

Two decades of changes in spatial distribution of retail and commercial services: Czech experience

ZDENĚK ŠILHAN¹ and JOSEF KUNC¹

Abstract

The aim of this paper is to introduce basic developmental consequences, changes, trends and the current situation in amenities through retail and commercial services in the rural areas of the Czech Republic. The example illustrated herein is the South Moravian Region. Methodically, the text is built on previous survey (2002), and on our own survey conducted in municipalities up to 3,000 inhabitants of the South Moravian Region in 2018 (n = 355). There are semi-structured interviews (n = 18) that link back to these surveys. The data obtained was processed by the methods of statistical and graphical analysis, comparison, interpretation and synthesis. The paper concludes that since 2002, commercial amenities have experienced remarkably negative development. The smaller municipalities in the periphery have encountered the greatest decline, but stagnation is also seen in the suburban areas of Brno. From among types of commercial amenities, the ones most weakened were specialized shops, which could no longer compete with large retail chains. Almost a fourth of municipalities support commercial trade and services, mainly through subsidies or lowered rent. The regions also provide subsidies. Even simplifying red tape or providing tax relief on the part of the public sector would support civic amenities. Another key may be retaining young and educated people in municipalities where they will live and work. Contributing to this could be not only developing infrastructure in municipalities, but also for example the next wave of digitalization and introduction of stable, high-speed Internet service in rural areas.

Keywords: retail, commercial services, South Moravian Region, amenities, Czech Republic, spatial distribution, municipality size

Introduction

The Bohemian and Moravian countryside, after undergoing 30 years of transformational activities, face different conditions and development. In the Czech Republic, there are both areas with social and economic decline and also positive development. Also suburbanization or counter urbanization process and inflow of foreign direct investment take part (HRUŠKA, V. and PŘIŠA, J. 2019). In the Czech Republic, there are different types of rural areas ranging from regions in social and economic decline, via non-developing regions to developing areas (PERLÍN, R. *et al.* 2010). Topics discussed in professional circles and the general public alike not only include questions of demographic aging and depopulation,

the departure of young, educated people to the cities, and the lack of jobs and attractive opportunities for doing business, but also the development of service and retail activities of cultural and social traditions (MLADEK, J. *et al.* 2018; PATAY, T. 2018; TONEV, P. *et al.* 2018). One may express general concern over the loss of the social and economic importance of the rural environment in consequence of the decline in retail and services felt over most European countries (MCEACHERN, M.G. and WARNABY, G. 2006; KARLSSON, E.B. 2012; KRIŽAN, F. *et al.* 2017).

The basic service functions (retail and services, or civic amenities) are in reality becoming gradually weakened in rural communities, which translates to substantial problems for and threats to these communities. Grocery

¹Department of Regional Economics and Administration, Faculty of Economics and Administration, Masaryk University, Lipová 41a, 602 00 Brno, Czech Republic. E-mails: z.silhan@mail.muni.cz, kunc@econ.muni.cz

stores or restaurants, etc., satisfy not only the needs of purchasing and possibilities of using services, but they also serve as one of the main places for people to interact and for social life to play out locally. These places in small communities are disappearing, however, and it is not possible to realistically replace them with anything else (KRIŽAN, F. 2009).

The basic service functions are linked to selected public policies at the state, regional and municipal level, declaring an important public interest (especially transport accessibility and serviceability, social policy, employment, population and migration policy, supporting business, etc.). The mentioned retail and service functions are crucial for the stability and social status of rural areas, and are to a certain extent irreplaceable (CLARKE, I. and BANGA, S. 2010; AMCOFF, J. *et al.* 2011; SZCZYRBA, Z. *et al.* 2013; SPILKOVÁ, J. 2018). The consequence of the weakening of retail in these rural areas may even be the origin of so-called food deserts (BILKOVÁ, K. *et al.* 2017).

The aim of this paper is to introduce basic developmental consequences, changes, trends and the current situation in amenities through retail and commercial services in the rural areas of the Czech Republic, where one example is the South Moravian Region. The analysis, comparison, interpretation and assessment are built, *inter alia*, on a foundation of ascertained data and previous survey (2002) and on our own survey performed in municipalities of the South Moravian Region in 2018. Besides the assessment of municipal amenities, the authors attempt to point out the risks of this unfortunate development outside the cities, but also the possibilities of public support and an outlook to the future.

Amenities and service functions: barriers and opportunities

The distribution of amenities is significantly influenced by several linked factors that develop thanks to new technological and communications solutions leading to a change in the hierarchical arrangement of providing

services. One of the key aspects is the greater opportunity for mobility of consumers regarding the highly dynamic development of personal automobile transportation and public transport in the form e.g. of so-called integrated transport systems, functioning in modern countries since the 1980s (ILLERIS, S. 1991). This phenomenon is constantly deepening with the advancing globalization and with changes in consumer purchasing behaviour (BIRKIN, M. *et al.* 2010; SPILKOVÁ, J. 2012; KUNC, J. *et al.* 2013; KRIŽAN, F. and LAUKO, V. 2014). Citizens have ever-growing options in alternative shopping for food, by which the transformation of their purchasing preferences continues to deepen (SPILKOVÁ, J. 2018).

Rural areas are afflicted by a series of social, demographic and economic problems. Typically, the rural municipality faces different development (PERLÍN, R. *et al.* 2010, or HRUŠKA, V. and PIŠA, J. 2019). The part of the countryside that is in decline is mainly located on periphery and faces to an aging population, worsened quality of housing or lack of new places for living, and (younger) population departure to cities or suburban areas (BENEDEK, J. and IVAN, K. 2018; MLÁDEK, J. *et al.* 2018; PATAY, T. 2018; KUBEŠ, J. and NOVÁČEK, A. 2019). Amenities of municipalities and commuting to retail and services, especially in peripheral areas are significantly influenced by commuting to work regarding the long-term loss of jobs in rural communities, especially in agriculture and industry (KUNC, J. *et al.* 2018; TONEV, P. *et al.* 2018).

In the Czech Republic, there is a persistent lack of tax revenue drawn from small municipalities due to developmental needs and the condition of municipal assets (PEKOVÁ, J. *et al.* 2012). Municipalities, especially small ones with a population of up to 500, have, thus, faced the long-term problem of insufficient civic amenities, whereas the situation is getting slightly worse. Civic and technical amenities are meanwhile essential for ensuring the quality of life in rural areas and the right conditions for developing agriculture, business and employment (BINEK, J. *et al.* 2007; SZCZYRBA, Z. *et al.* 2013; ŠILHAN, Z. 2018).

Discussions in professional literature mention that the most threatened areas from all Czech and Slovak territories are internal peripheries and border areas, which are the most influenced by weakening of amenities and service functions (e.g. SZCZYRBA, Z. *et al.* 2013; MARYÁŠ, J. *et al.* 2014; KRIŽAN, F. *et al.* 2014; ŠILHAN, Z. 2018). On one hand, border areas can be relatively well equipped thanks to shopping tourism (MIRWALDT, K. 2010). Weakening of rural areas, however, is far from the domain of just the nations of Central and Eastern Europe (see also PÁLL, Z. and HANF, J.H. 2013; STANCIU, S. 2015), similar problems have been indicated in more modern countries too, specifically in England (MOSELEY, M.J. *et al.* 2004, or PADDISON, A. and CALDERWOOD, E. 2007), in Scotland (CUNNINGHAM, J. 1999), in Germany (TREBBIN, A. *et al.* 2013), in northern Finland (JUSSILA, H. *et al.* 1992) and in Denmark (NØRGAARD, H. 2011), but also outside the typical European spaces such as Iceland and the Faroe Islands (KARLSSON, E.B. 2012). It is obvious, that the stated disparities and developmental barriers, or rather existential problems of rural areas, have been resonating for two decades across Europe.

On the other hand, new kind of services are emerging in rural areas of Europe. For example, in remote sparsely populated areas in Norway, there is a combination of multiple types of shops in one place (e.g. selling food, local produce, pharmacy, library, tourist information kiosk, cafe, etc.) (BÅTEVIK, F.O. and HALVORSEN, L.J. 2016). Another example could be the development of groceries (shops selling fruits and vegetables) associated with the role of the local community and promoting of the health benefits (PALERMO, C. *et al.* 2017). In the Czech Republic, attention has been focused on research in the area of new shopping centers (e.g. MARYÁŠ, J. *et al.* 2014) rather than to new types of services in rural areas.

Another factor mentioned in the literature in relation to rural service functions is the oft-discussed influence of the Internet and high-speed stable data, which are important not only for economic support of rural are-

as (working from home), but they also specifically increase selection and comfort when shopping, and facilitate communications with sellers. For periphery economies, where sellers are limited by the transport infrastructure and inconsistent offer of raw materials, the Internet is one of the paths towards resolving these difficulties (FREATHY, P. and CALDERWOOD, E. 2013). Further point out that the large national sellers bring goods via Internet purchasing to cities, but do not offer online service to areas with lower population density. In the question of online purchasing, success depends mainly on the capability of customers in using the Internet to shop and on Internet user behaviour (SINGLETON, A.D. *et al.* 2016).

Shop closure in a rural municipality might not be the only consequence of low demand, there might also take part other reasons (problematics of generation exchange of independent entrepreneur (HABERMAN, H. and DANES, S.M. 2007), competition of newly opened shops, primarily supermarkets (KUPPER, P. and EBERHARDT, W. 2013; MARYÁŠ, J. *et al.* 2014) or roadbuilding infrastructure (RONSE, W. *et al.* 2015), for example, construction of bypass roads.

Support of commerce and commercial services in rural areas has become a frequently discussed matter in the Czech Republic in recent years, not only in academia, but mainly at the regional and national level in the framework of the relevant organizations and institutions. It is an important problem, because basic amenities satisfy needs mainly of socially threatened citizens (seniors, citizens lacking the possibility of individual automobile travel). Discussions revolve primarily around sustainability of retail outlets in smaller municipalities with a population of up to 500 (KUNC, J. *et al.* 2013; MARYÁŠ, J. *et al.* 2014; ŠILHAN, Z. 2018). While the number of municipalities with a population of over 500 and their populations has been rising over roughly the past 10–15 years, the number of municipalities with a population of up to 500 has been decreasing. Municipalities with a population of up to 200 register a more significant relative drop in the number of their inhabitants (Ministry of

Agriculture of the Czech Republic and Czech Chamber of Commerce, 2018; Association of Czech Traditional Trade, 2019).

The Czech government sector and associations of Czech independent retailers mutually cooperate and agree that independent retail represents an important employer and ensures commercial service of rural areas, which has a positive effect on the social task in general. Based on these experiences, efforts exist to systematically deal with improving the serviceability of rural areas through gradual steps (Ministry of Agriculture of the Czech Republic and Czech Chamber of Commerce, 2018; Association of Czech Traditional Trade, 2019).

The issue of commercial service in municipalities also appears e. g. in strategies of public authorities, association affiliating managers of grocery shops and local NGOs. The development program of the South Moravian Region (Jihomoravský kraj, 2017) includes goal “Supporting the equipment of rural municipalities” and “Support for specific solutions of commercial services in small municipalities”. Czech Traditional Retail Association associates independent traders. It communicates with the Ministry of Industry and Trade in order to negotiation its priorities (AČTO, 2019), especially lobbying by reducing bureaucracy and taxes. Typical local NGOs include local action groups for example “LAG Partnertsví venkova”. One of the goals of its strategic document (MAS partnertsví venkova, 2020) is “improving the quality and availability of services”. In the European countryside this problem is solved mainly thanks to the tool of spatial planning, which can affect commercial development (CHESHIRE, P.C. *et al.* 2014).

Methods and data

Over the course of 2018, a survey was conducted in municipalities in the South Moravian Region concerning two main areas:

1) commuting to a grocery store and selected services;

2) amenities of municipalities in terms of retail and selected service facilities.

A supplemental question then ascertained whether municipalities support retail and commercial services.

For the purposes of this paper, we will analyse and assess only the survey on amenities and the municipalities up to 3,000 inhabitants.

The selection of a specific form of the survey came due to comparability over time from the current status of examination in the area of commuting to a grocery store and selected services, and amenities of municipalities in the South Moravian Region. The South Moravian Region already performed a survey on amenities of municipalities back in 2002 through the Department of Regional Development of the South Moravian Region. Municipalities were surveyed electronically and then by telephone. Support on the part of the highest regional representatives provided a response rate in 2002 nearly 100 per cent. Considering these facts, basic types of retail and services were represented, as well as higher types of service. Both from categories grocery stores, hospitality facilities, stores, commercial services. The paper then analyses the ones most typical for rural areas, i.e. food and mixed goods retail, and service of basic civic amenities. Municipalities were only surveyed on the presence of at least one operation of the given type of civic amenities. The number of operations was not ascertained in the survey.

For the purpose of this paper, only surveys from 2002 and 2018 are analysed for types of civic amenities, which were ascertained in both these years:

- grocery stores,
- restaurants and hospitality facilities,
- hairdressers,
- automobile repair shops.

The survey was linked to qualitative research by means of semi-structured interviews with municipal representatives (Mayor) and municipal associations (manager of micro-region or local action group), and retail stores (operator of grocery store or hospitality facility) within the South Moravian Region.

Changes in amenity since 2002 has been considered during the selection of municipalities for the interview (Only the municipalities where the change was registered were selected) Representatives of the micro-region and local action groups were selected due to good knowledge of the area. The communication partners came from areas “SO POU” – the smallest administrative unit in the Czech Republic, which is larger than the municipality. It is similar to “small” LAU 1. The areas with the greatest (retail and commercial services change index 2018/2002² smaller or equal

to –10) decline in amenities are included. The mentioned index of change is also used for demonstration of geographical differentiation of rural municipalities. For diversity, a condition was then selected for various territories to be represented based on their location in relation to the central city of Brno, and would not be just a neighbouring territory (*Table 1*).

Among the main discussion topics were the condition, development, causes and consequences of changes in amenities of municipalities in terms of retail and commercial services, and space inclusion. Also discussed

Table 1. Overview of communication partners for semi-structured interviews

Area (SO POU)	Territory	Interview partner, municipality size category
Hodonín	Borderland (border with Slovakia)	Municipality 501–750 inhabitants Representative of entrepreneur associating grocery stores mainly in municipalities with less than 1,000 inhabitants Local action group Jižní Slovácko
Vranov nad Dyjí	Borderland (border with Austria)	Municipality 201–350 inhabitants Hospitality facility in municipality 0–200 inhabitants Microregion Vranovsko
Ivanovice na Hané	Internal periphery (border with the Zlín and Olomouc regions)	Municipality 351–500 inhabitants Hospitality facility in municipality 351–500 inhabitants Local action group Vyškovsko
Velké Opatovice	Internal periphery (border with the Pardubice and Olomouc regions)	Municipality 351–500 inhabitants Grocery store in municipality 201–350 inhabitants Local action group Partnerství venkova
Rosice	Wider suburban area of the regional capital city Brno	Municipality 2,001–3,000 inhabitants Grocery store in municipality 501–750 inhabitants Microregion Kahan
Kuřim	Suburban area of the regional capital city Brno	Municipality 751–1,000 inhabitants Grocery store in municipality 1,001–2,000 inhabitants Microregion Kuřimsko

Source: Own survey and elaboration.

² For each area, the retail and commercial services change index 2018/2002 was calculated: (number of municipalities where individual types of amenity have been new appeared since 2002) minus (number of municipalities where individual types of facilities have disappeared since 2002) per (number of municipalities where at least one individual types of amenity occurred in 2002) × 100. 14 types of services are included in the calculation. They are presented in *Figure 2* and *3*.

were possible measures for resolving the commercial serviceability of municipalities. Semi-structured interviews (thematic analysis, coding) were evaluated by common methods. Insights from the interviews in the article are supplemented by the results of the survey, and options are determined for supporting commercial serviceability of municipalities. Also

individual regions of the Czech Republic were contacted regarding the question of support.

All municipalities of the South Moravian Region (673) were addressed via email and phone. All municipalities and even urban ones were addressed because they are centres of countryside service using. However, the article focuses especially on the amenity in rural areas (municipalities with less than 3,000 inhabitants, which is the boundary for cities according to the Czech Municipalities Act number 128/2000). Questionnaire forms were addressed directly to the given mayor or to the municipal registry office. The aim was to obtain data representative of the entire territory of the South Moravian Region and avoid any intentional selection of municipalities for the survey. For the response rate, the size categories of municipalities and their geographic location were observed. The resulting number of municipalities with a population below 3,000 inhabitants engaged in the survey was 355 (57.2% of all municipalities in the region smaller than 3,000 inhabitants), which, in light of the spatial and population representation, can be considered sufficiently representative. The representativeness of the survey is proved by its return according to the size categories of municipalities in *Table 2*. Size categories were chosen according to the Czech Statistical Office.

The Czech settlement structure is fragmented more than in other European countries (comparable only to Slovakia or France). Distribution into size categories with small spacing allows a more detailed look at the researched issue. In comparison between 2002 and 2018 there are

present only municipalities that responded both in 2002 and 2018. The sample is the same.

Retail and service functions of municipalities of the South Moravian Region in 2018

Most frequently represented in the sample of 355 municipalities were municipalities with the presence of at least one self-service store with mixed goods (COOP, Jednota, etc.). One can be found in a total of 258 municipalities (72.7% of all monitored 355 municipalities). The presence of this type of store or service greatly depends on the size of the municipality. A self-service store with mixed goods starts being entirely common in the higher categories with a population over 500, reaching an over 90 per cent share.

If a proper self-service store with mixed goods does not exist in the municipality, it is usually represented by a store with mixed goods with a smaller sales space and only over-the-counter sale of goods. For larger municipalities, it may serve as a supplement to a supermarket or self-service store. Over-the-counter sale appears overall in 78 municipalities (22.0% of 355 municipalities). A supermarket, or possibly a discount store, is found later in the population category of 2,000 and more and has a larger catchment area that includes smaller municipalities. It is not a typical service for municipalities up to 3,000 inhabitants (*Table 3*).

No brick-and-mortar store, even with basic groceries, was found in a total of 53 municipalities (14%). In seven municipalities of the size category of 0–200 and 201–350 inhabitants, a mobile shop with mixed goods forms a partial replacement. In two smaller municipalities, only order-based sale of groceries functions. In 44 municipalities of the smallest size categories (population 0–750), there was no option of purchasing groceries whatsoever. According to our opinion and available data this mainly concerns municipalities with a very low population in remote areas with decreasing competitiveness of the population or in the wider territory of Brno (heavy competition of the big city) (*Figure 1*).

Table 2. Research sample from questionnaire survey

Size category	Number of		Return rate, %
	municipalities	responses	
0–200	107	57	53.3
201–350	110	67	60.9
351–500	83	51	61.4
501–750	101	61	60.4
751–1,000	81	52	64.2
1,001–2,000	104	52	50.0
2,001–3,000	35	15	42.9
<i>Total</i>	<i>621</i>	<i>355</i>	<i>57.2</i>

Source: Own survey and elaboration.

Table 3. Typical representation of diverse retail shops based on a population size of a given municipality

Kind of service	Total, %	Share of presence of services in municipalities by size category, %						
		0–200	201–350	351–500	501–750	751–1,000	1,001–2,000	2,001–3,000
Self-service	72.7	21.1	5.7	86.3	90.2	92.3	96.2	100.0
Mobile shop with select goods	37.7	17.5	29.9	43.1	41.0	51.9	44.2	46.7
Mixed goods over-the-counter	22.0	21.1	25.4	19.6	13.1	25.0	23.1	40.0
Smoked and fresh meat	12.7	0.0	4.5	5.9	3.3	21.2	30.8	66.7
Mobile shop with mixed goods	7.3	8.8	4.5	5.9	4.9	15.4	5.8	6.7
Fruits and vegetables	7.3	0.0	3.0	3.9	1.6	13.5	19.2	26.7
Bakery	6.2	1.8	1.5	2.0	1.6	3.8	13.5	60.0
Order-based sale of food	3.1	0.0	3.0	3.9	3.3	7.7	0.0	6.7
Supermarket	1.1	0.0	0.0	0.0	0.0	1.9	3.8	6.7

Source: Own survey and elaboration.

Mobile shops with select goods (fresh and smoked meat, fruits and vegetables) are more common than mobile shops with mixed goods. They are present in a total of 134 municipalities (37,7% of 355 municipalities). These “food trucks” most frequently head out to municipalities in size categories of 350–1,000 inhabit-

ants, which form a supplement for local brick-and-mortar stores with basic groceries (see Table 3). Less populated municipalities have weaker buying power and smaller demand.

The line in the middle of the box indicates the typical size of the municipality where a service is present (median). Mixed goods

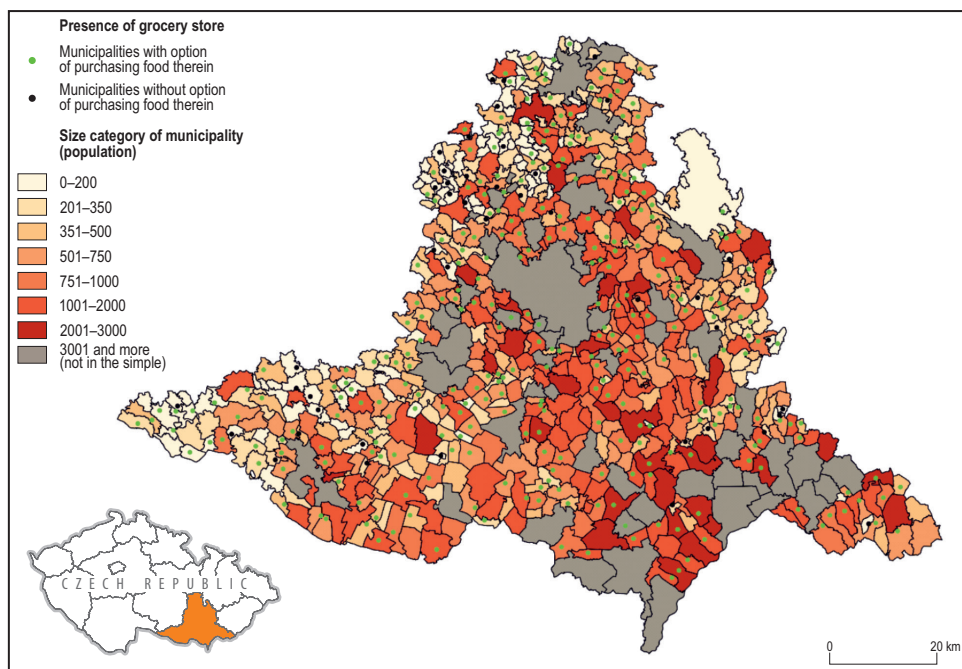


Fig. 1. Municipalities without option of purchasing food therein 2018, size category of municipality, 2018.

Source: Czech statistical office and author's own elaboration.

with over-the-counter sales, self-service and mobile shops are then common for municipalities with a population of between 600 and 700. A supermarket can be found in municipalities or smaller cities with over 3,400 inhabitants. As it results from the previous analysis, order-based sale of groceries is relatively exceptional, but if it does exist it is typically in a municipality with 600 inhabitants. Specialized stores with groceries such as fruit and vegetables, fresh and smoked meat or bakeries can be found only in municipalities with around 2,000 inhabitants (Figure 2).

A functioning restaurant was identified in a total of 141 municipalities (39.7% of all 355 municipalities) (Table 4). The more population of the municipality increases, the more restaurants municipalities have; they are fully present in municipalities with a population of 2,000 and over. Hospitality facilities without meals like pubs and taverns are more common. In total, there was 216 munic-

ipalities (60.8%) registered with at least one pub. Again, the general rule applies that the larger the municipality, the greater presence of such facilities. There were 75 municipalities (21.1%) without any hospitality facilities whatsoever with or without meals. More specialized hospitality facilities represented by sweet shops/cafés appear in 45 municipalities, i.e. 12.7 per cent of all 355 municipalities.

Other most common services in rural areas include hairdressers (present in 173 municipalities, 48.7% of all 355 municipalities) and automobile repair shops (present in 134 municipalities, 37.7%). Both services begin to appear municipalities counting 200–350 inhabitants. These services appear in nearly all municipalities with a population over 1,000.

From the visualization of the size of municipalities (Figure 3), where individual services are found, using the box plot it appears that hospitality facilities without meals (pubs) can typically be found in municipalities with

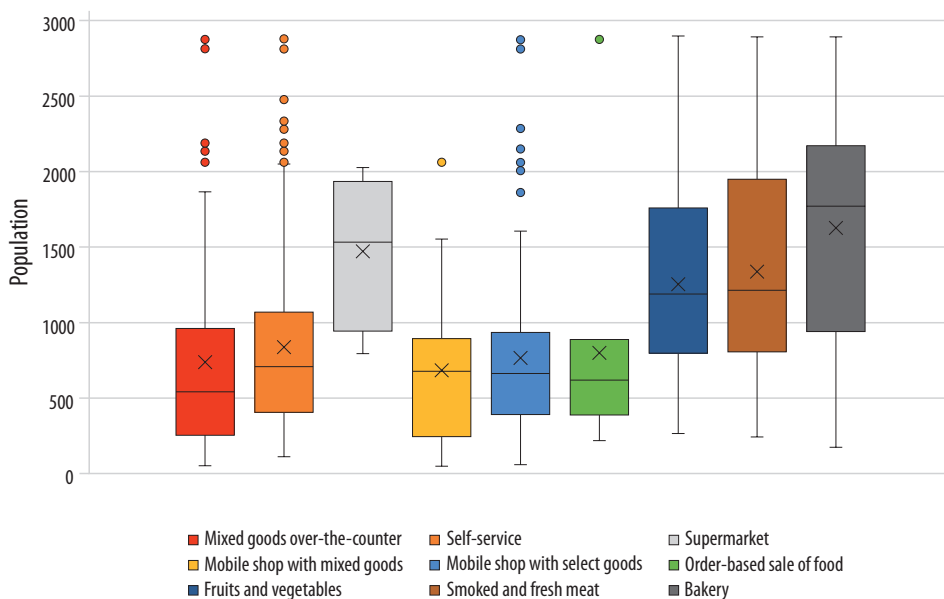


Fig. 2. Size of municipalities with presence of at least one operation of individual grocery stores. The line in the middle of the box = median size of the municipality where a service is present; cross = average; bottom line of the box = first quartile; upper line of the box = third quartile; bottom whisker = maximum; upper whisker = minimum; individual points = outliers. Source: Own research and elaboration.

Table 4. Typical representation of services based on a population size of a given municipality

Kind of service	Total, %	Share of presence of services in municipalities by size category, %						
		0–200	201– 350	351– 500	501– 750	751– 1,000	1,001– 2,000	2,001– 3,000
		Hospitality facility without meals	60.8	19.3	64.2	62.7	72.1	65.4
Hairdresser	48.7	3.5	26.9	49.0	54.1	65.4	88.5	100.0
Restaurant	39.7	12.3	13.4	23.5	50.8	51.9	76.9	100.0
Automobile repair shop	37.7	10.5	22.4	23.5	47.5	44.2	69.2	86.7
Sweet shop/café	12.7	0.0	4.5	3.9	8.2	13.5	32.7	73.3

Source: Own survey and elaboration.

slightly more than 600 inhabitants (median). This is followed by hairdressers, automobile repair shops and restaurants, which are more common for municipalities with a population of around 850. One may designate sweet shops as higher services because it generally appears only in larger municipalities with roughly 1,700 inhabitants (see Table 4).

Other ascertained types of civic amenities are not typical for municipalities of the South Moravian Region and appear in larger centres with a population of 1,500 and higher, and inhabitants from smaller municipalities

commute to them. An exception to this are wellness centres (sauna, whirlpool, solarium, etc.), which are present also in smaller settlements. According to the interviews, it reflects the trend affiliated with the growth of the standard of living of the inhabitants.

Changes in amenities of municipalities of the South Moravian Region (2002–2018)

While the 1990s were utterly crucial for complex economic transformation of retail and

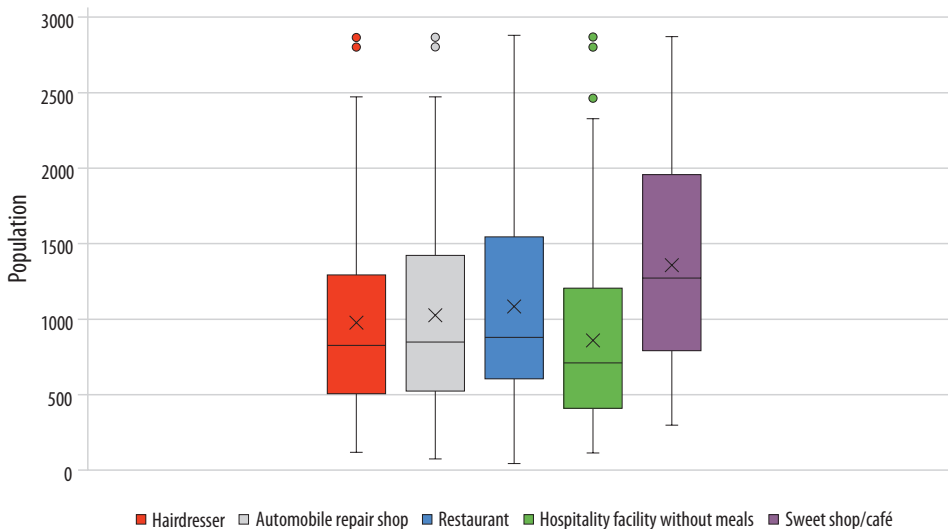


Fig. 3. Size of municipalities with presence of at least one operation of individual types of services. For legend see Fig. 2. Source: Own survey and elaboration.

services, the first two decades of the new century are a resonance of the most important transformations in terms of having retail and services in the rural environment. The often even unhealthy liberalization of the market environment, pressure from large chains, the lack of customers and overall incapacity to compete has caused the demise of over 6,000 small stores (up to 400 m²) since 1990 in the Czech Republic, especially in rural areas. According to statistics of the Association of Czech Traditional Trade (AČTO), a total of 400 stores with sales space of up to 50 m² closed their doors for good. In the framework of the nationwide expansion of the group COOP, which is the best established on the Czech and Moravian markets, 125 stores went under or closed their doors in small municipalities in 2015–16. Another over 900 stores generated a negative financial result in 2016, whereas a series of them will have to be gradually closed (KLÁNOVÁ, E. 2018).

The number of municipalities with the presence of at least one grocery store (mixed goods and only over-the-counter sales, self-service with mixed goods, supermarket, discount store) decreased in the 355 monitored municipalities since 2002 by 10.6 per cent (Table 5). According to the interviews one of the main reasons may be mainly the increasing competition of multinational chains that open new local supermarket and discount stores. Also in decline are restaurants and hospitality facilities (with and without meals) by 13.4 per cent. According to the interviews, increasing costs for activity and the need to adjust to new trends comprised mainly of higher quality gastronomy play certain role.

From among other services between 2002 and 2018, it is possible to relevantly compare hairdressers and automobile repair shops. The proportion of municipalities with the presence of at least one hairdresser since 2002 has grown by 18 per cent; this was the only one of all monitored types of services to indicate growth. According to the interviews the hairdresser business is a commercial service that is much cheaper in rural areas than in cities, but it is still a sufficiently lucrative business. A substantial number of mainly women go to see “their” hairdresser out in the country. This is not typical case for monitored sample of automobile repair shops, which are on their decline (by 15.2%).

Based on the conducted interviews and looking at the territorial differences, it can be observed that development of amenities differs also according to location and socio-economic characteristics. The worst off all is the situation with remote areas (away from the pole of growth of Brno with nearly 400,000 inhabitants) with sparsely populated municipalities. Often used in these territories are mobile stores with mixed goods. One may also register stagnating amenities near the city of Brno. The area does register positive demographic and economic indicators, but there is heavy competition of shopping opportunities in the city and people are used to taking advantage of them. According to conducted interviews, the situation is specific in Vranov nad Dyjí area due to cross-border shopping tourism from Austria. According to the change index, there was a decline, which, however, it partially slowed down due to shopping tourism. In particular, cigarettes

Table 5. Change in amenities of municipalities of the South Moravian Region between 2002 and 2018 expressed in a sample of 355 municipalities

Type of civic amenities	Number of municipalities with presence of at least one operation		Change index
	2002	2018	
Grocery store	329	294	89.4
Restaurant and hospitality facility	314	272	86.6
Hairdresser	170	173	101.8
Automobile repair shop	158	134	84.8

Source: Own survey and elaboration.

and alcohol are being bought by Austrians. The best results are achieved by areas with larger municipalities in terms of population at a greater distance from Brno, but not in the periphery. Peripheries with good results had low initial equipment in 2002. They had nowhere else to fall (*Figure 4*).

Support for retail and commercial services on the part of municipalities, regions and the state

When replying to the question “Does your municipality support retail and commercial services?”, a strong majority of municipalities (73.0%) said “no”. A total of 13.5 per cent of municipalities replied “yes”, i.e. mainly by charging lower rent to private operators. Only a small fraction of municipalities (5.9%) provides a direct financial subsidy to private operators. Municipalities could indicate a different form of support, specifically the following:

- the municipality runs the operation directly (2x),
- the municipality purchases goods from the local shop for municipal events (3x),
- the municipality acquired furnishings for the store,
- the municipality supported them through marketing or advertising.

It is therefore possible to state that roughly a quarter of municipalities of the South Moravian Region supports in their territory in some way the existence of retail and commercial services. The amount of money that municipalities give as direct financial subsidizing to private operators fluctuates from around EUR 480 to EUR 6,000 annually. The median per municipality amounts to EUR 2,000 annually. Lower rent fluctuates in a wide range of from EUR 120 to EUR 5,600 annually. The median relief per municipality amounted to CZK 1,100.

Geographical differentiation of municipalities that support retail and commercial services

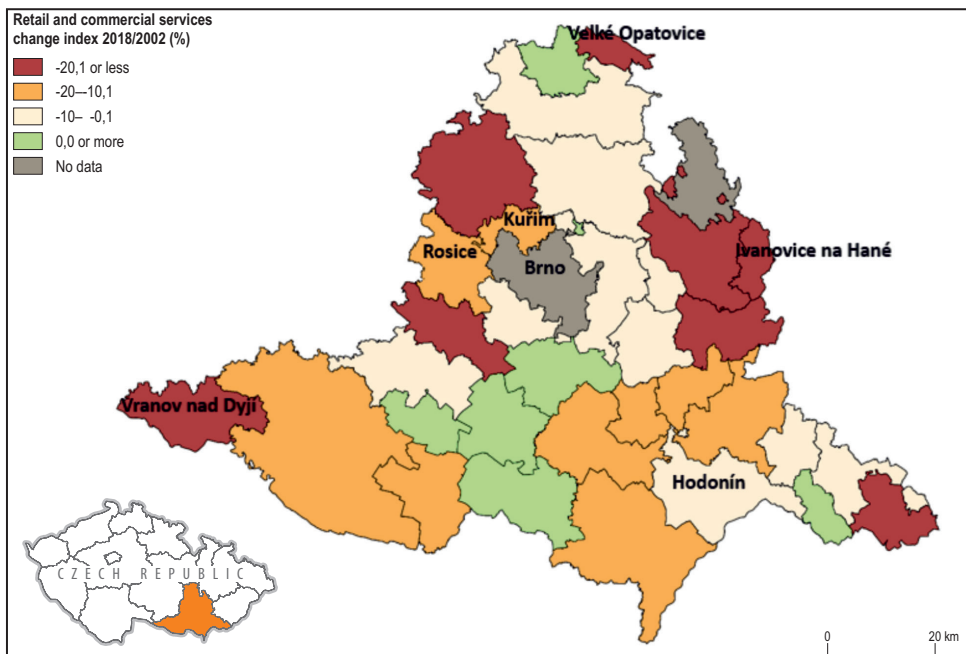


Fig. 4. Retail and commercial services change index 2018/2002. *Source:* Own survey and elaboration.

has not been identified. They seem to be distributed randomly. Discounted rent is most often provided in municipalities of the size categories 351–500 inhabitants –19.6 per cent of municipalities, and 751–1,000 inhabitants –17.3 per cent of municipalities. In other size categories it is about 10 per cent. Direct subsidies are mostly provided in municipalities of the size category 0–200 inhabitants (10.5%), and 201–350 inhabitants (13.4%). In municipalities above 751 inhabitants there is no direct subsidy.

Eight out of fourteen regions provide subsidies to municipalities in support of grocery stores (administrative level NUTS 3). The first region started this in 2009, with the remaining seven regions joining it in 2018 and 2019 along with the increasing pressure on the part of operators, which related to increased costs, administration and stagnating incomes. Municipalities may draw CZK 1,000 – EUR 6,000 annually for operation with 50 per cent co-financing. The Ministry of Regional Development also provides subsidy support to municipalities. It is possible to apply for EUR 4,000 – EUR 80,000 for reconstruction, conversion and construction of buildings for preparing a location to operate a store with 70 per cent co-financing.

According to our opinion opportunities for commercial serviceability of municipalities in rural areas are not only subsidies affiliated with the concept of social economics. Means and instruments can also be found in the context of an institutional or neoliberal economy. Neoliberalism mainly concerns measures affiliated with “laissez-faire” (e.g. decreasing the tax burden for employees and for sale of products and services, tolerance of club hospitality facilities, informal “back-street” sales – so-called “grey economy”). According to the interviews recommendations can also be directed right to entrepreneurs so they would adjust to market changes and alter their form of sales (mobile stores, delivery of ordered groceries), as well as the offer itself (combining various types of services into one operation, orientation towards more local, fresh, quality food), and adjustment of their marketing and promotion.

Interviews also show the institutional aspect. It makes it possible to appeal to independent traders to organize themselves into cooperatives and associations having greater negotiating power. They may share experiences, know-how and certain costs. On the part of municipalities, it is possible to support operators mainly through informal institutions by lending moral support, tolerance and assistance when dealing with state administrative bodies (e.g. the building authority). Municipalities may also regulate large multinational chains and their supermarkets discount stores through the instrument of town planning. The Ministry of Industry and Trade in this area is preparing a systemic decrease in the administrative burden of doing business.

Conclusions

In 2018, the authors performed an extensive survey of amenities in municipalities of the South Moravian Region, which linked back to survey from 2002. Post revolution market environment is created and altered by everyday human activities and political economy of certain country. Process continued throughout the 1990s, the most significant changes have occurred in approximately the last fifteen years in amenities of rural municipalities through retail and service facilities. There is a different development of commercial amenities in rural areas. In generally these changes reflected mostly negative in nature, and began to threaten rather intensely the position of some rural areas, their social and economic function and the overall attractiveness of the living space (see also PADDISON, A. and CALDERWOOD, E. 2007; CLARKE, I. and BANGA, S. 2010; AMCOFF, J. *et al.* 2011; KARLSSON, E.B. 2012 and others).

According to the conducted survey the presence of retail or services rather heavily depends on the size of the municipality. The interviews and territory differences proved only partial dependence between the demographic and economic characteristics of the territory and changes in amenities between 2002 and 2018,

which is in contrary to the conclusions JUSSILA, H. *et al.* 1992, or SMITH, A. and SPARKS, L. 1997).

It was seen that service functions of the South Moravian Region have been getting gradually weaker since 2002 in almost all types of operations, which confirms the conclusions of Czech and European authors (e.g. PADDISON, A. and CALDERWOOD, E. 2007; PÁLL, Z. and HANF, J.H. 2013; MARYÁŠ, J. *et al.* 2014). Retail has lost roughly 10 per cent of the share in the monitored municipalities, whose position is according to the interviews “improved” by the restoration of the existence of mobile stores or Internet retail, which is not as important as abroad (compare with FREATHY, P. and CALDERWOOD, E. 2013, or SINGLETON, A.D. *et al.* 2016). Communication partners also mentioned very good transport serviceability and accessibility (Integrated Transport System of the South Moravian Region) and intensive growth in individual automobile transport enable most of the population to shop and commute to services even in more remote localities. So more threatened are rather selected population groups such as old people, which confirms the conclusions (e.g. POWE, N.A. *et al.* 2009, or SCHIFFLING, S. *et al.* 2015).

If we attempt to generalize the stated facts leading from interviews, educated people will be key for expansion or sustainable development of rural areas in municipalities. Possibly contributing to this would be not only development of infrastructure in municipalities, but also e.g. the next wave of digitalization and introduction of stable high-speed Internet (see also FREATHY, P. and CALDERWOOD, E. 2013, or SINGLETON, A.D. *et al.* 2016), which would enable people to work from home.

Another important fact that is based on interviews is the increase in decision-making authority among financing sources about which mayors would decide directly without being pressured from the regional and national level (compare with PEKOVÁ, J. 2012). In addition, there is no long-term growth in wages associated with the economy of small stores, which in the form of wage costs form up to 75 per cent of total costs for a shop or store; it is essential, however, to respect the

market environment. One of the most recent advised possibilities for sustainability of rural retail is cooperation between the group COOP and the Czech Post Office, the possible implementation of which of course would be far from simple. This conclusion confirms selected goals in public strategies, e.g. the Program of development of the South Moravian Region.

Facts mentioned in the text indicate ever-strengthening tendencies to support rural-based retail and basic services at the state, regional or municipal level. Municipalities that decide to support retail and services anchor their efforts in the Municipalities Act No. 128/2000, which determines that among the municipality’s independent powers are matters that are in the interest of the municipality and its citizens. It is appropriate to target subsidy support as much as possible to bring the greatest effects. It is therefore essential to have available analytical bases that facilitate political representatives in their decision-making (BINEK, J. *et al.* 2007).

Roughly a fourth of municipalities of the South Moravian Region support retail and commercial services, either through lowered rent or direct financial subsidy. According to our opinion it is highly probable that in the future, a series of small stores functioning today will not get by or survive without subsidy assistance, which may lead to expansion of a so-called food desert as described in the paper by BILKOVÁ, K. *et al.* (2017).

Acknowledgements: This contribution was supported by an internal grant entitled MUNI/A/1044/2018 The role of the public and private sectors in territorial development.

REFERENCES

- AČTO 2019. *Priority českého nezávislého obchodu pro rok 2019* (Priorities of Czech independent retail for 2019). Asociace českého tradičního obchodu (AČTO). [online] [cit. 2019-07-10] Available at <https://www.acto.cz/aktuality/priority-ceskeho-nezavisleho-obchodu-pro-rok-2019>
- AMCOFF, J., MÖLLER, P. and WESTHOLM, E. 2011. The (un) importance of the closure of village shops to rural

- migration patterns. *The International Review of Retail, Distribution and Consumer Research* 21. (2): 129–143.
- Association of the Czech Traditional Trade 2019. *Czech Independent Trade Priorities for 2019*. Available at <https://www.acto.cz/aktuality/priority-ceskeho-nezavisleho-obchodu-pro-rok-2019>
- BÅTEVIK, F.O. and HALVORSEN, L.J. 2016. Den entreprenørielle distriktsbutikken som næringssog utviklingsaktor i små lokalsamfunn. In *Innovasjon og entreprenørskap*. Eds.: KVANGARSNES, M., HÅVOLD, J.I. and HELGESEN, Ø., Ålesund, Fjordkonferansen 2015, 82–101. Available at <https://doi.org/10.18261/9788215027623-2016-05>
- BENEDEK, J. and IVAN, K. 2018. Remote sensing based assessment of variation of spatial disparities. *Geographia Technica* 13. (1): 1–9. Doi: 10.21163/GT_2018.131.01.
- BILKOVÁ, K., KRIŽAN, F., HORŇÁK, M., BRALÍK, P. and KITA, P. 2017. Comparing two distance measures in the spatial mapping of food deserts: The case of Petržalka, Slovakia. *Moravian Geographical Reports* 25. (2): 95–103.
- BINEK, J., TOUŠEK, V., GALVASOVÁ, I., VĚŽNÍK, A., KUNC, J., SEIDENGLANZ, D., HALÁSEK, D. and ŘEHÁK, S. 2007. *Venkovský prostor a jeho oživení* (Country area and its activation). Georgetown. Available at http://www.garep.cz/wp-content/uploads/2013/03/Venkovsky_prostor.pdf
- BIRKIN, M., CLARKE, G. and CLARKE, M. 2010. Refining and operationalizing entropy-maximizing models for business applications. *Geographical Analysis* 42. (4): 422–445.
- CHESHIRE, P.C., HILBER, C.A.L. and KAPLANIS, I. 2014. Land use regulation and productivity – land matters: evidence from a UK supermarket chain. *Spatial Economics Research Centre Discussion Paper Series* 138. Available at <http://dx.doi.org/10.2139/ssrn.2376175>
- CLARKE, I. and BANGA, S. 2010. The economic and social role of small stores: a review of UK evidence. *The International Review of Retail, Distribution and Consumer Research* 20. (2): 187–215.
- CUNNINGHAM, J. 1999. *Farming jobs crisis expected to ripple*. The Scotsman 22. Oct. Edinburgh, Scotsman Publications Ltd.
- FREATHY, P. and CALDERWOOD, E. 2013. The impact of internet adoption upon the shopping behaviour of island residents. *Journal of Retailing and Consumer Services* 20. (1): 111–119.
- HABERMAN, H. and DANES, S.M. 2007. Father-daughter and father-son family business management transfer comparison: Family FIRO model application. *Family Business Review* 20. (2): 163–184.
- HRUŠKA, V. and PIŠA, J. 2019. Winning and losing rural localities of the post-socialist economic restructuring: Case study of Czechia. *Hungarian Geographical Bulletin* 68. (4): 373–389.
- ILLERIS, S. 1991. Location of services in a service society. In *Changing Geography of Advanced Producer Services*. Eds.: DANIELS, P.W. and MOULAERT, F., Belhaven, Wiley-Blackwell.
- Jihomoravský kraj 2017. *Program rozvoje Jihomoravského kraje 2018–2021* (Development strategy of the South Moravian Region 2018–2021). Brno, GaREP spol. s.r.o.
- JUSSILA, H., LOTVONEN, E. and TYKKYLÄINEN, M. 1992. Business strategies of rural shops in a peripheral region. *Journal of Rural Studies* 8. (2): 185–193.
- KARLSSON, E.B. 2012. *Retail in Rural Regions. Exploring Ways to Support Rural Shops*. Centre for Retail Studies, Bifrost, Bifrost University, Iceland.
- KLÁNOVÁ, E. 2017. *Venkovský obchod bojuje o přežití* (Rural retailing on the edge of survival). Retail news. [cit. 2019-06-30]. Available at <https://retailnews.cz/2018/01/08/venkovsky-obchod-bojuje-o-preziti/>
- KRIŽAN, F. 2009. *Globalization of retailing: Definition of fundamental processes and their analysis in the retail geography of Slovakia*. Available at <http://www.regionalnogeografia.sk/upload/personal/Kri%20C5%BEan,%20F,20>
- KRIŽAN, F. and LAUKO, V. 2014. *Geografia maloobchodu, úvod do problematiky* (Retail geography, basic issues). Bratislava, Univerzita Komenského v Bratislavě.
- KRIŽAN, F., BILKOVÁ, K. and KITA, P. 2014. Urban retail market in Bratislava (Slovakia): Consumers perception and classification of shopping centres. *Management & Marketing* 9. (4): 483–500.
- KRIŽAN, F., ZEMAN, M., BILKOVÁ, K., KITA, P. and BARLÍK, P. 2017. Cross-border shopping behaviour of consumers from Slovakia: Case study from Hainburg an der Donau (Austria). *Geographia Cassoviensis* 11. (2): 124–136.
- KUBEŠ, J. and NOVÁČEK, A. 2019. Suburbs around the Czech provincial city of České Budějovice – territorial arrangement and problems. *Hungarian Geographical Bulletin* 68. (1): 65–78.
- KUNC, J., MARYÁŠ, J., TONEV, P., FRANTÁL, B., SIWEK, T., HALÁS, M. and MARVANOVÁ, J. 2013. *Časoprostorové modely nákupního chování české populace* (Spatio-temporal models of the Czech population shopping behaviour). Praha, Masarykova univerzita.
- KUNC, J., TONEV, P., MARTINÁT, S., FRANTÁL, B., KLUSÁČEK, P., DVOŘÁK, K.Z., CHALUPKOVÁ, M., JAŇUROVÁ, M., KRAJÍČKOVÁ, A. and ŠILHAN, Z. 2018. Industrial legacy towards brownfields: Historical and current specifics, territorial differences (Czech Republic). *Geographia Cassoviensis* 12. (1): 76–91.
- KUPPER, P. and EBERHARDT, W. 2013. Village shops: outdated or revived model? Relevance for local supply, social functions and economic viability. *Studies in Agricultural Economics* 115. 92–97.
- MARYÁŠ, J., KUNC, J., TONEV, P. and SZCZYRBA, Z. 2014. Spádovost za obchodem a službami v zázemí Brna: Srovnání období socialismu a současnosti (Shopping and services related travel in the hinterland of Brno: Changes from the socialist period to the present). *Moravian Geographical Reports* 22. (3): 18–28.

- MAS partnersví venkova 2020. *Strategie komunitně vedeného místního rozvoje* (Community-led local development strategy). [online] [cit. 2020-02-15] Available at <http://www.maspartnerstvi.cz/component/phocadownload/category/3-sclld.html#>
- MC EACHERN, M.G. and WARNABY, G. 2006. Food shopping behaviour in Scotland: The influence of relative rurality. *International Journal of Consumer Studies* 30. (2): 198–201.
- Ministry of Agriculture of the Czech Republic and Czech Chamber of Commerce 2018. *Support for Rural Services*. Available at <https://www.komora.cz/legislation/15817-revize-materialu-podpora-obslužnosti-venkova-t-17-10-2017/>
- MIRWALDT, K. 2010. Contact, conflict and geography: What factors shape cross-border citizen relations? *Political Geography* 29. (8): 434–443.
- MLADEK, J., KACEROVA, M. and STANKOVICOVA, I. 2018. Regional differentiation of population ageing in Europe. *Geographia Cassoviensis* 12. (1): 92–109.
- MOSELEY, M.J., PARKER, G. and WRAGG, A. 2004. Multi-service outlets in rural England: The co-location of disparate services. *Planning Practice and Research* 19. (4): 375–391.
- NØRGAARD, H. 2011. Futures of rural and peripheral areas – Challenges, strategies and policies. *Danish Journal of Geoinformatics and Land Management* 46. (1): 81–95.
- PADDISON, A. and CALDERWOOD, E. 2007. Rural retailing: a sector in decline? *International Journal of Retail & Distribution Management* 35. (2): 136–155.
- PALERMO, C., GARDINER, B., GEE, C., CHARAKTIS, S. and BLAKE, M. 2017. A mixed-methods impact evaluation of the feasibility of an initiative in small rural stores to improve access to fruit and vegetables. *Australian Journal of Primary Health* 22. (6): 545–553.
- PÁLL, Z. and HANF, J.H. 2013. A multi-perspective analysis of food retail internationalization-insights from foreign retailers on the development of the Hungarian and Eastern European markets. *Management & Marketing* 8. (4): 593–606.
- PATAY, T. 2018. Immigration and regional competitiveness-relevant theories in the migration research and in the regional science. *Deturope – The Central European Journal of Regional Development and Tourism* 10. (1): 71–81.
- PEKOVÁ, J., PILNÝ, J. and JETMAR, M. 2012. *Věřejný sektor – řízení a financování* (Public sector-management and financing). Praha, Wolters Kluwer ČR.
- PERLÍN, R., KUČEROVÁ, S. and KUČERA, Z. 2010. Typologie venkovského prostoru Česka (Typology of the rural space in the Czech Republic). *Geografie* 115. (2): 161–187.
- POWE, N.A., HART, T. and BEK, D. 2009. Market town centres in England: Meeting the challenge of maintaining their contemporary relevance. *Planning Practice & Research* 24. (3): 301–319.
- RONSE, W., BOUSSAUW, K. and LAUWERS, D. 2015. Shopping center siting and modal choice in Belgium: a destination-based analysis. *European Planning Studies* 23. (11): 2275–2291.
- SCHIFFLING, S., KARAMPERIDIS, S. and NELSON, J.D. 2015. Local shops vs. online retailers: competition or synergy? *Scottish Geographical Journal* 131. (3–4): 220–227.
- ŠILHAN, Z. 2018. Vybavenost obcí Jihomoravského kraje (Municipalities amenity of the South Moravian Region). In *XXI. Mezinárodní kolokvium o regionálních vědách. Sborník příspěvků*. Brno, Masarykova univerzita, 374–380.
- SINGLETON, A.D., DOLEGA, L., RIDDLES DEN, D. and LONGLEY, P.A. 2016. Measuring the spatial vulnerability of retail centres to online consumption through a framework of e-resilience. *Geoforum* 69. 5–18.
- SMITH, A. and SPARKS, L. 1997. *Retailing and Small Shops*. Stirling, Institute for Retail Studies, University of Stirling.
- SPILKOVÁ, J. 2012. *Geografie maloobchodu a spotřeby: věda o nakupování* (Geography of retail and consumption: shopping science). Praha, Univ. Karlova, Nakl. Karolinum.
- SPILKOVÁ, J. 2018. “Tell me where you shop, and I will tell you who you are”: Czech shopper profiles according to traditional, large-scale and alternative retail options. *Moravian Geographical Reports* 26. 3. 186–198. Doi: 10.2478/mgr-2018-0015.
- STANCIU, S. 2015. The Romanian retail food market-survival or success for domestic companies. *Procedia Economics and Finance* 23. 1584–1589.
- SZCZYRBA, Z., FIEDOR, D. and KUNC, J., 2013. Služby ve venkovských regionech Česka – kvantitativní hodnocení změn v uplynulém transformačním období (Services in the rural regions of Czechia – quantitative assessment of changes in the elapsed transformation period). In *XVI. mezinárodní kolokvium o regionálních vědách. Sborník příspěvků*. Brno, Masarykova univerzita, 212–222. Doi: 10.5817/CZ.MUNI.P210-6257-2013-26.
- TONEV, P., HALÁS, M. and Klapka, P. 2018. Prostorová neurčitost funkčních regionů: porovnání pracovní dojížděky v letech 1991–2011 (Spatial uncertainty of functional regions: comparison of work commuting in 1991–2011). In *XXI. Mezinárodní kolokvium o regionálních vědách. Sborník příspěvků*. Brno, Masarykova univerzita, 285–292. Doi: 10.5817/CZ.MUNI.P210-8970-2018-37.
- TREBBIN, A., FRANZ, M. and HASSLER, M. 2013. Wholesale co-operations for small supermarkets in rural areas-the example of Central Hesse, Germany. *Zeitschrift für Wirtschaftsgeographie* 57. (3): 139–154.

