

Inspiring Examples for Inner-City Development

Reactions to competition through e-commerce offers

Many municipalities in Germany are already actively working on the remodelling of their inner-cities and central shopping streets. In their preliminary work, the researchers at the Wuppertal Institute and adelphi have identified three complex problem areas that are crucial to consider for the development of city centres:

1. multiple vacancies of shop spaces
2. vacant department stores
3. competition due to e-commerce

The aim of the R&D project "Designing city centres as places of sustainable consumption" (SONa) is to test, in three local pilot projects, to what extent the creation and strengthening of sustainable consumption opportunities in central shopping streets and their surrounding area are an antidote to the decline and desolation of inner-city centres (i.e. the *trading down effect*).

To assist not only the local initiatives but also offer broader insights, a total of 40 projects were screened and seven examples were selected from them to serve as inspirations for the SONa pilots. The selection process was guided by three exclusion criteria, namely a spatial reference to central shopping streets, a functional link to the supply and trade functions of city centres, and the projects being either completed or ongoing for at least one year. The complex problem areas described above were also decisive for the selection.

E-commerce is described as one of the biggest challenges for brick-and-mortar retail. In the following, two approaches are described that attempt to support digital retail offers through hybrid models.

The translation of the factsheets was initiated by the project "NiCE - from niche to centre" and is co-funded by the European Union (Interreg Central Europe). On the one hand, this makes it possible to make the collected findings accessible to an international audience. On the other hand, the findings also contribute to the work of NiCE.

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1 „Wuppertal Online City“

Wuppertal, located in North Rhine-Westphalia, is the largest city in the Bergisches Land region of western Germany with over 360,000 inhabitants. In 2017, around 13,000 employees subject to social insurance contributions were employed in almost 1,400 companies in Wuppertal's city centre, which covers an area of around 4.5 square kilometres (Reutter et al. 2017, p. 4). In Wuppertal, too, the future of its city centre is being questioned, especially in light of the Corona pandemic. Due to the closure of numerous shops, such as the Galeria Karstadt Kaufhof branch most recently, Wuppertal's city centre is threatened with desolation.

The 'Online City Wuppertal' is a digital marketplace where local retailers can offer their products and services, as well as promotions. Originating in 2013 as a pilot project under the state of North Rhine-Westphalia's "Thinking digital and brick-and-mortar retail together" initiative, the project aimed to build a bridge between online and offline (i.e. brick-and-mortar) retail, focusing especially on "the opportunities of e-commerce and online communication for creating an attractive and lively shopping city" (Wirtschaftsförderung Wuppertal 2023). In the middle of 2016, the project expired as a funded measure. As a result, a number of Wuppertal retailers joined forces to form an association, 'talMARKT- Online City Wuppertal e.V.', aiming to represent the interests of retailers in the long term and to promote both brick-and-mortar and online shopping in Wuppertal. Currently, around 60 retailers, service providers and restaurants are represented in the association. In August 2017, when a two-year follow-up project for the Online City Wuppertal was initiated, talMARKT received project sponsorship alongside the Wuppertal Economic Development Agency, securing a total funding sum of 328,000 euros over the entire project duration (Wirtschaftsförderung Wuppertal 2023).

The 'Online City' concept exists in over 35 cities across Germany. Besides Wuppertal, these include Dessau-Roßlau, Bonn, Nordfriesland, and Neuruppin. The technical infrastructure for such online cities is provided, among others, by the company atalanda GmbH. As *Software as a Service* (SaaS), it provides cities and their retailers with online platforms at a flat rate.¹ Per website with its own domain, this price amounts to 50,000 euros per city. In addition, retailers each pay a sum of 30 euros to be able to offer their goods online.

In Wuppertal, more than 60 retailers, service providers and restaurants with over one million products have been using the platform² since mid-2022 (Stadt Wuppertal 2023). This number significantly exceeds the originally envisaged 300-400 products from about 20 Wuppertal retailers. Nevertheless, the project's continued development in Wuppertal faces a set of challenges, primarily stemming from a lack of retailers and users willing to use the online service. Here, mentalities and digital competences play a major role - while many retailers lack the knowledge and motivation for online sales, some consumers prefer to buy in brick-and-mortar stores out of principle or due to a lack of experience with online shopping.

¹ For more information on Atlatanda and a full list of participating cities, visit the website: <https://atlatanda.com>

² <https://atalanda.com/wuppertal>

„Wuppertal Online City“

„Thinking digital and brick-and-mortar retail together“ (Becker 2019)

Duration:	Phase 1: 2013 – 2016; Phase 2: 2017-2019
Spatial focus:	Entire district of Wuppertal
Project sponsor / Lead:	Wirtschaftsförderung Wuppertal AöR and talMARKT – Online City Wuppertal e. V.
Budget:	€ 328,000

Relevant drivers for the implementation of the project were most notably individuals within the local government and its dedicated business development department. Their commitment to the project, coupled with concrete and well-defined project ideas, provided a solid foundation for its realisation. In addition, individual retailers who were already well integrated into the city's retail community were decisive because they acted as multipliers. Notably, the project acted as a unifying force, strengthening bonds within the retail community, evident through collaborative endeavours such as joint events, advertising campaigns, training sessions, and informal knowledge exchanges. Finally, another instrumental driver was the active involvement of local and regional press, which played a pivotal role in disseminating information and enhancing project visibility.

In terms of outcomes, the project has already achieved significant success. Beyond its role as an online marketplace, it has had tangible effects on brick-and-mortar shopping. One notable outcome is the increased consumer frequency witnessed in Wuppertal's stores, driven by the distribution of shop coupons available online. Another noteworthy impact is the Research Online Purchase Offline (RoPo) effect, where consumers research products and their availability online, ultimately leading them to engage with physical brick-and-mortar stores. This convergence of online and offline commerce, often referred to as hybrid retail, plays a crucial role in bolstering the survival prospects of these local shops.

2 “Rendsburg belebt” (Rendsburg revitalised)

The city of Rendsburg, located on the Kiel Canal, has almost 30,000 inhabitants, making it one of the largest cities in Schleswig-Holstein. A total of around 60,000 people live in the economic area of Rendsburg, which is why the city, as the administrative centre, is not only the political but also the economic centre of the region. In the heart of the city lies the old town, which was built in the 13th century and thus has a medieval character. Impressive buildings, access to the water of the river Eider and numerous green spaces make Rendsburg and its inner-city an attractive area to live. However, even before the pandemic, Rendsburg, like other comparable towns in the region, had to cope with longstanding department store vacancies and a decline of activity in the town centre (Priebes 2019). The Covid-19 pandemic and the increasing tendency for consumers to shop online are exacerbating negative effects on Rendsburg's city centre and its retailers. New concepts are needed that reflect the new needs for urban meeting places, social interaction and individuality in Rendsburg's city centre.

Vacancies in Rendsburg's shops are a particular burden on the surrounding villages in the region because of Rendsburg's role as a key supplier for the surrounding area. For this reason, the call for a vacancy management system for the city of Rendsburg became louder in recent years, with both citizens from the surrounding area and within the city echoing this call. In 2020, Region Rendsburg GmbH finally launched a pilot project: the Pfiffikus Concept Store. This innovative project breathed new life into the city centres retail space by offering a dynamic pop-up concept store with two core principles: sustainability and appeal to young audiences. Here, regional and sustainable products find their home, directly offered by the producers themselves through collaborative efforts. This endeavour swiftly demonstrated a significant regional appetite for sustainable goods. Notably, through prototypical testing, additional needs emerged, fostering a deeper understanding of the community's desires. In addition, meeting and exchange spaces were created by providing sandboxes for children in front of the Pfiffikus, leading to the realisation that there is generally a lack of meeting places in the city centre, especially for families. Following the success of this pilot project, the "Rendsburg belebt" (Rendsburg revitalises) project was finally launched in 2021, receiving funding from the Federal Ministry of Housing, Urban Development, and Building (BMWSB) and the Federal Institute for Research on Building, Urban Affairs, and Spatial Development (BBSR) as part of the wider "Nationale Stadtentwicklungspolitik" (National Urban Development Policy).

The implementation of the project has encountered a series of formidable challenges. One major obstacle has been the presence of vacant properties owned by larger corporations, where enthusiasm for revitalisation is notably lacking, and the assignment of clear responsibilities remains elusive. Furthermore, the process of identifying the owners of these vacant shop spaces has proven to be a difficult issue. Finally, a remaining challenge is to find (suitable) staff to run the shops and to generate the financial means to pay them accordingly.

„Rendsburg belebt“ (Rendsburg revitalised)

Duration:	05.2021– 12.2023
Spatial focus:	Southern city centre of Rendsburg
Project sponsor / Lead:	Region Rendsburg GmbH
Scope:	Revitalisation of 8 vacancies and supporting activities
Budget:	€ 530,000

Since the beginning of the project, numerous instruments for urban revitalisation have been tested and implemented, including, for example, numerous raised flower beds, benches

thoughtfully equipped with integrated tables to facilitate leisurely stays, playground equipment catering to both children and adolescents, as well as the organisation of vibrant markets, festivals, and a diverse array of events. Community activities, including joint planting days and setting up a family workshop have also been offered and played an important role. Overall, revitalisation efforts have breathed new life into parts of Rendsburg's southern inner city, along with the transformation of eight previously vacant sites. The primary focus has shifted away from mere consumption to create a space conducive to interactivity, community bonding, and leisurely pursuits. Importantly, this revitalisation initiative is inclusive and not limited to retailers with a specific focus on sustainability. For example, an Italian delicatessen offering mostly conventionally produced products has also set up shop as part of the revitalisation.

It is important to note that the digitalisation of local retail was not a primary focus of this endeavour. Particularly for businesses in their trial stages, setting up and maintaining an online shop was not a top priority due to resource constraints. However, some progress has been made, with the delicatessen establishment launching a small online shop. Similarly, the zero-waste shop, another addition to the revitalisation effort, has a website providing an overview of its offerings, although it is yet to provide detailed product information or an order/click-and-collect offering. Already now, young people are increasingly heading for the city centre, and moving forward, the project team envisions creating a dedicated space for young people to gather and exchange ideas. Future projects also include expanding green initiatives, promoting affordable housing, enhancing access to the city's water features, and introducing art installations.

The most relevant drivers behind the project's success to date stem from both the broader demand of the local population and the proactive engagement of individuals who approached the city and presented well-defined ideas and demands. Additionally, the concept of "Wirtschaftskümmerer" (i.e. economic caretakers) offering guidance and support to individuals with business ideas played a pivotal role in shaping the project's success.

3 References

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