveness.

A12. Recognize sustainability as a competitiveness factor.

PC16. To make local commerce visible as a sustainable model (it avoids displacements, reduces emissions, creates employment and local wealth).

CHALLENGE 4 (D4). PUBLIC-PRIVATE PARTNERSHIPS

P1. Collaboration is the only option to take advantage of resources and achieve profitability. But there is little collaboration between administrations, associations and entrepreneurs.

A1. Promote collaboration between the administration, associations and entrepreneurs.

PC1. Need to manage agile public-private collaboration protocols.

PC2. Support collaborative trade projects (Administrations-Associations).

P2. Traders' associations are not very professionalized due to a lack of resources and professionals.

A2. Promote the network of trade technicians (Administrations and Associations).

PC3. Support the existence of professional management.

P3. Scarce participation of the trader in campaigns and collective projects of Associations and Administrations.

A3. To increase the participation of merchants.

PC4. Reward active participation in associations.

CHALLENGE 5 (D5). ADMINISTRATIVE REGULATION

P1. Lack of commercial regulation of: Digital giants (Amazon, Shein, ...) and Private sales (Wallapop,...).

A1. Adapting regulations to the real situation of small businesses and legislating against unfair competition.

PC1. Promoting common legislation and compliance demanding with current regulations.

P2. Slowness in the management of administrative licenses for commerce (works, licenses, concessions, ...).

A2. Streamlining licenses and administrative procedures.

PC2. Streamlining licenses and administrative procedures.

CHALLENGE 6 (D6). PUBLIC FUNDING

P1. Reduced profitability due to increased costs in energy, transportation, salaries....

A1. Support their survival with public aid.

PC1. Facilitate access to: aid, guarantees and liquidity: ICO, AVALEM COMERÇ, ...

A2. Promote cost reduction projects.

PC2. Take advantage of service saving agreements (associations, purchasing centers, etc.).

P2. Not taking advantage of all subsidies due to their design and deadlines.

A3. Adapt subsidies to the real challenges: sustainability, digitalization, replacement,...

PC3. Adjust grants to real challenges: e.g. energy efficiency, digitalization management, etc.

A4. Anticipate the timing, content and amount of aid to be published.

PC4. Communicate in advance the deadlines for the publication and opening of grants.

P3. There are no European, IVACE or AVI aids for trade.

A5. Raise awareness in Europe, Ministry and Consellería of the needs of trade.

PC5. Dedicate resources to attract European and innovation funds to trade.

P4. Disparity of VAT rates

A6. Harmonize tax rates

PC6. Adjust VAT rates