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**AN EXPLORATORY STUDY OF NEW ZEALAND'S MANAGED
SHOPPING CENTRE INDUSTRY**

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Master of Business Studies at Massey University

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ABSTRACT

The primary motivation for this study was the fact that very little research has been conducted on the topic of New Zealand's managed shopping centres, since their history began some 30 years ago, in 1963. In the United States and the United Kingdom however, managed shopping centres have been established since World War Two. As a consequence, shopping centres overseas have attracted considerably more attention of researchers, and academics and practitioners have had the opportunity to understand the importance of the role shopping centres have in retailing today.

This research focuses mainly on two specific areas of this topic, namely: what impact shopping centres have had on New Zealand retailing since their inception; and, what policies and procedures govern the management of New Zealand shopping centres.

In order to address these questions, a sample of 16 shopping centre managers and 205 clothing retailers was taken in the lower North Island. Clothing retailers were chosen because of their tendency to locate in centres.

Although the industry is still in its early stages of development, the results show that retailers believe that shopping centres have had a large impact on the patterns of retail trade in New Zealand. Stores in centres also have higher sales than those outside centres. However, retailers outside centres were critical of the way these developments are managed, citing high rents and long hours of trading as reasons why they would not locate in them. Generally, retailers inside centres were critical too, reporting that managers were unsociable, unfriendly and too serious in their disposition toward retailers.

These results suggest that although the centres have enjoyed success in New Zealand until now, managers and retailers need to strive to work together to benefit equally from the relationship they have. Results from overseas studies have shown that a healthy manager/retailer relationship increases the chances of a centre's long term profitability.

The days are gone when the shopping centre manager is simply a landlord. The sooner managers and their tenants realise this fact, and begin to work as a team, the better the prospects for the future of the New Zealand shopping centre.

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CHAPTER ONE: INTRODUCTION

1.1 Introduction

In 1977, the Urban Land Institute (U.L.I.) in the United States of America (U.S.) provided a definition of the term "shopping centre" which seems appropriate for the New Zealand situation. A shopping centre is: "a group of architecturally unified commercial establishments built on a site which is planned, developed, owned and managed as an operating unit related in its location, size, and type of shops to the trade area that the unit serves. The unit provides on-site parking in a definite relationship to the types and total size of the stores" (McKeever, Griffin & Spink, 1977, p.1).

This definition is the one used in this research, as it describes the nature of a shopping centre precisely, and there is little room for confusion in its interpretation.

1.2 Introduction to New Zealand's Shopping Centre Industry

The New Zealand shopping centre industry is very new compared with that of the U.S. and the United Kingdom (U.K.). Whilst the first centres were built in the U.S. and the U.K. soon after World War Two, the first New Zealand shopping centre was not built until 1963.

However, since that time, growth of New Zealand's shopping centres has been rapid. Some 105 shopping centres comprised New Zealand's industry at the end of 1992, and this figure is expected to grow steadily (Building Owners and Managers Association, 1992). Interestingly, despite this growth, very little research appears to have been conducted into the development of New Zealand's shopping centres and the role they play in the retailing market.

It is this apparent lack of research that prompted the conducting of this

study, which attempts to provide some description of the growth in the development of New Zealand shopping centres, as well as provide an insight into the relationship between the centre managers and their tenants.

The value of this type of research has been proven in overseas industries, particularly in the U.S. Results of research into changing trends in retail spending, and associated changes in the development of centres have provided valuable information to investors, management and other stakeholders in the U.S. shopping centre industry (Carlson, 1991; Anon, 1987b). Likewise, research focused on retailer/ manager relations has also yielded benefits in the form of improved relations between the two parties (Hirschfeld, 1992; Anon, 1986b).

The research undertaken has also provided a description of the history of the development of these overseas industries and allowed the importance of the shopping centre to retailing to be assessed (Ghosh & McLafferty, 1991). New Zealand has not had the opportunity to experience such benefits, because the research has not been conducted. Therefore, this study attempts to provide some information about how the size and nature of the New Zealand industry compares with overseas. It also reports on the differences in perceptions of retailers and centre managers in key aspects of their working relationship, as the healthiness of this relationship is regarded as crucial to a centre's success.

1.3 Objectives

The principal objective of this research is to learn more about the New Zealand shopping centre industry. The following sub section outlines how this broad principal objective is broken down into more specific objectives.

1.3.1 Specific Objectives

The specific objectives of this research are:

- 1) To gather information relating to the size and nature of the shopping centres to be surveyed, and compare this data with the size and nature of shopping centres in overseas industries;
- 2) To gain an insight into the way shopping centre managers treat their clothing tenants;
- 3) To compare and test any differences between stores located inside centres and stores located outside centres in the variables of: sales; time in present location; competitiveness of markets; perceived influence of shopping centres on suburbs and cities; perceived importance of the aspect of a store's location; perceived advantages of a store locating in shopping centre; and financial performance of the store; and,
- 4) To determine what knowledge there is of academic and industry research into retail store location amongst centre managers and retailers.

1.4 Organisation of the Study

This study is reported in six chapters. An extensive review of recent literature relating to shopping centre development is presented and discussed in Chapter Two. Chapter Three provides a description of the methodology of the study including information on each of the three samples and data collection. Chapter Four presents an analysis and interpretation of the results, in accordance with the objectives for this study. Lastly, Chapter Five provides a conclusion for the study and recommends areas for future research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

2.1.1 Shopping Centre Development

There has been little academic research conducted in the area of shopping centre development in New Zealand. Instead, many decisions concerning the development of New Zealand shopping centres have been made on an ad-hoc basis.

As a result, decisions to build or not to build shopping centres have been based mainly on experience, how cheap the land is to build on, what pedestrian flows are likely to be, and how easy it is to get finance for the project (Anon, 1991; Anon 1990; Jenkins, 1989a; Jenkins, 1989b).

The available research shows that the New Zealand shopping centre industry is evolving in a similar manner to that of North America and Australia. Christiansen (1979) offers an explanation as to why this is so: the countries that make up the two continents are "new", and as such they have a lot of space; relatively low population densities; high standards of living; and high car ownership. McKeever *et al.* (1977) reinforces this view by stating "the rise of the automobile, the rise of the suburbs, and the rise of the shopping centre are parts of a single phenonemon" (p.12).

However, the opinion of these writers represents an insubstantial confirmation of the similarities between the New Zealand and overseas industries, and the purpose of this research is not to attempt to confirm or refute these assertions. Rather, the basis of this study rests mainly on a need to gain some general information about New Zealand's shopping centre industry, and to test the perceived importance New Zealand shopping centre managers and retailers have of a number of variables shown to be important

in overseas literature. Literature obtained from the U.S., and Canada has formed the main part of the review, but information from the U.K. and Europe is also used, where appropriate.

2.1.2 Overseas Research and Literature

Overseas research on shopping centres has concentrated on the study of a very large number of variables . These variables include: retailers' demand for vacancies in the proposed centre; customer's propensity to shop at the centre; level of interest shown by major or "anchor" tenants; and level of support shown for the project by the community and existing retailers (Simkin, 1990; Finn and Louviere, 1990; Brown, 1987; Nelson, 1958). Many studies have also been carried out in the area of retail location theory and customer preference for stores (Ghosh and McLafferty, 1991; Craig, Ghosh & McLafferty, 1984)

Therefore, these studies provide a comprehensive body of knowledge from which to base this research on. Whilst it is not possible to undertake an exhaustive review of all connected literature to develop the methodology to achieve the study objectives, it is necessary to gain an understanding of a number of connected areas. These areas are discussed below.

Of particular interest is the research relating to the evolution and role of the shopping centre in today's retailing environment. There is a comprehensive base of international literature on this topic.

Demographic and economic changes over the last 50 years have also played a major role in influencing the development of shopping centres, and retailing in general. Overseas studies suggest that the ageing population and increasingly expanding retail store development in many Western civilisations is starting to have a major influence on the way developers plan their centres and respond to competition (Anon, 1987a; Anon, 1987b; Rogers, 1983).

This study is concerned with the relationships shopping centre managers have with their retailers. Therefore, recent research relating to tenant management and tenant mix is considered. As the number of centres and retail outlets increase, the available research emphasises the need for the manager to be understanding and empathetic towards tenant's needs and problems (Hirschfeld, 1992; Kaye, 1989; Anon, 1986).

The concept of retail location theory, or the attempt to explain the location of retail stores by the use of academically and practically derived models, is not new. The literature reviewed dates back to the 1930s (Craig, Ghosh & McLafferty, 1984). Recent advances in retail location theory have provided useful location classifications for several types of modern retail stores (Brown, 1991), and highlighted the limitations of older theories when they are referred to today (White, 1977; Rushton, 1972, 1971).

There is a discussion about retail location theory to provide an understanding of the recent developments in academic research relating to good store location. This discussion centres on the developments of retail location theory this century, and provides insights into the classification of different types of shopping centres built overseas.

2.2 Evolution and Role of Shopping Centres

The U.S. shopping centre industry first started to develop in the early 1950s. Centres built during this time were planned and managed complexes that were marketed as a unit (Dawson and Lord, 1985). These centres were seen as the answer to the lack of parking space and the high traffic densities common to the central business district (CBD) of major cities (Carlson, 1991).

The first New Zealand shopping centre, by comparison, was built in Auckland in 1963 (Christiansen, 1979). Unfortunately, New Zealand has not yet been subjected to any detailed research of its shopping centre history, therefore no

further information is available. However, the large amount of research conducted on the U.S.'s industry provides a useful body of literature relating to this topic.

2.2.1 Changes in Population Distribution

During the 1950s, the American city boundaries began to incorporate many suburbs once considered separate. Ghosh and McLafferty (1991) report that during this time, the population of the suburban areas of U.S. cities grew five times as fast as the central city districts. However only 13% of this growth was due to a growth in population, the rest of it was attributable to the annexation of suburban areas by the cities (U.S. Congress, 1965). Due to this increase, retailers were pressured to locate near these growing markets.

As a result, smaller-scale retailers gravitated to highway strips near the emerging shopping centres, as there was now increased traffic due to the presence of the centres (Muller, 1976). Another impact of these trends was the decline of the CBD's share of sales, as it became just another regional centre (Kellerman, 1985).

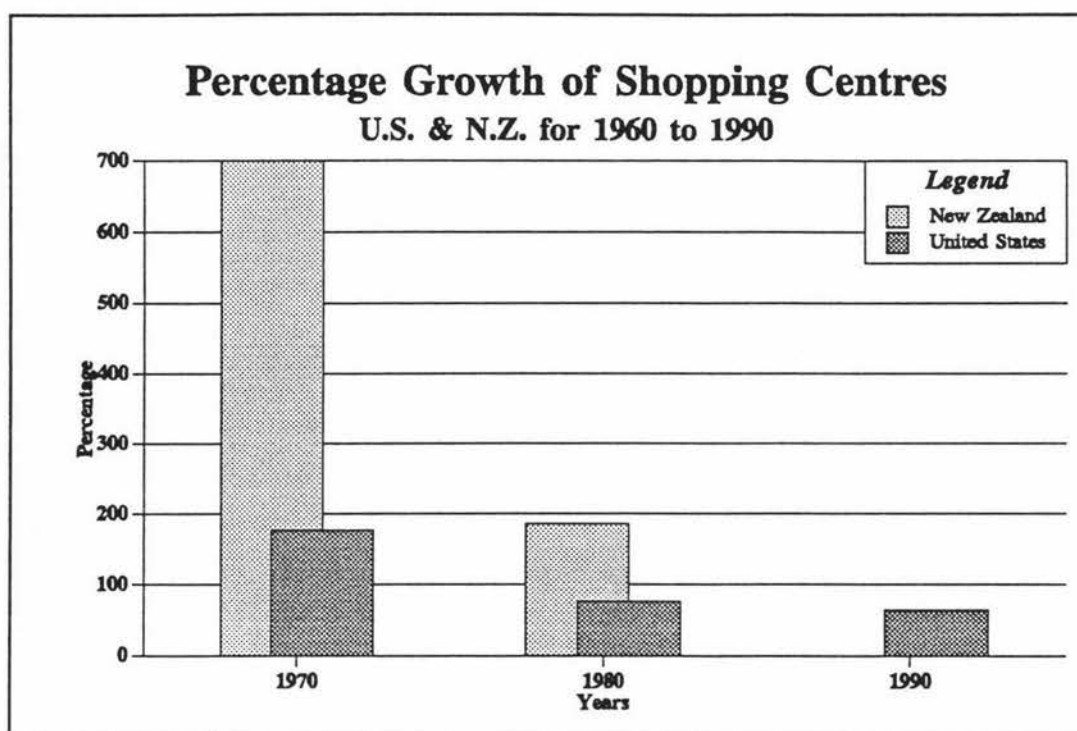
Whilst no direct comparison can be made with these statistics, New Zealand is becoming an urban-based society. The proportion of New Zealand's population living in urban areas (areas with more than 1,000 people) has been steadily increasing. Since 1936, the proportion of New Zealanders living in urban areas has grown from 67.9% to 85% of the total population (Department of Statistics, 1993).

2.2.2 Pace of Growth

During the early periods, there were few reliable estimates of shopping centre construction in the U.S. However, Winkelman and Bieri (1984) estimated that there were 4500 shopping centres in the U.S. in 1960. By 1970, some 12,500 centres existed, and by 1980, this figure was approximately 22,000 (Ghosh and McLafferty, 1991; Rogers, 1983). Latest estimates of the numbers of centres are just over 36,000 (Carlson, 1991; Ghosh and McLafferty, 1991). Figure 2.1 (p.9) shows the pace of growth (according to these researchers) over the last 30 years.

The pace of growth in New Zealand is more difficult to ascertain. According to Christiansen (1979), there were 20 New Zealand shopping centres that had full-time on-site management at the end of 1977. The first New Zealand shopping centre was built in Auckland in 1963, and in the years from 1963 to 1970, six more centres were opened. In the years from 1970 to 1977, 13 more centres were opened.

The New Zealand Building Owners and Managers Association (BOMA) reported that in 1992, there were 105 managed shopping centres in New Zealand (BOMA, 1992). Therefore, when comparing the data from the U.S. with New Zealand, the pace of growth of New Zealand centres in relative terms has been much greater than that of the U.S. in the period from 1977, as Figure 2.1 shows.



Note: Percentage growth rates for New Zealand shopping centres between 1980 and 1990 were unavailable.

Figure 2.1: Comparison of Percentage Growth Rates of U.S. and New Zealand Shopping Centres Between 1960 and 1990.

2.2.3 Nature of Growth

The pattern followed by the U.S. industry's expansion was that of a hierarchical- diffusion pattern, that is, the first centres within a state or region typically appeared in the largest or second largest cities. They have then spread to the smaller urban areas, once larger cities accumulated more centres (Dawson, 1983). This pattern of growth appears to have been followed in New Zealand, as shopping centre developments have spread from the main centres to smaller centres over a period of the last 30 years (Christiansen, 1990, 1979).

Most types of centres built in the U.S. until recently have been regional, community, and neighbourhood centres (Carlson, 1991; Rogers, 1983; McKeever *et al.*, 1977). In New Zealand, the types of centres built have also

been classified the same way (Christiansen, 1990). Regional and community centres were designed to serve several neighbourhoods or suburbs. Hence, retailers in the CBD or town centre perceived these centres as a threat to their livelihood. Neighbourhood centres, however, were much smaller centres and were designed to serve only the immediate area or neighbourhood.

In the U.S., regional centres usually were in excess of 400,000 sq. ft of gross leasable area (GLA); community centres generally ranged from 100,000 to 400,000 sq. ft of GLA, and neighbourhood centres ranged in size from 30,000 to 100,000 sq. ft of GLA. GLA refers to the total centre area available for leasing to tenants, therefore it excludes car parks and other common areas such as walkways and gardens (Carlson, 1991).

By contrast, the New Zealand equivalent of these centres is much smaller. Christiansen (1990) found that the average regional centre in New Zealand is approximately 100,000 to 350,000 sq. ft of GLA, the community centre is 50,000 to 100,000 sq. ft GLA, and the neighbourhood centre is 10,000 to 50,000 sq.ft of GLA. This contrast is probably explained by a variety of characteristics in the two countries, however it is most likely to be attributed to the differences in population densities and city sizes.

By the mid-1970s these three types of centres were firmly established in the U.S. retail scene. However, in the years immediately following this period, there emerged a number of new types of centres that were designed to cater for a wide variety of differing customer requirements. These new types included: "fashion centres"; "factory outlet malls"; and "off-price centres" (Ghosh and McLafferty, 1991, p.256). Carlson (1991), O'Brien (1991) and Carter (1981) also reported the emergence in the U.S. of a new generation of "strip" or "ribbon" centres (down- sized malls built close to major arterial routes), speciality and theme centres, "power" centres, and "auto care" centres. The reasons for the emergence of these new centre types are discussed in section 2.4.1 (p.17) and section 2.4.2 (p.18).

2.2.4 Importance of Shopping Centres

There is general agreement about the importance of shopping centres in the North American economy. In 1983, it was reported that shopping centres accounted for 42% of all U.S. retail sales (Rogers, 1983). Rogers (1983) also predicted that if the current rates of growth prevailed, the share of shopping centre's sales would exceed 50% by 1990. Carlson (1991) supported this prediction, by reporting that in 1990, "retail sales in the U.S. shopping centres were \$723b, or 56% of total retail sales (excluding sales by auto dealers and gas stations)" (p.16). *Monitor* (1990) reported that the shopping centre's share of total U.S. retail sales grew every year from the early 1950s up until 1988. Therefore, the shopping centre has played a major role in the development of the U.S. retail industry in the last 40 years.

In Canada, trends are similar. Over 50% of all retail business is conducted in shopping centres, representing over \$50b (Canada) in sales (Marcus, 1990).

In New Zealand, the success of the shopping centre is not easily measured. New Zealand centre managers and owners have been reluctant to release information relating to their market shares and growth rates (Christiansen, 1990, 1979), and therefore it is difficult to predict whether the industry here has performed as well as its North American counterpart. However, considering the information gained relating to the growth of construction of shopping centres in section 2.2, New Zealand shopping centre developers appear to be expressing confidence in the domestic industry's performance to date.

2.2.5 Impact of the Shopping Centre on the High Street

The reaction of high street or in-town retailers to the building of nearby shopping centres has been mixed. As shopping centres represent more retailers, and more retailers represent more competition, it is reasonable to

presume that most retailers would not be in favour of the development of shopping centres nearby. However, in some circumstances, the development of shopping centres can bring much needed benefits to a community, which can in turn, help rather than hinder existing retailers.

In a study of Lisburn (Northern Ireland) retailers, Brown (1988) reports that of 236 surveyed retailers, 125 (53%) were in favour of a proposed regional shopping centre being built only five miles from the town. The main reason that the majority of retailers were in favour of the proposed development was that it would attract shoppers from other parts of the country to the region. Of the 75 respondents (32%) that were opposed to the development, they believed the centre's extended opening hours, better car parking facilities, and the "pull power" of the magnet or anchor stores would draw shoppers away from the town centre.

By contrast, a survey of New Zealand council planning officers found that 7 out of 20 officers (35%) reported that retailers adjoining or near to a proposed shopping centre development were in favour of it (Christiansen, 1979). A further 4 (20%) reported that the retailers had "no objections" to a proposed development. These results show that retailers are not necessarily opposed to new centre development near them. Retailers can invariably be strengthened by the combined drawing power of their stores and those of the shopping centres, provided that customers engage in comparison shopping (Brown, 1988; Christiansen, 1979).

However, as the respondent groups, timing, sample sizes and countries of origin of the studies discussed above were different, it is very difficult to draw anything other than a superficial comparison between the results.

2.2.6 Dominance of the Shopping Centre in Today's Retail Environment

Evidence shows that the dominance of the U.S. retail market by the traditional shopping centre is peaking. *The International Council of Shopping Centres* (ICSC), in 1987 issued a statement that claimed that the major changes in the U.S. shopping centre industry had already occurred: "the biggest change that has already happened in the industry is that 50% of all shopping is now done in shopping centres, up from only 5% 30 years ago" (Anon, 1987b, p.41). However, no mention was made of the future prospects of the industry. If the ICSC's statement is accurate, then it appears that the U.S. shopping centre industry has now matured. There is also evidence that suggests that the U.K. shopping centre industry is maturing (Jones 1991), but the literature available on the U.K. is not conclusive. Therefore the U.S. industry will be focused on.

What is known is that there has been a very large number of demographic and economic changes that have occurred in the last 30 years in the U.S., which have led to the pattern of shopping centre growth described. What is now presently occurring in the U.S. is a widespread problem of retail "overstoring", or too many shops serving too small a market (Ghosh and McLafferty, 1991). These environmental changes and the associated changing fortunes of the U.S. industry are discussed below.

2.3 Demographic and Economic Changes Since World War Two

In the years between 1950 and 1970, there was "a prolonged period of affluence and rising expectations in the U.S. which spawned rapid suburban housing development and the construction of planned shopping centres in 'out of town' locations" (Rogers, 1983, p.8). The baby-boom in the post- World War Two years and the increasing pace of technology has brought about a large population cohort in the 40-60 year age bracket. Hence, a large ageing market

is emerging that retailers and centre managers need to learn to serve.

The ageing population has also been accompanied by a series of trends. In the last 20 years, the U.S. population (Anon, 1988a; Rogers, 1983) and the New Zealand population (Department of Statistics, 1993) have been affected by increasing proportions of women joining the workforce, declining marriage rates, and declining birth rates.

In the last decade, particularly the U.S. economy has been beset with a series of recessions. These recessions have brought about severe problems for the shopping centre industry. Carlson (1991) cites some of these as: overbuilt markets ; declining leasing activity (due to credit "squeezes"); and lower disposable income of consumers. Developers are now having to choose very carefully where they place new developments, especially large scale centres, as they tend to have a long economic life and are physically immobile.

Hirschfeld (1992, p.100) echoes these views, by summarising the state of American retailing at present as one of "enormous turmoil". The situation is attributable to a host of influences. These include: declining sales; tight credit and financing; the slow down of chain-store expansion and regional mall development; environmental and planning restrictions; increasing construction costs; and government intervention and influence.

The U.S. shopping centre industry is now facing declining fortunes as their "baby boomer" market reaches the middle ages, and resists spending large amounts of money at the malls. Coupled with this decline in the purchasing rate of the baby boomers has been an overall trend of less time being spent at malls, and a slowdown in the growth of real personal income levels for all Americans (Laing, 1992).

These recessions and the resulting turmoil have also been marked by the faltering of the traditional department store. Recently, these stores have been

forced to either leave the malls (as a result of inability to pay rents), or drastically reduce their merchandising lines in order to compete with the growing number of speciality stores or "category killers" (Carlson, 1991; Ghosh and McLafferty, 1991; Turchiano, 1990; Anon, 1988a).

In recent years, the aforementioned trends in the population in the U.S. have brought about the creation of a variety of market segments, and this has caused the birth of speciality stores, and the decline of other kinds of stores (Anon, 1988a; Rogers, 1983). Perhaps the most significant trend for the purposes of this study is the rise of the speciality store and the plight of the department store, as clothing stores often carry speciality lines of goods.

Overall, these trends have led to the fragmentation of the U.S. retail market, the rise of the discount store, and the increase in the emphasis of fast service and flexible shopping times (Rogers, 1983). The resulting consumer is now much more divided in their loyalties, has more sophisticated tastes and preferences, and is more interested in flexible lifestyles and goods and services that emphasise convenience (Anon, 1988a; Rogers, 1983).

Anon (1988a) reports that in the decade between 1978 and 1988, the population of the U.S. grew from 222m to 243m (an increase of 9.6%). During this time, shopping centre square footage grew from 2.5b sq. ft to 3.7b sq. ft (an increase of 48%). However, the interesting finding was that after adjusting for inflation, the actual sales per capita/ sq. ft had not changed. A possible explanation for this finding is that the economic recessions and associated financial pressures on the average American citizen have resulted in them buying fewer goods and services than anticipated, and shopping centre retail space is now oversupplied as a result.

This series of changes in the types of retail stores that are catering for today's more sophisticated U.S. consumer, have also been accompanied by changes in the retailer- centre manager relationship. Essentially, centre managers and

their retailers are being urged to communicate more efficiently and effectively in order to ensure they stay in business. This concept is discussed in detail in sections 2.4 and 2.5.

Renovation of large existing centres, rather than the building of new ones is now favoured, due to an ever decreasing shortage of suitable land for these developments and the likelihood of further contributing to overstoreing by duplication of facilities already offered (Carlson, 1991; Jones, 1991). In the search for more intelligent and imaginative use of land by new shopping centres, the trend in the U.S. has, predictably, been the increasing preference for the development of smaller centres tailor made to fill a "niche" in the market (Altman, 1990; Welcome, 1989; Rogers, 1987).

These strategic responses and new developments to combat overstoreing are discussed below.

2.4 Strategic Responses to Overstoreing

As a result of overstoreing, today's retailers in the U.S. no longer place as much emphasis on attracting new customers to their stores, but instead concentrate on how they can retain their market share and prevent competitors from getting any of it (Hirschfeld, 1992). In accordance with this new emphasis, managers and retailers must work together carefully when planning building acquisitions, expansions and renovations. When managers and retailers consider expansion, it is crucial that they have a good knowledge of tenant mix and understand "which synergies will work and which will not" (Hirschfeld, 1992, p.100). In short, the manager must be familiar with the day-to-day running of a business and must know how to relate short-term opportunities to long term strategies.

The new centres being built in the U.S. have combatted overstoreing by altering their tenant mixes and are often characterised by powerful "category

killer" stores (stores with a narrow range of goods but a lot of variety within that range) which help create a distinct theme for a centre, and are designed for the purpose of stealing market share off competing outlets (Hirschfeld, 1992; Anon, 1987b). These centres are currently being located out of town, usually on major arterial routes feeding large cities. The success of the new centre usually depends heavily on the principal tenant, or anchor. However, the nature of the centre is such that the theme created by all the tenants also attracts shoppers.

2.4.1 Renovation: A New Alternative for an Old Centre

Another way overseas managers have faced the problem of overstoreing has been the renovation and redevelopment of existing centres. As the development of new regional malls is becoming more difficult, mainly due to the fact that there is less land and less money available, the options that managers now have in regional centre development are reduced.

However, the diversity and variability of property markets in countries like the U.S. (Hirschfeld, 1992), Canada (Priddle, 1985), and the U.K. (Brown, 1991), have created many new opportunities for managers to expand their operations without necessarily building new centres. Rather, the renovating of existing centres is far less costly and provides an opportunity to give the centre a new image whilst retaining its successful aspects (Carlson, 1991; Welcome, 1989; Anon, 1987a).

Bivins (1984a) previously identified some of these opportunities in renovation as: participation in the development of both mixed-use and multi-use projects, both downtown and in the suburbs (eg. multiplexes involving the combination of movie theatres and shopping facilities); entry into off-price centre developments; remodelling and remerchandising of other existing properties, or those acquired for that purpose; diversification into other areas of real estate development including office buildings and residential complexes; and

the offering of management and related services to other shopping centre owners. Bivins states "... the potential for redevelopment, rehabilitation, and expansion of existing properties is tremendous, with an estimated half of the country's 22,000 regional shopping malls more than 15 years old" (1984a, p.57).

Similarly, major retailers, and anchor tenants are now starting to favour free-standing locations and smaller "strip" or ribbon centres on arterial routes due to cheaper rents and less competition (Carter, 1989). As a result, managers are now slowing down the pace of new large scale development and move to the redevelopment and renovation of existing premises (Ghosh and Mclafferty, 1991; Anon, 1988a).

2.4.2. The Rise of the Strip Centre

The decrease in the rate of construction of large out-of-town centres in the U.S., has resulted in the boosting of the rate of construction of the smaller centres (Roberts, 1990; Altman, 1990; Welcome, 1989). Table 2.1 (p.19) shows the rate of growth of different centre types between 1980 and 1986 in the U.S. industry, and illustrates the trend towards the construction of the smaller centre.

Table 2.1: Growth of U.S. Shopping Centres Between 1980 and 1986

Size (gross leasable area- square feet)	No. centres 1980	No. centres 1986	% change
less than 100,000	14486	18230	+25
100,000+ to 200,000	4420	6692	+51
200,000+ to 400,000	1695	2083	+23
400,000+ to 800,000	839	918	+ 9
800,000+ to 1,000,000	242	261	+ 8
1,000,000+	268	312	+16
TOTAL	22050	28496	+29

Source: Rogers (1987)

Furthermore, the International Council of Shopping Centres (ICSC) in 1986 reported that whilst only 17 centres with a GLA of more than 400,000 sq.ft were built in the U.S., a further 125 to 150 centres this size were refurbished or renovated (Anon, 1987b). New projects included the development of speciality theme malls and entertainment centres, multi-use centres, and factory outlet centres (Altman, 1990). Rogers (1987) provides some explanation for the trend, by stating that strip centres are cheaper to build, use less land, and can be more precisely targeted to particular market segments than can traditional centres.

In Canada, trends have been similar. Whilst many people equated the maturing of the shopping centre industry with a lack of opportunity, "growth and profitability were achievable through a multi-faceted project scenario rather than the traditional, larger new regional mall" (Priddle, 1985, p.27).

In-town retailing, meanwhile, has responded to these changes by renovating and remodelling its stores in order to lure shoppers away from the regional and strip centres. Dawson (1987) has suggested that the high street adopts some of the favourable attributes of the out-of-town centre in order to remain competitive. These attributes are identified as: the combination of leisure and shopping; and managed, self-contained environments. Dawson (1987) also suggests that the high-street provide a greater presence of services, such as legal, medical, financial, and entertainment services in order to differentiate their offering to the shopper.

2.4.3 New Developments in the Design of Strip Centres

As the pace of development of U.S. strip centres increases, the issue of originality of design becomes more important. Researchers and practitioners concerned with this aspect of centre design have made several suggestions regarding how a manager can make a design more attractive and original (Welcome, 1989).

Altman (1990) suggests the inclusion of courtyards and gardens with attractive walkways as one way to improve the appeal of a smaller centre. McCarthy (1990) and Smith (1988) cite the examples of Meadowhall in Sheffield (U.K.) and the West Edmonton Mall in Canada as successful combinations of shopping and leisure facilities. The presence of a new offering of services and merchandise in a smaller mall can also add to its appeal, hence the popularity of the new breed of theme and speciality centres now emerging in the U.S. (Bivins, 1984a; Rogers, 1983).

2.4.4 Role of Managers when Acquiring and Renovating Centres

As the U.S. shopping centre is maturing, managers are forced to look further for new and more profitable business opportunities. Tactics used by today's managers include not only changes in the way centres are managed, operated

and built, but also changes in the ownership of centres as managers sell centres no longer performing to their expectations.

When centres are sold, the process can be very disturbing for retailers. According to Hazel (1987), there are several important tasks that an incoming owner must do when developing a new relationship with existing tenants. These tasks include ensuring that the tenants likely to be most affected by the ownership change are informed accordingly, and ensuring all legal requirements relating to individual leases are met.

Tenant's reactions to the renovation of their malls have been mixed. Studies have shown that tenants can be in favour of renovation if it is likely that the new mall atmosphere and expanded retail mix will be potential sales boosters (Welcome, 1989). However, tenants can also be against the development if they believe that new tenants will create competition for them and lower their sales (Anon, 1987a).

Whatever the tenant's reaction to the proposed renovation is, it is up to the manager to make the process as little of a disruption to the retailers as possible. Welcome (1989) suggests that managers who are contemplating renovation work to create a "positive working relationship between (themselves) and the tenants" (p.36).

If the tenants are against the redevelopment and the process goes ahead in a disruptive fashion, this is likely to further damage the relations between the manager and the tenants. Hence, regular and effective communication between the manager and the tenant regarding the renovation is required to ensure the process goes as smoothly as possible.

2.5 Tenant Management

The topic of tenant management is possibly the one most important for the

purposes of this study, as the tenant/manager relationship is studied. Tenant management and tenant mix are two issues that managers of centres must face. The literature relating to this topic is comprehensive, and as a result, this section is discussed in some detail. Much of the available literature centres on the U.S. industry, however some research has been conducted in other overseas industries.

2.5.1 The Changing Role of the Shopping Centre Manager

In the past, many managers have seen themselves as little more than landlords. Their traditional role has been that of an overseer of operations, rather than a participator in them. However, present research suggests that if managers wish their centres to become more successful, they must become more involved in the day-to-day operations of the centre (Hirschfeld, 1992).

A study conducted by Anon (1986) reveals how U.S. managers have become more involved with their retailers' businesses. The study found that several prominent managers were engaging programmes that aimed to improve their tenants' merchandising skills. These programmes comprised a series of free seminars and training sessions designed to help mall sales staff improve their skills and achieve better sales results.

Another survey by the *Chain Store Age Executive* (Anon, 1988b) revealed that the best managers in the U.S. were those that rated most highly on the following attributes: accessibility; marketing support (programmes and promotions); creativity and innovation; community relations; and flexibility (or willingness to give and take). The managing firm who was voted as the best (*Melvin Simon and Associates*) was involved in recruiting staff that attempted to forge good working relationships with tenants and were consistently accessible and friendly towards the retailers. Kaye (1989) suggests this "hands-on" philosophy incorporates a list of managerial tasks the manager needs to take responsibility for. These tasks include: public

relations; the relationship with tenants; the marketing of the centre; and the liaison between the centre management and local authorities.

The results of this research show that tenants see the best managers as more than simply landlords, and these managers are often involved in the day-to-day operations of the centres to help ensure their tenants, and their centres, are successful.

2.5.2 Recent Trends in Tenant Mix

As the performance of tenants determines the performance of the shopping centre, not only must a centre manager ensure that the tenant mix in a centre is able to meet the demands of the centre's target market(s), it must also function adequately as a group in order to be competitive.

Traditionally, centre managers aimed to offer a tenant mix that created diversified and varied shopping opportunities for the consumer (ie. through large department stores). However today's tenant mixes are aimed at narrower markets, by encouraging comparison shopping for a single type of good or service rather than a wide range of goods and services (Ghosh and McLafferty, 1991). This practice, which has been successful in the U.S., is not new, however.

Nelson (1958) found that in a town centre "a given number of shops dealing in the same merchandise will do more business if they are located near each other than if they are widely scattered" (p.58). Several studies since this time have been conducted which prove that clusters of similar retail outlets exist (Davies, 1977; Scott, 1970; Rogers, 1969), and further, it has also been shown that these clusters do promote comparison shopping and increased trade (Shepherd and Thomas, 1980; Bennison and Davies, 1977; Toyne, 1971).

A recent study by Brown (1988) also confirmed these assertions finding that

retailers benefit from the presence of adjoining similar businesses for many reasons, including the fact that comparison shopping can take place. What is happening today, particularly in the U.S., is the independent smaller retailers who trade in similar lines are being favoured as tenants for malls, as the larger chains and department stores are rapidly losing their ability to provide the depth of selection in a broader range of merchandising lines (Anon, 1988a).

2.5.3 Objectives of Tenant Mix

Surprisingly, although the issue of the tenant mix is central to the centre's success, authors have stopped short of discussing the topic in detail, preferring to mention only that tenant mix is important in shopping centres (Abratt, Fourie & Pitt., 1985).

An "ideal" tenant mix strives to achieve a "balanced diversification of shops; a specific image for the centre; maximal pedestrian flow; a synergy between satellite tenants; a logical lay out of shops; and maximum return on investment" (Abratt *et al.* 1985, pp. 19-20). Kaylin (1973) states "Tenant mix refers to the combination of business establishments occupying space in a shopping centre to form an assemblage that provides optimum sales, rents, service to the community and financiability of the shopping centre venture" (p.46). The problem is that achieving the "optimal" or "ideal" tenant mix is not easy in practice. Instead of focusing on this issue of an optimal tenant mix, the issue of the steps managers can take to improve their tenant mix will be examined. Specifically, the issue of tenant recruitment is discussed.

Carpenter (1974) outlines some of the problems that occur when managers seek to recruit the tenants that will improve their tenant mix. The problems include: the availability of equity capital; the influence of the anchor tenants on the smaller tenants (ie the bigger tenants can force smaller tenants out of business); the marketability of the centre; and the unacceptability of the

terms under which the manager seeks to acquire the tenant.

Therefore the manager must balance the need for acquiring desirable tenants with their budget. There is no point in seeking to recruit tenants that demand unrealistic terms and conditions in their tenancy agreements. There is also little sense in attempting to recruit tenants that do not match the theme or image of the centre (for example, the recruiting of a budget factory outlet clothing shop in an up-market speciality clothing centre would probably be unwise). The manager must also be willing to negotiate with prospective tenants and reach a mutually acceptable position before the lease agreement is signed.

In altering a tenant mix, the manager of any centre must consider the nature of the tenant's business and its ability to achieve acceptable levels of sales, before allowing it to be included in the tenant mix. The manager must always be aware of the issue of profitability of the centre, and what roles each of the tenants need to take in order to ensure that their centre continues to be profitable (Abratt *et al.*, 1985).

2.5.4 Types of Tenants

Today, many classes and types of tenants exist. Key tenants for shopping centres include: department stores; supermarkets; apparel stores; and entertainment and leisure facilities (Abratt *et al.*, 1985). Other categories of tenants also beginning to emerge are: fast food outlets; furniture stores; institutional tenants; retail services; gift shops; appliance stores; music stores; and a variety of concourse and temporary tenants (Razzano, 1987; Abratt *et al.*, 1985).

2.5.5 Roles of Tenants

Traditionally, department stores, supermarkets, and variety stores dominated the tenant mix of the larger shopping centres (Carlson, 1991; Oosthuizen, 1981; Urban Land Institute, 1977). However, with the emergence of the newer down-sized centres such as the theme and strip centres, other kinds of tenants have become more prominent.

The tenants that are taking an important role in the smaller centres include restaurants and fast food outlets, apparel stores, institutional tenants (eg. banks and post offices), and retail service tenants (eg. hairdressers).

The restaurant and the fast food outlet have been reported as being substantial traffic generators in both traditional centres (regional and community) and smaller speciality centres (Fitch and Co., 1983; Beaumont, 1980; Wachter and Flint, 1980). These tenants can be particularly profitable for managers because of their tendency to occupy smaller areas than other store types, but pay high rentals due to their high turnovers (Abratt *et al.*, 1985).

Apparel stores are also seen as more important because of their ability to generate "comparison shopping" (Anon, 1988a; Brown, 1987). Menswear stores are now more important because men are becoming more fashion-conscious and more selective about the types of clothes they buy. Faber (1980) identifies the value of men's and women's wear stores as their ability to supplement the department store's offerings.

Institutional and service tenants, thought to be detrimental to a centre's tenant mix, due to their ability to introduce "dead" frontage to the centre (Kirby and Holf, 1986), have been shown to be substantial traffic generators in other studies (Brown, 1987; Abratt *et al.*, 1985). This research has also shown that these tenants do not need to be in high traffic areas to generate

business, as the type of services they offer usually result in the customer seeking them out.

Altering the tenant mix is a less costly way than renovation for changing a centre's image, and research has shown that it can be effective in improving a centre's financial performance (Hirschfeld, 1992; Rogers, 1983). Wagman (1991) suggests attracting up-scale fashion retailers to a mall can bring about a change in image: " for an increasing number of managers, who can no longer rely on local tenants to differentiate their centres.....nationally known, upscale fashion retailers (can) give a mall its special 'cachet', ensure that its tenant mix will not be duplicated in the market, and help attract other quality tenants" (p.52). In America, these up-scale retailers include Brooks Brothers, Barneys, The Nature Company, Rand McNally, and Brentano's.

However, in order to attract these special tenants, mall owners have to be very flexible in their rental negotiations, conditions regarding opening hours, and location in the mall. As Wagman (1991) stresses, not any mall can attract the top line retailer, only those that have "a commanding location in the market (and) proven sales performance" (p.52), could be considered by special tenants.

Hence, the emergence of the newer types of centres has brought with it changes in the relative importance of different types of tenants. The traditional large "anchor" tenants have taken a lower profile in the new shopping centres overseas, and the smaller tenants, some of which weren't seen in shopping centres ten years ago, are now taking more of a prominent role.

2.6 Retail Location Theory and Shopping Centre Management

The concept of retail location theory goes some way toward explaining the pattern of development of shopping centres. Although it is never possible to

precisely predict what the next change in such a dynamic industry will be, the models developed through retail location research provide interesting perspectives on what is simulated or modelled , and what actually occurs when retail stores expand and/or relocate.

Researchers in retailing have long stressed the importance of good store location. It has frequently been stated that the three most important qualities of a retail store are location, location, and location (Dickinson, 1981; Vigoda, 1981; Wehrly, 1967). Research has also repeatedly shown that whilst excellent marketing can seldom overcome the problems of inferior location, good sites can compensate for poor business practices (Craig *et al.*, 1984; Guy, 1980; Davidson, Doody and Sweeney, 1975; Proudfoot, 1938).

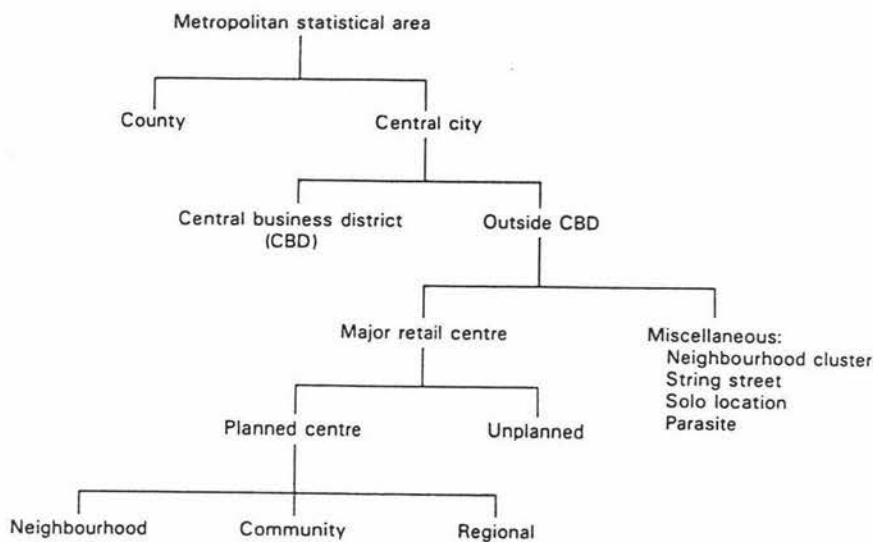
However, despite the importance of the issue of retail location, academic research has been sparse (Simkin, Doyle, and Saunders, 1985). Much of the research has focused on retail location in relation to the patterns of development, rather than on the reasons how this development evolved, and how the retailer can interpret these events to make a better locational choice.

Many of the traditional frameworks of retail location patterns are based on Rielly's "Law of Retail Gravitation" (1931), which asserted that the larger American cities comprise a CBD and several suburbs, that in turn comprise a number of larger scale retailing agglomerations, and a larger number of smaller agglomerations. An interpretation of the relationship between this theory and shopping centre development is provided in model form in Figure 2.2 (p.29). Brown (1991) suggests that this model may have "considerable empirical merit" (p.54) when attempting to explain the nature of many western cities.

A different model, the "Central Place Theory" introduced by Christaller (1935) in Germany, and advanced on by Losch (1954) in the U.S. attempted to explain store location in terms of the "range" and "threshold" of a particular

type of good. However, research by White (1977) and Rushton (1972, 1971) in the U.S. has shown that the assumptions made by the Central Place Theory relating to differing sizes of stores have been very simplistic, and do not apply in many situations where there are several retailers offering similar types of goods (eg. a town centre).

Figure 2.2: Traditional Hierarchical Model of Retail Development



Source: Brown (1991, p.54)

However, this type of model does not provide enough information to explain the spatial nature of urban retailing, nor is it practical enough to be used in everyday practice (Jones and Simmons, 1987; Simkin *et. al* 1985; Potter, 1982). Another major criticism of the model is that it makes very restrictive assumptions concerning the nature of demand and supply, and the nature of many modern retail outlets (for instance chain stores and shopping centres). Figure 2.3 (p.30) summarises the restrictive assumptions of the hierarchical model.

Figure 2.3: Assumptions and Implications of the Traditional Hierarchical Model

Consumer

- Undertakes single- purpose trips and purchases small amounts
- Trips are home-based
- Visits nearest shopping district where goods are available
- Responds only to price and product range
- Purchases only in shops
- Trip frequency is related to product perishability and hence renewal frequency
- Purchases only in shops
- All have similar personal mobility, both actual and perceived
- Satisfaction is measured by availability of goods

Retailer

- Independent, profit-optimizing business
- Overhead costs and buying costs are the same for all stores selling similar goods
- Shops sell a single line of goods
- Shops all have the same locational need, the point of minimum aggregate consumer travel
- A free market exists in locational choice - no shopping centres
- Property valuations make no contribution to retailer profits
- No retail innovation
- No economies of agglomeration and linkage

Source: Brown (1991)

Since the 1960s and 1970s and recently, the literature relating to behavioural influences in store location has increased (Simkin *et al.*, 1985). Further research acknowledging the restrictive assumptions made by the traditional hierarchical model has been conducted, and new theories relating to the behaviour, habits, and preferences of consumers are emerging (Timmermans, 1982; Ring, 1979; MacKay, 1972; Gruen and Gruen, 1967). A recent attempt to classify the new kinds of businesses in terms of form and function has been made by Brown (1991), and this is shown in Table 2.2.

Table 2.2: Post-hierarchical Typology of Retail Locations

FUNCTION	General	Specialist	Ancillary
FORM			
Cluster (unplanned)	Town and city centres	Bright lights district	Sandwich bars in financial district
Cluster (planned)	Megacentre	Speciality shopping centre	Shops in airport departure lounge
Linear	Traditional arterial route	Ethnic shopping centre	Hamburger alley
Isolated	Corner shop	Carpet warehouse	Crush bar in opera house

Source: Adapted from Brown (1991)

Brown (1991) provides an explanation of the relevance of this model for shopping centre development, by grouping the forms of businesses into the

categories of cluster, linear, and isolated. Planned and unplanned clusters represent retail agglomerations that have either grown up in a disjoint, unplanned fashion (for example, town centres), or have been developed as a carefully planned unit (ie. suburban shopping complexes).

Linear and isolated forms of development are: ribbon-like agglomerations of retail stores (for example, a high street), and; free-standing stores that are spatially separated from other retail outlets (for example, factory shops).

Brown (1991) also explains why function is divided into three areas: general; specialist; and ancillary. The general shopping areas contain a wide variety of retail outlets and cater for the multi-purpose shopping behaviour of consumers. Specialist shopping districts consist of a selection of large numbers of closely related outlets (eg. electrical wholesalers). Ancillary locations are not shopping areas as such, but are made up of "opportunistic" retailers who capitalise on the passing trade generated by non-retail activities (eg. a railway station or airport).

2.6.1 Implications of Retail Location Models for Retailers

A recent review of retail location models in the U.S. by Craig *et. al* (1984) concluded that a "location-allocation" model was the favoured approach when a retailer is considering the opening of a new store or group of stores. The reasons for this recommendation are that the location- allocation models can be adapted to allow for a number of objective functions such as profit maximization, market share management, or protection from competitive action.

The location allocation approach involves the simultaneous selection of facility locations and the assignment of demand to those locations in order to optimise some specified criterion (for instance, profitability).

One form of location-allocation model is described by Achabal, Gorr, and Mahajan (1982). This research outlines how a MULTILOCC decision model can specifically address the problem of multiple store location. This approach, when used in conjunction with field analysis, can assist the retail manager in: estimating the impact of new stores on the market share of existing units; identifying the significant attributes of a store that are contributing to its success (or failure), and; evaluating the probable change in sales stimulated by remodelling activity. Achabal *et. al* (1982) recommend the model for those businesses typically found in shopping centres, as it is suited to those stores that have a wide choice of available locations, relatively small unit size, broad market appeal, and a preponderance of free-standing units (eg. supermarkets and fast food outlets). However, it is noted that hypothetical data was used to demonstrate the validity of the model in this case. Therefore it appears its practical merit is yet to be proven.

Nevertheless, the fact that many clothing retail outlets may not conform to "ideal" retail types for the proposed models (such as the one described above), the principles used to derive these models may still have some practical value for retailers. Hence, it is important that retailers have a reasonable level of knowledge about the thinking behind retail location research, and what implications the models proposed have for them, if any.

2.7 Conclusion

The literature reviewed has demonstrated the complex and dynamic nature of the shopping centre industry. The research has shown that in the U.S., there has been a pronounced shift away from the traditional large suburban centre to a smaller, more flexible development that can be built in a variety of locations.

These trends have also been accompanied by the increasing importance of smaller retail outlets, such as fast food restaurants, and apparel stores.

Traditional anchor tenants, such as the department stores have faltered, and in some cases have been forced to move out of the centres they once dominated. Even more than before, profitability of tenants and pedestrian flows are considered crucial to a centre's success.

The literature has also shown that New Zealand's shopping centre industry and research history is much smaller than that of the U.S. and the U.K. In particular, the problems associated with overstoreing and market saturation have not yet received the attention of researchers in New Zealand.

2.7.1 The Present Study

The present study has been designed to gain some insight into New Zealand's shopping centre industry as a result of these conclusions. The emphasis will be on gaining as much information as practical about what policies and procedures govern the management of the shopping centres in New Zealand, and what retailers think of these policies and procedures. Information relating to the commercial success of New Zealand shopping centres is not available, consequently it is not possible to expand on this area of the literature.

Therefore, the study focuses on building up a profile of shopping centres in selected cities in New Zealand in terms of their size, age, nature of management style and policies, and tenant mix. Unfortunately, it is not possible to further research the evolution and the role of the New Zealand centres, because the information is held by commercial researchers, and not yet freely available (Christiansen, 1990).

However, this research addresses some of the issues relating to the impact the shopping centre has had on the "high street" or existing retailers, by considering a sample of clothing retailers' and centre managers' views. The opinions of these two groups are also sought when studying the relationship

between the centre manager and their tenants, in terms of: management flexibility; support of tenants' marketing and creativity; support of public relations; and friendliness and professionalism in the retailer/manager interaction.

Clothing retailers and centre managers were also asked what knowledge they have of retail location models, and whether they understood the principles behind any models they are aware of. Retailers in particular were questioned about the importance they place in the aspect of store location, and whether they see shopping centres as better places than the town or city street to locate their stores. Both retailers and managers are asked if they are satisfied with the financial performance of their store or centre, in order to assess whether there is any dissatisfaction associated with locating either in or outside a shopping centre.

In gathering this type of information, it may be possible to form at least a partial assessment of the nature of the domestic shopping centre industry, in terms of the relationships managers have with their tenants and also the perceived influence these groups see shopping centres as having on the New Zealand retail scene. This research then forms the basis of some comparison with the events that have occurred overseas.

CHAPTER THREE: METHODOLOGY

3.1 Introduction

The methodology section is divided into two main sections. The first of these (section 3.2) outlines the procedure that was taken to select the centre managers and retailers that participated in the study. The second section (section 3.3) discusses the method of data collection that was used when surveying the managers and retailers.

The methodology was developed to collect the necessary information needed to achieve the study's objectives as described in section 1.3.

3.2 Procedure

This section will describe the method of selection of centre managers, and then the method of selection of retailers is discussed.

3.2.1 Method of Selection of Managers

The cities of New Plymouth, Palmerston North (and Levin), and Greater Wellington (Lower Hutt, Upper Hutt, Porirua, Paraparaumu, and Wellington) were chosen as the areas to be sampled. The rationale for this decision is that these cities are all in close proximity to Massey University and are convenient to study. These cities are also geographically and demographically dissimilar (Department of Statistics, 1993), allowing for an accurate representation of lower North Island centre managers.

The population of enclosed, managed shopping centres (centre managers) in the chosen cities is 16 (Building Owners and Managers Association, 1992). According to this literature, this sample represents 15% of all New Zealand

centre managers and 22% of centre managers in the North Island. More importantly, it represents all the North Island managers from New Plymouth south.

There are 13 centres in Wellington, two in Palmerston North, and one in New Plymouth. As this population is small, and was likely to exhibit varying characteristics due to the differences between the cities in the population, a census was attempted (Parasuraman, 1986).

3.2.2 Method of Selection of Retailers

Clothing retailers were sampled in the same cities as the centre managers, in order to allow for a comparison between the two groups. A mail survey was chosen because: it is a relatively inexpensive method of data collection; there are a substantial number of retailers (over 200) and this method of surveying allows for a precise stratification of the sample (Esslemont, 1992).

The population of clothing retailers in the cities of interest is approximately 290 (Telecom Directories Ltd, 1993). This number is found by adding up all retailers who fall into one of the following categories in the Telecom Yellow Pages: Boutiques; Childrenswear; Jeans retailers; Ladies Fashions (retailer); Lingerie retailers, Menswear retailers, Knitted Goods and Fashions retailers, Mens Tailors, Ladies Dressmakers, Clothing Accessories retailers, Factory shops, Leather goods retailers, and Suede Goods retailers. Multiple listings (ie. those businesses listed under more than one category) were accounted for.

The additional categories of: Clothing- protective retailers; Footwear retailers; Furriers; and Sportswear retailers were excluded as they are either trading in goods other than fashionable or tailored clothes, or they are not commonly found in shopping centres.

A more reliable sampling frame for this population is produced by the

Department of Statistics, but unfortunately is very expensive to obtain (Palmerston North City Council, 1992)¹. However, the telephone directory was considered to be accurate enough for the purpose of this research.

A sample of 207 retailers was taken. A systematic random procedure was the selection basis of this sample. In practice, every second retailer listed under the appropriate categories in the Yellow Pages was picked. This selection procedure was based on the need to look closely at retailers in shopping centres, but also to consider the opinions of retailers outside of the centres. The process of the sample design is explained in the next sub-section.

3.2.3. Allocation of the Retailers' Sample

This sample was designed according to several criteria. The criteria were set by the researcher, as there were no comparable studies in which to base a sample design on. The criteria are:

- The entire sample was designed to cover 70% of clothing retailers in the cities surveyed (irrespective of where the retailers had their shop in the city);
- The researcher was particularly interested in the relationship between centre managers and their tenants. Therefore, the sample would be split to allow for a 75% coverage of all clothing tenants in shopping centres in the cities studied;
- The field work (ie. time spent on distributing questionnaires and conducting interviews) for this study should not take longer than three months to complete.

¹

A telephone conversation with Malcolm Thomas, Corporate Officer for Palmerston North City Council on 8 December 1992 provided this information.

Table 3.1 shows how the sample was split amongst the cities and amongst the categories.

Table 3.1 Allocation of the Sample in Each City

Location of retailer in city	CITY					
	Wellington		Palmerston North		New Plymouth	
	Sample	Total in city	Sample	Total in city	Sample	Total in city
Retailers not in managed centres	106	153	33	48	23	34
Retailers in managed centres	24	32	14	19	7	9
Total for city	130	185	47	67	30	43

3.3 Method of Data Collection

This section discusses the method of surveying managers and retailers selected to participate in the study. The developers' section is discussed first.

3.3.1 Data Collection from Managers

The proposed method of data collection for the managers was personal interviews. Each manager was contacted in advance of a desired interview

day, and in all but two cases, the interview times were arranged. Of the two managers that could not be accommodated in the interview days, one made a limited response by facsimile and the other responded by phone.

The interviews lasted approximately half an hour. Each manager was given a copy of a selection of the questions from the manager's questionnaire (Appendix A). The questions the managers were given were those that required more than one answer (ie multiple response questions). This tactic allowed the managers to look at all their choices before making their decision about an answer. In most cases, managers were comfortable with this procedure.

3.3.2. Data Collection from Retailers

As the survey of the two groups of retailers was conducted by mail, the use of a cover letter (Appendix B), a questionnaire (one of either Appendix C, or Appendix D) and a reply-paid envelope was necessary to ensure that the respondent had everything they needed to participate. As the research was intended to cover retailers that were situated in varying locations (ie. in and outside centres), there were two versions of the questionnaire, to take account of the different circumstances of the respondents.

If the retailer was located in a centre, the questions focused on their relationship with their manager. If the retailer was in any other location, then the focus of the questions was on their relationship with their franchiser or chain store management, if this was applicable.

An incentive (a "Massey University" ball point pen) was included with the cover letter, in order to help increase the response rate (Jobber, 1986).

3.3.3. Timing of the Mail Survey

Selected retailers were either posted or hand delivered a coded questionnaire. An original cover letter, a ball point pen, and a reply paid envelope completed the survey pack.

Retailers were given four weeks to reply. After that time, a reminder letter was sent. The reminder letter was accompanied by a second questionnaire and a reply paid envelope.

In the latter part of the field work the researcher tried a different approach in order to get retailers to reply quickly. This approach involved giving the retailers less time to reply in exchange for not having to mail the questionnaire or being sent reminder letters. In this part of the study, retailers were approached personally, in a similar fashion to that of the previous fieldwork. However, instead of requesting retailers to reply by post, the researcher informed them that he would return in a week in order to pick the completed questionnaire up. Most retailers were happy to comply with this request. The researcher gave those retailers who were not able to comply with the week time frame the option of posting the questionnaires to him at their earliest opportunity, post- free if desired.

Overall, this new approach worked well. Unfortunately, it was not possible to consider it for the entire sample of retailers, due to time and cost constraints.

3.3.4 Scope and Limitations

This research was conducted in the lower half of the North Island, and although the parameters have been set to ensure the sample of shopping centre managers and clothing retailers is representative of the populations in the surveyed cities, no claim is made of the representativeness of this sample

to New Zealand centre managers and clothing retailers in general. Nevertheless, the cities and towns surveyed contain 440,604 people, or 13% of New Zealand's population (Department of Statistics, 1993).

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introduction

The first section of the results and discussion chapter covers the response rates for the sample of centre managers and retailers surveyed. The following sections address the objectives of the study.

4.2 Response Rates

Table 4.1 (p.44) shows the response rates for retailers in centres in each of the cities surveyed. Overall, the response rate for the in-centre retailers was 75%. This relatively high figure is probably explained by the fact that all retailers in this part of the survey were approached personally by the researcher and asked if they were willing to participate. This practice allowed the sample to be screened for any retailers who were not interested in participating in the survey. Another technique that almost certainly had a positive influence on the response was the personal collection of the questionnaires delivered to the Palmerston North retailers. Although this meant giving the retailers a deadline by which they should have had the questionnaire completed, the responsibility of posting it back was removed.

Table 4.2 (p.45) shows the responses rates for the retailers outside the centres. The overall response rate of 63% was lower than for the retailers in the centres but this is possibly explained by the fact that this survey was conducted almost entirely by post.

Table 4.1 Response Rates for In- Centre Retailers

	CITY		
	Wellington	Palmerston North	New Plymouth
Number of questionnaires delivered	24	14	7
Non Responses: Refused to participate	9	0	0
Total non responses	9	0	0
Total number of possible responses	15	14	7
TOTAL VALID RESPONSES	12	10	5
(% of eligible responses)	(80)	(71)	(71)
TOTAL OVERALL RESPONSE RATE (%)	75		

Table 4.2 Response Rates for Outside- Centre Retailers

	CITY		
	Wellington	Palmerston North	New Plymouth
Number of questionnaires sent or delivered	106	33	23
Non Responses:			
Gone, no address	2	0	0
Refused to participate	20	4	5
Ineligible respondents	4	0	0
Total non responses	30	4	5
Total of possible responses	76	29	18
TOTAL VALID RESPONSES	33	29	15
(Percent of eligible responses)	(43)	(100)	(83)
TOTAL OVERALL RESPONSE RATE (%)	63		

The population of centre managers in the cities of interest was 16. Twelve of these managers were personally interviewed, and a further two were interviewed over the telephone. One manager gave a limited response by facsimile. Only one manager, despite several attempts to interview him, did not take part in the survey.

4.3 Results of the Centre Managers' Survey

Centre managers were asked a series of questions relating to the size and nature of their shopping centres, the specific attributes of the clothing stores in their centres, and their personal opinions about their shopping centre's influence on, and ability to affect, retail trade. General information gained about the shopping centres from the managers is discussed first, followed by a discussion of the differences between the management and the clothing tenant's answers to several questions.

4.3.1 General Aspects of the Shopping Centres

Information relating to the types of the centres is presented in Table 4.3 (p.47). The high proportion of regional and community centres suggests that developers in this region of New Zealand do not yet believe it is time to downscale the size of their shopping centres and build smaller centres. This result also highlights the fact that the trend for building smaller new centres (as witnessed in the U.S.), is not yet being followed in New Zealand.

Table 4.3. Types of Centres in Sample

Type of centre ¹	n
Regional	6
Community	4
Neighbourhood	3
Not Known	2

Note: 1: The classification for the centres is based on Christiansen's (1990) classification for New Zealand shopping centres.

Depending on the type of shopping centre surveyed, the numbers of tenants in these centres ranged from 25 to 73. Within this, the numbers of clothing retailer tenants in these centres ranged from two to 23.

In terms of the actual types of clothing stores in the centres, four broad categories of stores were common. These were Ladies fashions, Menswear retailers, Jeans retailers, and Clothing accessories retailers. As shown in Table 4.4 (p.48), thirteen managers reported that they had "Ladies fashions", 11 had "Menswear retailers", nine had "Jeans retailers", and eight had "Clothing accessories stores".

Table 4.4 Types of Stores in Centres

Type of store in centre	Number of centres with store type ¹ n	Percent of centres with store type %
Dressmakers	2	15
Clothing accessories	8	62
Menswear	11	85
Leather goods	4	31
Knitted clothing	7	54
Jeans stores	9	69
Ladies fashions	13	100
Lingerie	8	62
Childrenswear	6	46
Other	4	31

Note: 1= N= 13

4.3.2 General Information about Centre Management

Managers were asked to indicate whether or not they were located at the centre site. Twelve of the fifteen managers reported that they were located on site. The remaining three managers reported that they ran the centre from an office in a nearby building. Similarly, 12 of the managers reported that

they were in charge of all aspects of the shopping centre's management.

Generally speaking, managers had not been managing their centres very long. Only 12 of the 15 managers answered the question relating to the length of time they had been in their respective centres. Two (17%) had been managing their centres longer than ten years, with the remaining ten managers being in the job for less than five years. This result is not explained by the age of the centres, as just five (33%) of the fifteen centres are less than five years old. Therefore, any one centre would be likely to have a management change within any five year period.

When asked about refurbishment, fourteen managers replied. Eight (57%) of the managers reported that their centres had been refurbished or remodelled since it was constructed. Of this group, most centres had been remodelled at least twice since they were first built. When asked about the disruption to the centre's trading activities this refurbishment caused, the mean of the eight responses was 2.63 (on a scale of 1= great disruption, 3=moderate disruption, 5= no disruption), indicating that the managers thought the disruption was slightly more than moderate.

4.3.3 Basis of Rent Setting and Level of Rents

Managers were asked to indicate the bases they used for rent setting at their centres. Only 13 managers actually answered this question. Of those who responded, the most common basis on which managers set the rent of tenants, as shown in Table 4.5 (p.50), was, not surprisingly "area leased by tenant", followed closely by "location of leased area". These results show that not only does the size and location of the space in the centre have a bearing on the rent paid, but also, to a lesser extent, the value of turnover by the tenants, the type of business operated by the tenant and the length of lease of the tenant.

Table 4.5 **Basis of Tenant's Rent Setting**

Basis for rent setting	N	%
Area leased by tenant	13	100
Location of leased area	11	85
Value of turnover by tenants	9	69
Type of business operated by tenant	9	69
Length of lease	8	62

Note: Managers could give more than one response to this question

Only nine of the 15 managers surveyed were prepared to answer the question related to the average level of rents paid per square metre per annum in their centre, despite the assurances the researcher gave with regard to the confidentiality of the information. However, of the nine, five had average rents of over \$450/sq m per annum, two had rents between \$251 and \$350/sq m per annum, with the remainder of rents below \$250/ sq m. The high proportion of high rents is due to the large numbers of inner-city Wellington centres in the sample, where land prices tend to be higher than in Palmerston North and New Plymouth.

4.3.4 Attributes Favoured in Clothing Tenants

All managers gave a response to the question relating to attributes of clothing stores. As shown in Table 4.6 (p.51), fourteen (93%) of the managers required their clothing tenants to be willing to participate in any joint public relations exercises that management and other retailers were involved in. Thirteen managers(87%) required that their retailers participate in any advertising

campaigns deemed applicable to them by the centre management. There was also a very high proportion (87%) of managers who required their tenants to operate extended hours (ie outside the normal 9 to 5 week day, and Saturday morning). Therefore, these three stipulations were almost certain to arise in any lease agreement drawn up by the centre managers concerned.

Table 4.6 Attributes of Prospective Clothing Tenants Favoured by Managers

ATTRIBUTE	N	% ¹
Participation in public relations	14	93
Support of cooperative advertising	13	87
Operate extended hours	13	87
Credibility of shop's name	14	93
Proposed presentation of shop	12	80
Ability to draw pedestrian traffic	12	80
Managerial expertise of shop staff	9	60
Absence of existing in-centre competition for shop	8	53
Ability to generate high profits	7	46
Ability to generate high turnover	5	33

Note: 1: N (total) = 15

Table 4.6 also shows that managers saw the following attributes (in decreasing order of importance) as a priority when considering clothing tenants for their centres: credibility of the shop's name; proposed presentation of the shop and the shop's ability to draw heavy pedestrian traffic; managerial expertise of the shop's proprietor and staff; absence of existence

of any in-centre competition; ability to generate high profits; and ability to generate high turnover.

Clearly, these results show that managers are not so interested in how much money a clothing retailer can make, but rather what their credibility is like, and whether they can present their store in an attractive fashion in order to complement the rest of the centre's theme.

4.3.5 Effect of the In-house Marketing Fund.

All managers in the survey required their tenants to contribute towards an in-house marketing fund. The reasons given for this stipulation were that there needed to be some source of funds from which managers could draw to finance the centre's marketing and public relations activities. The managers were then asked what they thought the effect on this fund had on the relationships between themselves and their tenants, and also the relationship between the clothing tenants. Table 4.7 shows the comparison between these two results.

Table 4.7 Perception of the Effect of the Marketing Fund

Effect of fund on relationships	Mean of score¹
Between manager and all tenants ²	4.14
Between clothing tenants ³	3.71

Note: 1 Measured on a 5 point Likert scale 1 = Noticeably damaged, 3 = Had little effect
5 = Noticeably benefitted.

2 N =14

3 N =15

As managers considered the existence of the fund to have been more

beneficial in enhancing the relationship between themselves and their tenants than between the smaller group of clothing tenants, it seems the compulsory in-house marketing fund has been used a vehicle for the manager to work more closely with their tenants rather than as a vehicle for helping retailers work more closely with each other.

4.3.6 Types of Customer Facilities

Figure 4.1 (p.54) shows the results of the question relating to what types of customer facilities managers already had in their centres, or would consider having if space allowed, or would not consider. The types of customer facilities that managers commented on are commonly found in overseas malls (McCarthy, 1990; Carlson, 1991), and there is evidence to suggest that these managers are in favour of having many of these facilities in their centres. The most support is shown for playgrounds, closed circuit and network T.V., fashion shows, and bars.

Nevertheless, managers were generally unimpressed with the inclusion of creches, amusement parlours (ie. video games centres), and night clubs in their centres. Some managers felt that the presence of amusement parlours and night clubs would lower the image of their centres due to the type of clientele attracted.

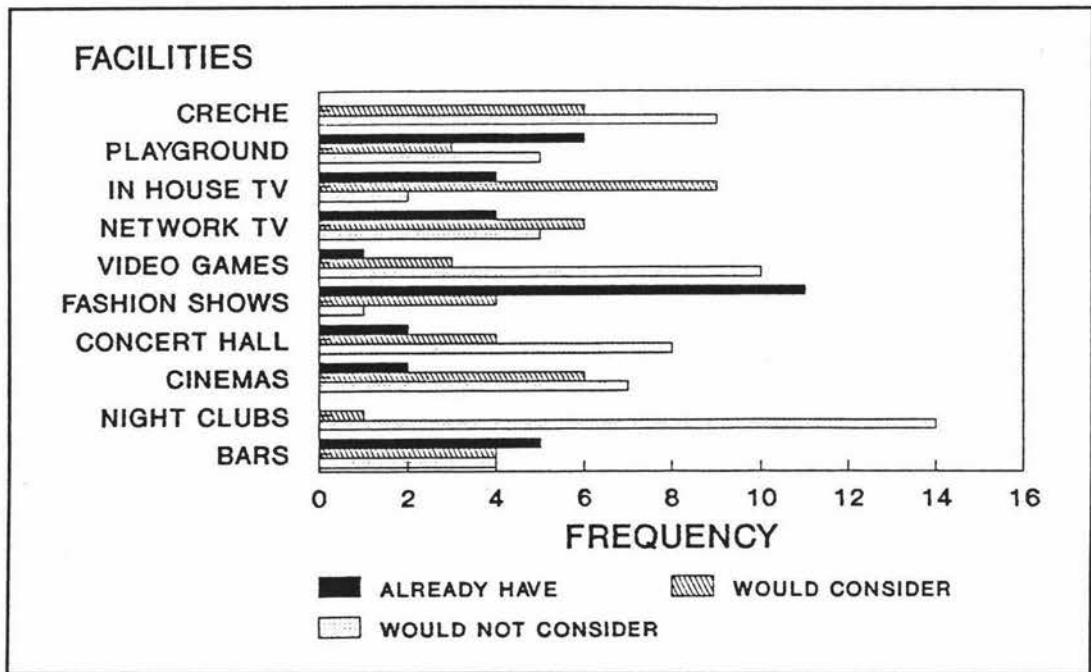


Figure 4.1 Managers' Attitudes to Customer Facilities

4.4 Evaluation of the Retailer- Manager Relationship

This section provides an analysis of the responses managers and retailers gave to questions relating to their relationship, in accordance with the research objective of learning more about the way managers treat their tenants. The data received from the retailers and the managers allowed for a comparison of several variables relating to the perceptions of the two groups. These variables were: extent of accessibility of the manager to the retailers; the level of public and community relations the centre management was involved in; the encouragement of retailers' creativity by the managers; and the positiveness of the relationship between the manager and the retailer (measured across several variables). The results of these comparisons are discussed in the following section.

4.4.1 T-Tests on Manager- Retailer Relationships

In order to determine if there was a significantly different perception of the relationship variables between the respective retailers and managers

sampled, a t-test (small sample test) of the differences in the mean score of the responses was run on each variable. Table 4.8 shows the result of these tests.

Table 4.8 T-tests on Relationship Variables

RELATIONSHIP VARIABLE	MANAGERS MEAN (N=15)	RETAILERS MEAN (N=27)	SIG¹
Accessibility of managers ²	4.89	3.78	0.001
Marketing Support ³	N/A	0.81	N/A
Public Relations ³	0.86	0.67	n.s.
Support of Creativity ³	0.46	0.29	n.s.
Warmness of relationship ⁴	1.79	3.21	0.001
Friendliness of relationship ⁴	1.62	3.04	0.001
Cooperation in relationship ⁴	1.85	2.91	0.01
Sociability of relationship ⁴	2.38	3.47	0.001
Extent of humour in relationship ⁴	2.07	3.52	0.001
Extent of professionalism in relationship ⁴	1.61	2.42	0.01
Extent of trust in relationship ⁴	1.92	3.08	0.01

Notes:

1: Level of significance

2: Measured by 5 point Likert scale; 1 =Never, 3 = Occasionally, 5= Always.

3: Proportion answering 'Yes'

4: Variables describing positiveness of relationship. Measured by 5 point Likert scale 1= Highest, 5= Lowest.

As the results show there was a significant difference between the mean

scores for the variable of accessibility of managers, with the managers believing that they are more accessible than their tenants believe. The reason for this discrepancy is possibly due to the fact that most managers (and many retailers) have pressures on their time that make mutually convenient meeting times a rare occurrence.

The variables describing the positiveness of the relationship between managers and retailers all showed mean scores significantly different from each other. Clearly, managers perceived the relationship between themselves and their tenants was better than what the tenants perceived. These results suggest that managers and retailers are either: unaware of the true feelings each other has of their relationship; or are aware but are not taking any steps to try and make the relationship more positive.

The reasons for these differences may be many, but probably they are due to differences in perceptions of what managers and retailers regard as elements that make up a positive and friendly business relationship. Obviously, due to their very nature, centre managers and retailers have different interests driving their business relationship, and these differences are bound to create conflict between the two parties from time to time. The levels of significance in the difference of the scores (0.01 and less) suggests that this conflict may be considerable.

It was not possible to do a significance test on the marketing support variable due to differences in the questionnaire design of the in- centre retailers and the managers.

4.5 Comparison of Retailers' Results

The third objective of this study was to report the differences in responses retailers in centres gave compared with responses retailers outside centres gave, for a number of variables. Section 4.5.1. discusses the differences

between the group's sales, and time in present location. The next sub-section discusses the differences between the group's answers for the extent of influence of shopping centres on retail trade in suburbs, and cities, the competitiveness of markets, the perceived importance of the aspect of store location, the perceived advantages of locating in a centre compared with a street and financial performance of the shop in its present location.

4.5.1 Comparisons of Retailers' Sales and Time in Present Location

Figure 4.2 presents a comparison of the two groups of retailer's annual retail gross sales in the last financial year.

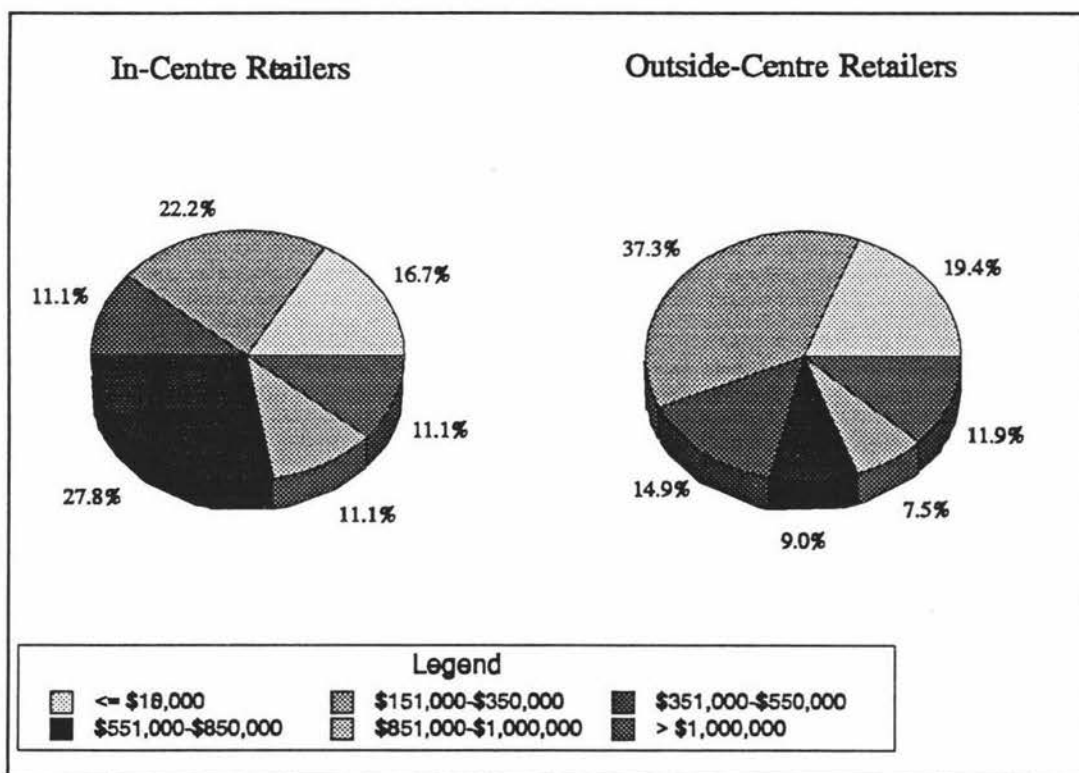


Figure 4.2 In -Centre and Outside -Centre Retailer's Annual Retail Gross Sales Comparisons

As shown in Figure 4.2 , over half of the retailers (57%) located outside of centres indicated that their annual gross sales were less than \$351,000, whilst only just over one third of retailers (39%) in the centres indicated their sales were below this figure. Furthermore, 50% of the retailers in the centres

reported sales of over \$551,000 for the last financial year, whilst only 28% of the retailers outside the centres had sales over this amount. Clearly, these results show that the retailer outside the centre is less likely to be achieving sales levels as high as those retailers located in the centres.

There are many possible reasons why this may be occurring. For example, the different types of clothing stores commonly found outside centres would probably not be paying rent according to their sales turnover, as many retailers in centres are required to do (refer to Table 4.5, p.50). The in-house marketing fund in the centres has a purpose of financing promotional and advertising activities for the benefit of the retailers in the centre, and this in turn assists the generation of sales.

Furthermore, retailers outside centres in many cases were locating away from any major retailing development (such as a shopping centre or a supermarket) and therefore would not see benefits associated with the pedestrian traffic typically found in and around these larger developments.

Figure 4.3 (p. 59) shows the length of time each group of retailers have been in their present location. As shown, the proportion of stores that have been in their present location for less than six years is considerably greater for the shopping centres (78% versus 54% for stores not in centres).

However, considering that one third of the shopping centres were less than five years old, this result is not surprising. Very few stores in centres were over 21 years old (4%), but 16% of the stores surveyed outside the centres placed themselves in this category.

The older businesses outside the centres could be due the fact that they have simply been established longer than the majority of the centres, or that there is a higher turnover of businesses in premises in centres compared to those premises outside centres.

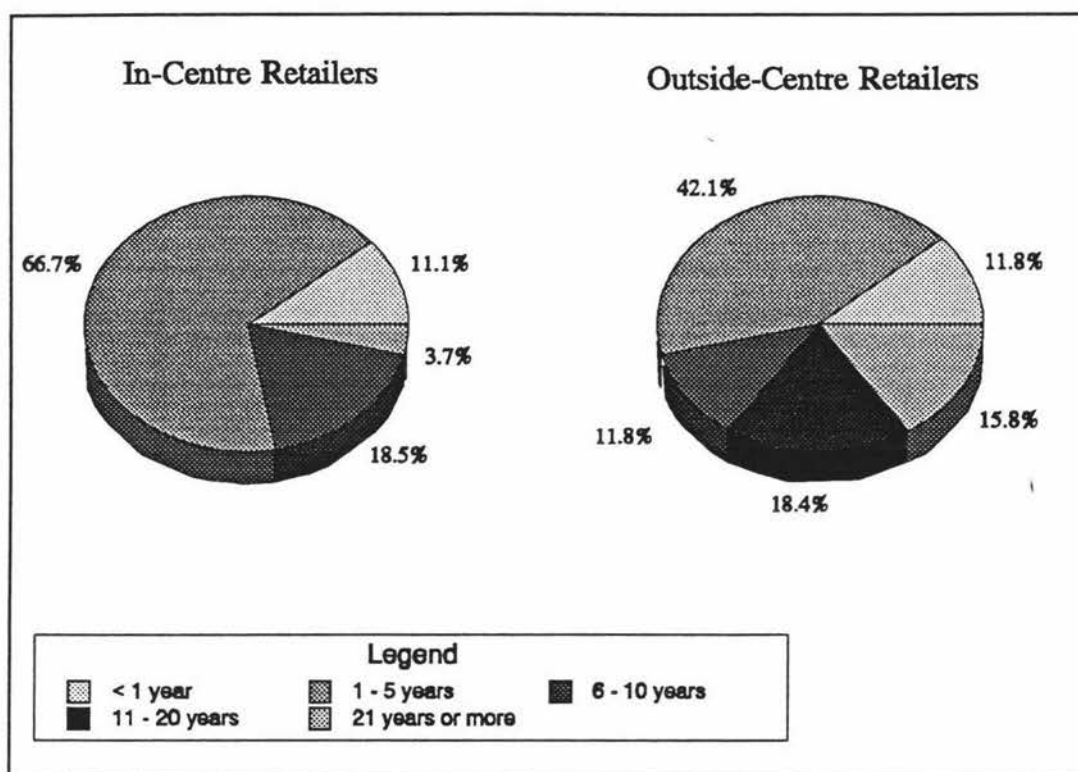


Figure 4.3 Store's Time in Present Location

4.5.2 Nonparametric Tests on Retailer Groups

In order to gain a comparison of the differences in responses of the retailers in the two groups surveyed, a series of non-parametric tests was run on the retailers' data in order to test the significance of any differences in the way in which the groups answered similar questions. The Kolmogorov- Smirnov test was chosen because it tests for a difference in the distribution of the responses of the two groups, rather than simply testing for a difference in two means. Another reason for choosing this test is that it provides a more accurate assessment than a simple t-test of any differences that may have occurred in the responses of the two groups. The variables tested and the results obtained are shown in Table 4.9 (p.60).

Table 4.9 Comparisons of In -Centre and Outside -Centre Retailer Responses on Selected Variables.

VARIABLE	IN -CENTRE RETAILERS' MEAN (N=27)	OUTSIDE CENTRE RETAILERS' MEAN (N=76)	SIG¹
Influence on suburban retail trade by centres²	2.00	2.22	n.s
Influence on city's retail trade by centres²	2.07	2.34	n.s.
Competitiveness of market store is in³	1.81	1.95	n.s.
Importance of store location⁴	1.19	1.6	n.s.
Advantage of locating in a centre⁵	0.82	0.30	0.001
Financial performance of the shop⁶	3.12	3.36	n.s.

- Note:
- 1: Level of significance (using 2 tailed p values from a Kolmogorov-Smirnov 2-Sample test)
 - 2: Measured on a 5 point Likert scale: 1= To a great extent; 3= To a moderate extent; 5= Not at all
 - 3: Measured on a 5 point Likert scale: 1= Intensely competitive; 3= Moderately competitive; 5= Not competitive
 - 4: Measured on a 5 point Likert scale: 1= Very important ; 3= Of little importance; 5= Not at all important
 - 5: Proportion of retailers who saw advantages in locating in centres compared with other sites
 - 6: Measured on a 5 point Likert scale: 1= Fallen below expectations; 3= Met expectations; 5= Exceeded expectations.

As Table 4.9 shows, both groups of retailers thought that shopping centres influence retail trade in their respective cities and suburbs by a more than moderate extent. Clearly, these results show that retailers appreciate the ability shopping centres have to alter the distribution of the retail market share in any given community.

Both types of retailers also reported that they were trading in very competitive markets. This result suggests that the New Zealand's clothing market is either lucrative and/or very large. Figures from the *Department of Statistics* confirm this presumption, as clothing and retail trade sales for 1992 were in excess of \$1200m (Department of Statistics, 1993). This level of sales makes clothing and textiles the sixth biggest retail market in New Zealand, behind: grocery foods; automotive vehicle sales; automotive fuel and repairs; liquor and accommodation; and restaurants and takeaways.

The retailers also considered the aspect of store location to be very important, as the mean of their responses was very close to this extreme of the Likert scale used for this question. Retail store location is also considered to be very important by many overseas researchers, therefore the knowledge retailers have of the work that has been done in the field of retail location research is discussed in detail in section 4.5. The only significant difference (at the 0.001 level) in the way the two groups answered the questions was in whether the retailers thought there were better opportunities for favourable store location in a centre instead of outside one. Clearly, those retailers who are in centres believe much more strongly that there are opportunities in locating within centres.

Finally, both groups of retailers indicated that the financial performance of their stores has at least met their expectations. However, retailers outside the centres were slightly more positive in their response to this question as shown by a higher average mean score on the Likert scale used.

4.5.3 Reasons for not Locating in Centres

The retailers who were located outside the centres were asked if they had ever considered moving into a centre. Of the total (N= 76), a vast majority (96%) provided a response. Thirty-eight (52%) of those who replied said that they had considered moving into a centre, but for various reasons, had

decided against it. Table 4.10 shows how important retailers thought the different reasons for not locating in centres were.

Table 4.10 Reasons why Retailers did not to move into Centres

REASON	MOST IMPORTANT REASON	SECOND MOST IMPORTANT REASON	THIRD MOST IMPORTANT REASON
Level of rents too high	22	4	1
Hours of opening too long	2	12	2
Shop presentation requirements too strict	-	2	-
Employment policies too strict	-	2	2
Levels of required advertising too strict	-	3	4
Nature of advertising too strict	-	-	4
Security arrangements unacceptable	-	-	1
Policies on relations with competitors too strict	1	1	1

Note: Base: N=38

As these results show, a large proportion of the retailers surveyed chose not to move into the centres because of the higher rents and the requirement that they trade for longer hours. The level and nature of the advertising they were

required to participate in was also a relatively large contributing factor in the decision not to locate in centres. Retailers also mentioned a number of other reasons why they have considered locating in centres but decided not to, and these are shown in Table A (Appendix E).

4.6 Knowledge of Research into Retail Location

This section addresses the final objective of this study, by considering what knowledge there is of retail location research by shopping centre managers and retailers. Table 4.11 summarises the findings from the managers' and the retailers' survey.

Table 4.11 Results of Chi-square Analysis on Knowledge of Locational Models

GROUP	PROPORTION WHO KNEW OF MODELS	SIG. ¹ OF DIFFERENCE OF PROPORTIONS
Managers (N=14)	0.79	n.s.
Retailers in centres (N=27)	0.56	
Retailers outside centres (N=70)	0.56	

Notes: 1 = significance level

As Table 4.11 shows, there is no significant difference between the degree of knowledge of location models or rules of thumb in the three groups sampled. The level of knowledge amongst managers was highest, at 0.79, but over half of both groups of retailers surveyed also indicated that they also had some knowledge of locational models as well.

Managers and retailers were asked to provide a short description of the models and rules of thumb they knew about. The following subsection comprises an evaluation of the more interesting comments made by the groups.

4.6.1. Retailers' Knowledge about Location Theory

When retailers were asked to give a short description of the model or rule of thumb they knew about, there was a wide variety of responses (Table B, Appendix F). However, only a small number of these replies actually indicated specific names of models or rules of thumb that have been covered in the literature review for this study. Table 4.12 (p.65) is an excerpt from Appendix F, and shows responses made by retailers and managers that indicate the knowledge they have of the concepts reviewed for this research.

As Table 4.12 shows, only a small number of retailers knew about specific ideas from the research reviewed. The most obvious example of specific knowledge was the mention of the phrase "location, location, location" by two retailers.

The more common comments related to general aspects, such as: pedestrian counts; complimentary shops; and availability of car parks. There was no mention made of any location-allocation models (Craig *et al*, 1984), or any ideas relating to hierarchical models (Brown, 1991).

Table 4.12 Selected Comments by Retailers and Managers relating to Good Retail Location

COMMENT	Total Number of Responses
High pedestrian traffic counts ¹	24
Existence of "complimentary shops" ¹	10
Availability of parking ¹	7
Suitable catchment area ²	5
Consultation of socio-economic and demographic data ²	5
Near retail "service" areas (eg. banks) ¹	4
"Location, location, location" ¹	2
Recognisability of street name ¹	1

Note: 1: Indicates a comment made by a retailer N (total)= 54
 2: Indicates a comment made by a manager N (total)= 11

4.6.2 Managers' Knowledge about Location Theory

Managers made comments relating to rules of thumb about locating centres, rather than stores, and this difference meant that they tended to focus on wider issues such as demographics and psychographics. Table C (Appendix, F) shows all comments made by managers in relation to what they knew about locational models.

Interestingly, at no time did the managers mention the concepts discussed by Brown (1991) or Simkin *et al.* (1985) which relate to how models have explained the pattern of overseas retail development. Instead, managers appeared to have drawn most of their knowledge from seminars and courses run by the New Zealand BOMA, which appear to make little reference to the ideas reviewed in the literature.

This lack of knowledge of the foreign body of literature reviewed may be explained by the fact that the literature does not cover New Zealand. Managers may not even be aware of the significance or importance of theories unless they have had their attention drawn to them before this study took place.

The young age of New Zealand's shopping centre industry may also be a major reason why there is such a lack of knowledge about the foreign concepts and ideas discussed.

4.6.3 Concluding Remarks on Location Theory

Managers and retailers in New Zealand simply have not had access to this body of literature up until now, and probably will not realise the importance of it until retailing in New Zealand gets to a point where it begins to experience problems associated with overstoreing and market saturation. Both groups will then be forced to consider locational decisions in far more detail, as there will be a much greater risk of making a wrong decision.

Until New Zealand retailing begins to experience this kind of situation, the need to consult the research on making good store location decisions seems unnecessary. Nevertheless, those people who keep abreast of the developments in the research now will be much better informed of the current and predicted trends in retailing, than those people who ignore the research.

CHAPTER FIVE : SUMMARY AND CONCLUSIONS

5.1 Introduction

The last chapter is divided into two main sections. The first section comprises an overview of the results and suggestions as to how managers may work to improve the relationship with their retailers. The following section discusses the limitations of the study and makes suggestions for areas of future research.

5.2 Summary of the Study

This section deals first with the results of the managers' survey, then discusses the findings from the comparisons of managers and retailers. Differences between retailer groups are discussed next, and finally the level of knowledge of locational research is summarised.

5.2.1 Managers' Survey

The objective of gathering information about the size and nature of New Zealand's shopping centres and comparing this information with overseas literature allowed a number of contrasts to be drawn. In particular, differences between the sizes of new centres being built in New Zealand and overseas made for an interesting comparison. However, the policies of New Zealand managers relating to the refurbishment of existing centres, and attitudes towards leisure facilities in centres were similar to policies and attitudes of overseas centre managers and developers. These comparisons are discussed below.

It is clear from the high proportion of larger centres in the sample that the development of smaller centres in New Zealand is not yet a priority. This

finding contrasts with the state of the U.S. industry, which is now experiencing a boom in the development of smaller centres (Rogers, 1987). This difference is possibly due to the fact that New Zealand has yet to witness the peaking of the rate at which these centres have been constructed.

Managers did, however, realise the importance of refurbishment. This finding is consistent with overseas studies in which researchers have stressed that existing benefits in the centre can be retained whilst the centre is given a new image and can be promoted in a new way (Welcome, 1989).

With respect to tenant mix, managers favoured those clothing retailers who were willing to support public relations and marketing programs as well as having a credible image. The high incidence of Ladies fashion, Menswear, and Jeans stores suggests that these store types best fit the criteria managers have for accepting clothing stores into their centres.

Managers indicated they would consider having several leisure- orientated facilities in their centres, including playgrounds and in centre television services. Leisure has become an integral part of many shopping centres overseas. For example, the West Edmonton Mall in Canada and Meadowhall in the U.K. have attracted hundreds of thousands of shoppers each year through their successful combination of leisure and shopping facilities.

5.2.2 Discussion of Manager and Retailer Comparisons

The second research objective was designed to provide some measure of the differences in perception managers and clothing retailers have of their business relationship.

In accordance with this objective, interesting results relating to the differences in perceptions were obtained, particularly in the areas of the extent of sociability of the relationship, the extent of the friendliness of the

relationship, and the extent of humour in the relationship. For these three variables, the mean scores the managers and their clothing tenants gave were significantly different (0.001 level) (Table 4.8, p.55).

Overseas literature suggests that this situation can be detrimental to a centre's financial success, because the centre manager is not taking enough interest in the needs of his or her tenants (Hirschfeld, 1992; Carlson, 1991; Kaye, 1989). In this case, the rectification of this situation could be possible if managers have regular meetings with their tenants, preferably on a one-to-one basis, to discuss individual requirements and problems.

5.2.3 Differences Between Retailer Groups

In testing for differences between a number of different variables for clothing retailers located in centres and outside centres, it was possible to draw conclusions about what the relative advantages and disadvantages might be for retailers locating in each area. Some of these advantages and disadvantages are discussed below.

Clothing retailers in centres had advantages in terms of higher sales turnovers, and were located in newer premises than those retailers located outside centres. These advantages occur possibly because the concept of a shopping centre in New Zealand is still relatively new, and problems associated with overstoreing and saturated markets are yet to impact on New Zealand retailing.

The fact that there was no significant difference in the way both groups thought centres influence retail trade means that they both appreciate the large difference a shopping centre can make to the distribution of sales in a geographical area.

This apparent respect amongst outside centre retailers for this influence is

moderated by a large number of retailers located outside centres who had considered moving into a centre but had decided against it. Many of these retailers believed that disadvantages in the form of high rents and long hours of trading in centres outweighed any advantages that they may have recognised in locating in a centre.

This result suggests that centres will probably never achieve a mix of shops that is as varied as what could be found in a typical suburban street, unless there is some attempt made by managers to soften their policies on rents and hours of trading.

5.2.4 Level of Knowledge of Locational Research

The objective of testing the groups surveyed for their knowledge of retail location research allowed inferences to be drawn about the level of awareness New Zealand shopping centre managers and clothing retailers have of this area of this area of the industry.

The low level of awareness of the techniques in the literature reviewed for this study suggest that retailers and managers do not regard it as important to know of these techniques. However, this situation should not be a threat to New Zealand's clothing retailers and managers, in the short term. The nature of New Zealand's industry remains outside the scope of the models discussed in the literature, and until models that are New Zealand specific are devised there is no reason to suggest that managers or retailers will have any need for them.

Nevertheless, the importance of the models should not be discounted as they have provided a description of trends in overseas shopping centre development which may yet be repeated in New Zealand.

5.3 Limitations of the Study and Suggestions for Future Research

Although the results indicate that managers and tenants experience some degree of conflict in their relationship, the level of conflict and the generalisability of all of the findings must be moderated due to certain limitations inherent in the study.

Perhaps the most obvious limitation is the geographical coverage of the survey, as discussed in Chapter Three. Only 15% of New Zealand's shopping centres were surveyed, therefore this proportion is not large enough to draw inferences about New Zealand's population of shopping centres. The Telephone Directory as a sampling frame for retailers also has limitations, as only those businesses listed at the time of print are included and subsequent additions and deletions cannot be accounted for. A future study, encompassing a larger number of centres would allow for more generalisability of the results.

Another problem that occurred was the apparent unwillingness of businesses outside centres to provide information about their relationships with their franchiser. This lack of information meant that a comparison of franchiser/franchisee and manager/tenant relationships could not be done. There was also a reluctance by the governing body of New Zealand's shopping centres, BOMA, to release any results of studies done by them on New Zealand's shopping centres. This lack of co-operation prevented the study from building on any previous research that has been done in New Zealand.

Future research could take many directions, as this topic area is very new. Obviously, more needs to be known about why centres have grown rapidly in New Zealand. Further research is also necessary to determine what decisions are made when New Zealand's property developers plan and build a shopping centre.

However, the researcher's personal opinion is that the retailer/tenant relationship should be studied more closely in order to ascertain what managerial policies and procedures receive the most support from tenants. This type of research would probably be most effective if face to face probing was used on both the tenants and the managers. The main categories of tenants in the centres should be surveyed in this way to build up a profile of the policies and procedures that most favour that particular category.

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Appendix A: Manager's Questionnaire

CENTRE MANAGERS QUESTIONNAIRE

CONFIDENTIAL WHEN COMPLETED

**Department of Marketing
Massey University**

General

This section relates to the general nature of your shopping centre.

1. What is the size of the gross leasable retail area of your centre?
(ie the total area available for leasing to tenants)

_____sq. m.

2. Currently, how many tenants are in the centre?

3. How many of the tenants are clothing stores?

4. Is the centre administered by on-site management?

Yes No

If No, indicate where the management team is located.

5. Is the management team responsible for the whole complex?

Yes No

If No, what operations of the centre is it not responsible for?

6. How long have you been managing the centre?

- Less than one year 1
- One to five years 2
- Six to ten years 3
- More than ten years 4

7. How long has the shopping centre been established?
Circle the number most appropriate.

- Less than one year 1
- One to five years 2
- Six to ten years 3
- More than ten years 4

8. Has the centre been refurbished or remodelled since it was built?

Yes No Don't know

(If Yes to Q.8a.)

If Yes, state briefly what alterations have been made and when they were made.

8a. Overall, how much of a disruption did you consider the process of refurbishment/remodelling to be to the centre's business?

Circle the appropriate number

Great disruption		Moderate disruption		No disruption
1	2	3	4	5

9. By which of the following method(s) do you set the rent of tenants?

Value of Turnover by tenants	<input type="checkbox"/>
Area leased by tenant	<input type="checkbox"/>
Length of Lease	<input type="checkbox"/>
Location of leased area by tenant	<input type="checkbox"/>
Type of business operated by tenant	<input type="checkbox"/>
Other	<input type="checkbox"/>
_____	<input type="checkbox"/>

10. What is the average rent paid per square metre per annum by tenants in your centre?

Up to \$150	<input type="checkbox"/>
\$151 to \$250	<input type="checkbox"/>
\$251 to \$350	<input type="checkbox"/>
\$351 to \$450	<input type="checkbox"/>
Over \$450	<input type="checkbox"/>

Clothing Stores

This section relates to specific aspects of clothing stores in your centre.

11. Which of the following attributes are a priority when considering the suitability of a clothing tenant for your centre?

- | | |
|---|-----|
| Ability to generate high profits | [] |
| Ability to generate high stock turnover | [] |
| Absence of existence of any in-centre competition for the shop | [] |
| Credibility of the shop's name | [] |
| Managerial expertise of the shop proprietor and staff | [] |
| Proposed presentation of the shop | [] |
| Ability to draw heavy pedestrian traffic to the centre | [] |
| Willingness to operate extended hours | [] |
| Willingness to participate in the centre's public relations activities | [] |
| Willingness to support co-operative advertising campaigns run by the centre and its tenants | [] |

12. What types of clothing tenants do you currently have in your centre? (please tick those that apply)

Suede goods retailers	<input type="checkbox"/>	Jeans retailers	<input type="checkbox"/>
Mens Tailors	<input type="checkbox"/>	Ladies fashions	<input type="checkbox"/>
Ladies dressmakers	<input type="checkbox"/>	Lingerie retailers	<input type="checkbox"/>
Clothing accessories retailers	<input type="checkbox"/>	Factory shops	<input type="checkbox"/>
Menswear retailers	<input type="checkbox"/>	Childrenswear	<input type="checkbox"/>
Leather goods retailers	<input type="checkbox"/>	Other	<input type="checkbox"/>
Knitted goods & fashions retailers	<input type="checkbox"/>		

12a. How many of these stores are owned by chains or franchisers, and how many are owned independently?

Chain ___
 Independent ___

13. Does your centre have a in-house marketing fund, or similar account to which tenants contribute?

Yes No

If Yes, please indicate how many of your clothing tenants contribute to it.

13a. Do you consider that the existence of this fund has benefitted or damaged relations **between you and your tenants?**

Circle the number on the following scale that is most appropriate.

Noticeably damaged		Had little effect		Noticeably benefitted
1	2	3	4	5

13b. Do you consider that the existence of this fund has benefitted or damaged relations **between clothing tenants?**

Circle the number on the following scale that is most appropriate.

Noticeably damaged		Had little effect		Noticeably benefitted
1	2	3	4	5

14. To what extent are you and your management team accessible to clothing tenants, should they need to talk to you?

Circle the number on the following scale that is most appropriate.

Never		Occasionally		Always
1	2	3	4	5

How often, on average do you phone or go and talk to each clothing tenant of your own accord?

Circle the appropriate number.

Every day	.....	1
Every two to three days	.....	2
Every four to seven days	.....	3
Every eight to fourteen days	.....	4
Every fifteen days or more	.....	5

15. Have you provided marketing support to **just** clothing tenants from the marketing fund?

Yes No

If Yes, what types of support are provided?
Circle the appropriate numbers.

- Promotional 1
- Advertising 2
- Professional advice 3
- Market research 4
- Other (please specify) 5

Specifically, what sort of support is provided?

- Promotional _____
- Advertising _____
- Professional advice _____
- Market research _____
- Other _____

16. Does your centre management support public and community relations?

Yes No

If Yes, what types of activities are supported?

- Sponsorship of events 1
- Donations to charities 2
- Contributions to
community groups/clubs 3
- Other (please specify) 4

Specifically, what sort of support is provided?

- Sponsorship of events _____
- Donations to charities _____
- Contributions to
community groups/clubs _____
- Other _____

17. Do you actively encourage clothing tenants to be creative and try original and unusual ideas when they market their businesses?

(Creative ideas can be things like unusual slogans, midnight trading, and promotions with special themes)

Yes No It depends (explain below)

If Yes or It depends, briefly explain how you support this creativity.

18. Does the centre management provide finance (ie. loans) for new clothing tenants, if required?

Yes No It depends (explain below)

19. Do you consider that the management team of your centre is flexible or inflexible when negotiating the following issues with clothing tenants in their lease? Circle the appropriate number for each of the issues.

	Very Inflexible		Indifferent		Very Flexible	Not Applicable
Level of rents paid	1	2	3	4	5	6
Hours of opening	1	2	3	4	5	6
Shop presentation	1	2	3	4	5	6
Employment policies	1	2	3	4	5	6
Types of goods and services sold	1	2	3	4	5	6
Levels of advertising or promotion	1	2	3	4	5	6
Nature of advertising or promotion	1	2	3	4	5	6
Pricing of goods and services	1	2	3	4	5	6
Store security	1	2	3	4	5	6
Relationships with competitors	1	2	3	4	5	6

20. On the whole, is the relationship between you and the clothing tenants:
Circle the most appropriate number for each of the attributes.

warm?	1	2	3	4	5	cool?
friendly?	1	2	3	4	5	unfriendly?
co-operative?	1	2	3	4	5	unco-operative?
sociable?	1	2	3	4	5	unsociable?
humorous/jovial?	1	2	3	4	5	serious?
professional?	1	2	3	4	5	unprofessional?
trustful?	1	2	3	4	5	wary?

21. If a new **clothing store** opened in your centre today, what type of store would you like it to be?

Suede goods retailer	[]	Jeans retailer	[]
Mens Tailors	[]	Ladies fashion shop	[]
Ladies dressmaker	[]	Lingerie retailer	[]
Clothing accessories retailer	[]	Factory shop	[]
Menswear retailer	[]	Childenswear	[]
Leather goods retailer	[]	Other	[]
Knitted goods & fashions retailer	[]		

- 21a. What market would you like it to serve? (ie. upper, middle, or lower income groups?, families or single shoppers, male or female)

22. If you had the choice, what changes would you like to make to your tenant mix at this point?

Type and nature of centre

The following series of questions relate to the nature of your centre.

23. To what extent do you believe that your centre has influenced retail trade in the SUBURB in which it is located?

To a great extent		To a moderate extent		Not at all
1	2	3	4	5

24. To what extent do you believe that your centre has influenced retail trade in the CITY in which it is located?

To a great extent		To a moderate extent		Not at all
1	2	3	4	5

25. Has the financial performance of the centre fallen below, met, or exceeded your expectations of it since you began managing it?

Well below expectations		Met expectations	Well above expectations	
1	2	3	4	5

26. What types of shops do you currently have in your centre?
Tick the appropriate boxes.

fast-food outlets

furniture stores

institutional tenants
(ie. banks, building societies)

professional tenants
(ie. lawyers, dentists)

retail service tenants
(ie. drycleaners, key cutters)

gift shops

appliance stores

music stores

supermarkets

department stores

picture theatres

sporting goods

other _____

27. Please indicate what customer facilities you currently have, would consider, or would not consider having in your centre.
Tick the appropriate boxes.

	Already have	Would consider	Would not consider
creche	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
children's playground	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
closed circuit T.V.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
network T.V.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
amusement parlours	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
fashion shows	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
concert facilities (eg auditoriums)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
picture theatres	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
nite clubs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
bars	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

28. Are you aware of any kinds of academic or industry locational 'models' or 'rules of thumb' that can be used to help make good decisions about a centre's location?

Yes No

If Yes, please provide a brief explanation of this model/rule of thumb.

29. Do you support store policies involving in-store security? (ie. in-store detectives)

Yes No

If No, why not?

30. Are your premises patrolled or monitored by after-hours security firms?

Yes No

Thank you for your co-operation.

Appendix B: Cover Letter to Retailers

5 May 1993

**MASSEY
UNIVERSITY**

Private Bag 11222
Palmerston North
New Zealand
Telephone 0-6-356 9099
Facsimile 0-6-350 5608

**FACULTY OF
BUSINESS STUDIES**

DEPARTMENT OF
MARKETING

Dear Clothing Retailer

I am a Masters Student at Massey University currently undertaking a study on the relationships retailers have with their franchisers and/or shopping centre managers. As part of this research, I am surveying clothing store managers in the cities of Wellington, Palmerston North and New Plymouth. The results of the research will help to improve the understanding of the expectations tenants, centre managers and franchisers have of each other.

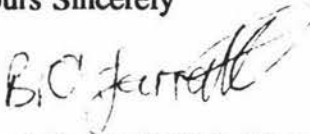
To ensure meaningful data is collected it is vital that I am able to survey as many people in your type of business as possible. I appreciate that you are busy but I hope you can spare me about 20 minutes to answer my questions. In appreciation of your time, please accept the complimentary ball point pen enclosed. I would be grateful if you could return the completed questionnaire in the envelope provided by **31 May 1993**.

The answers you give are **confidential** and remain the property of the University. Under no circumstances will they be released to any person or company.

Please do not hesitate to call me if you have any questions regarding my research.

Thank you in advance for your help.

Yours Sincerely



Brent Jarratt B.M.S. (Hons)



Appendix C: In- Centre Retailer's Questionnaire

Confidential

Department of Marketing Massey University

General

This section comprises questions relating to general aspects of your shop.

1. What types of merchandise do you sell?
Circle the numbers that apply.

Suede goods	.....	1
Tailored clothing	.....	2
Ladies fashions	.....	3
Mens fashions	.....	4
Clothing accessories (includes leather & vinyl goods)	.....	5
Knitted goods/fashions	.....	6
Jeans and denim goods	.....	7
Lingerie	.....	8
Other (specify)	.....	9

2. What is the type of ownership of your business?
Circle the number that is most appropriate

Independently or privately owned	.....	1
Franchised or part of a chain store group	.....	2
Other (specify)	.....	3

3. What is the area of this shop?
Write your answer in square metres or square feet

_____ sq. m _____ sq. ft

4. Do you pay rent for the premises your shop is located in?

Yes No

If **YES**, go to **Q.5**.

If **NO**, go to **Q.6**.

5. What is the average rent paid per annum by you per square metre of leased area for this shop?

Circle the number that is most appropriate.

Up to \$150	.....	1
\$151 to \$250	.....	2
\$251 to \$350	.....	3
\$351 to \$450	.....	4
Over \$450	.....	5

6. What were the **retail gross sales** in the last financial year for this shop?

\$0 to \$150,000	.....	1
\$151,000 to \$350,000	.....	2
\$351,000 to \$550,000	.....	3
\$551,000 to \$750,000	.....	4
\$751,000 to \$850,000	.....	5
\$851,000 to \$1,000,000	.....	6
Over \$1,000,000	.....	7

7. How long has this shop been in its present location?
Please circle the number that is most appropriate

Less than one year	.....	1
One to five years	.....	2
Six to ten years	.....	3
Eleven to twenty years	.....	4
Twenty one years or more	.....	5

8. Please describe how much control you have over the following aspects of your business.

Circle the number that is appropriate for each aspect.

	Almost no control		Reasonable control		Almost total control
Level of rents paid	1	2	3	4	5
Hours of opening	1	2	3	4	5
Shop presentation	1	2	3	4	5
Employment policies	1	2	3	4	5
Types of goods and services sold	1	2	3	4	5
Levels of advertising or promotion	1	2	3	4	5
Nature of advertising or promotion	1	2	3	4	5
Pricing of goods and services	1	2	3	4	5
Store security	1	2	3	4	5
Relationships with competitors	1	2	3	4	5

9. To what extent do you consider that your centre management is accessible, when you need to speak with them?

Circle the number that is most appropriate.

Never		Occasionally		Always
1	2	3	4	5

10. How often would you phone or go and talk to your **centre manager**?

Circle the appropriate number.

Every day	..... 1
Every two to three days	..... 2
Every four to seven days	..... 3
Every eight to fourteen days	..... 4
Every fifteen days or more	..... 5

14. How valuable do you consider the support the centre management has provided to have been to your store?

Circle the number that is most appropriate for each item below.

	Extremely valuable		Moderately valuable		Not at all valuable
Marketing support	1	2	3	4	5
Support of community relations	1	2	3	4	5
Support of creativity	1	2	3	4	5

15. Do you consider your centre management to be flexible or inflexible when dealing with day -to- day requests from you?

Very Inflexible		Indifferent		Very Flexible
1	2	3	4	5

16. Did you ever accept any forms of financing by your centre management when establishing your business?

Yes No Don't know/
Can't remember

17. Is the relationship between the centre manager and yourself:

Circle the most appropriate number for each of the attributes

warm?	1	2	3	4	5	cool?
friendly?	1	2	3	4	5	unfriendly?
cooperative?	1	2	3	4	5	uncooperative?
sociable?	1	2	3	4	5	unsociable?
humorous/jovial?	1	2	3	4	5	serious?
professional?	1	2	3	4	5	unprofessional?
trustful?	1	2	3	4	5	wary?

18. In general, to what extent do you believe that your shopping centre has influenced retail trade in the SUBURB in which it is located?

To a
great extent

To a
moderate extent

Not at
all

1

2

3

4

5

19. In general, to what extent do you believe that your shopping centre has influenced retail trade in the CITY in which it is located?

To a
great extent

To a
moderate extent

Not at
all

1

2

3

4

5

Specific information

This section relates to specific views you have about your business and the influence of shopping centres on its trade.

20. Please indicate below which types of stores you are happy to be located in close proximity to.

Circle the appropriate numbers

fast-food outlets	.....	1
furniture stores	.....	2
institutional tenants (ie. banks, building societies)	.....	3
professional tenants (ie. lawyers, dentists)	.....	4
retail service tenants (ie. drycleaners, key cutters)	.....	5
gift shops	.....	6
appliance stores	.....	7
clothing stores	.....	8
music stores	.....	9
supermarkets	.....	10
department stores	.....	11
other (specify)	.....	12

21. How would you describe the nature of the market in which you are trading?
Circle the appropriate number.

Intensely competitive		Moderately competitive		Not competitive
1	2	3	4	5

22. In your market, how important is the aspect of store location ?
Circle the appropriate number.

Not at all important		Of little importance		Very important
1	2	3	4	5

23. Are you aware of any kinds of locational 'models' or 'rules of thumb' that can be used to help make good decisions about a store's location?

Yes No

If Yes, please provide a brief explanation of this model/rule of thumb.

24. Do you believe that enclosed, managed shopping centres in general offer better opportunities for a favourable store location than the city or suburban streets?
Circle the appropriate number.

Yes No Don't know

Give a reason for your answer.

25. Has the financial performance of this shop **in this location** fallen below, met, or exceeded your expectations of it since you began managing it?

Fallen below expectations		Met expectations		Exceeded expectations
1	2	3	4	5

Thank you very much for your participation. Please post this completed questionnaire using the reply-paid envelope provided.

Appendix D: Outside- Centre Retailer's Questionnaire

Confidential

Department of Marketing Massey University

General

This section comprises questions relating to general aspects of your store.

1. What types of merchandise do you sell?

Circle the numbers that apply.

Suede goods	.....	1
Tailored clothing	.....	2
Ladies fashions	.....	3
Mens fashions	.....	4
Clothing accessories (includes leather and vinyl goods)	.....	5
Knitted goods/fashions	.....	6
Jeans and denim goods	.....	7
Lingerie	.....	8
Other (specify)	.....	9

2. What is the area of this shop?

Write your answer in square metres or square feet.

_____ sq. m _____ sq. ft

3. What was the **retail gross sales** in the last financial year for this shop?

Circle the number that is most appropriate.

\$0 to \$150,000	.....	1
\$151,000 to \$350,000	.....	2
\$351,000 to \$550,000	.....	3
\$551,000 to \$750,000	.....	4
\$751,000 to \$850,000	.....	5
\$851,000 to \$1,000,000	.....	6
Over \$1,000,000	.....	7

4. How long has the store been in its present location?
Please circle the number that is most appropriate

Less than one year	.....	1
One to five years	.....	2
Six to ten years	.....	3
Eleven to twenty years	.....	4
Twenty one years or more	.....	5

THE FOLLOWING QUESTIONS RELATE TO THE WAY YOU RUN YOUR BUSINESS

5. Do you pay rent for the premises your store is located in?

Yes No

If YES, go to Q.5a.

If NO, go to Q.6

- 5a. What is the average rent paid per annum by you per square metre of leased area for this shop?
Circle the number that is most appropriate.

Up to \$150	.....	1
\$151 to \$250	.....	2
\$251 to \$350	.....	3
\$351 to \$450	.....	4
Over \$450	.....	5
Not applicable	.....	6

6. What is the type of ownership of your business?
Circle the number that is most appropriate

Independently or privately owned	.....	1
Franchised or part of a chain store group	.....	2
Other (specify)	.....	3
_____	.....	3

If you circled 1 for Q.6, go to Q.17.

Otherwise, go to Q.7.

7. Please describe how much control you have over the following aspects of your business.

Circle the numbers that are the most appropriate.

	Almost no control		Reasonable control		Almost total control
Level of rents paid	1	2	3	4	5
Hours of opening	1	2	3	4	5
Shop presentation	1	2	3	4	5
Employment policies	1	2	3	4	5
Types of goods and services sold	1	2	3	4	5
Levels of advertising or promotion	1	2	3	4	5
Nature of advertising or promotion	1	2	3	4	5
Pricing of goods and services	1	2	3	4	5
Store security	1	2	3	4	5
Relationships with competitors	1	2	3	4	5

8. To what extent do you consider that your franchiser is accessible, when you need to speak with them?

Circle the number that is most appropriate.

Never		Occasionally		Always
1	2	3	4	5

9. How often would you phone or go and talk to your franchiser?

Circle the appropriate number.

Every day	..... 1
Every two to three days	..... 2
Every four to seven days	..... 3
Every eight to fourteen days	..... 4
Every fifteen days or more	..... 5

10. Does your franchiser provide marketing support to you as part of your normal business agreement?

Yes No Don't
 Know

10a. If Yes, what type(s) of support are provided?
Circle the appropriate numbers.

- Promotional (ie signage, fashion shows) 1
- Advertising (ie radio ads) 2
- Professional advice
(ie help in managing your business) 3
- Market research (ie results of studies) 4
- Other (please specify) 5

10b. How often, on average, is this support provided?.

- Promotional _____
- Advertising _____
- Professional advice _____
- Market research _____
- Other _____

11. Does your franchiser support public and community relations?

Yes No Don't
 Know

11a. If Yes, what type(s) of activities are supported?

Sponsorship of events 1
Donations to charities 2
Contributions to community
groups and clubs 3
Other (please specify) 4

11b. How often, on average, is this support provided?

Sponsorship of events _____
Donations to charities _____
Contributions to community groups
and clubs _____
Other _____

12. Do you consider that your franchiser actively encourages creativity and new ideas when you market your business?

Yes No It depends (explain below)

12a. If Yes or It depends, briefly explain how they support this creativity.

If YES to any of Q.10, Q.11 or Q.12, go to Q.13.
If NO to all of Q.10, Q.11 or Q.12, go to Q.14.

13. How valuable do you consider the support the franchiser has provided to have been to your store?

Circle the number that is most appropriate for each item below

	Not at all valuable		Moderately valuable		Extremely valuable
Marketing support	1	2	3	4	5
Support of community relations	1	2	3	4	5
Support of creativity	1	2	3	4	5

14. Do you consider your franchiser to be flexible or inflexible when dealing with day-to-day requests from you?

Very Inflexible		Indifferent		Very Flexible
1	2	3	4	5

15. Did you ever accept any forms of financing by your franchiser when establishing your business?

Yes No Don't know/
Can't remember

16. Is the relationship between the franchiser and yourself:

Circle the most appropriate number for each of the lines.

warm?	1	2	3	4	5	cool?
friendly?	1	2	3	4	5	unfriendly?
cooperative?	1	2	3	4	5	uncooperative?
sociable?	1	2	3	4	5	unsociable?
humorous/jovial?	1	2	3	4	5	serious?
professional?	1	2	3	4	5	unprofessional?
trustful?	1	2	3	4	5	wary?

17. In general, to what extent do you believe that shopping centres have influenced retail trade in the SUBURB in which they are located?

To a great extent		To a moderate extent		Not at all
1	2	3	4	5

18. In general, to what extent do you believe that shopping centres have influenced retail trade in the CITY in which they are located?

To a great extent		To a moderate extent		Not at all
1	2	3	4	5

19. Have you ever considered moving into a shopping centre but after evaluation decided against it?

Circle the appropriate answer.

Yes No Don't know/
Can't remember

If YES go to Q.19a.
Otherwise go to Q.20.

- 19a. What was your opinion of the centre owner's policies and regulations regarding the following aspects of your store's operation at the proposed centre site?
Circle the number that is most appropriate for each aspect.

	Very unfair		Fair		Very fair	No policy
Level of rents paid	1	2	3	4	5	6
Hours of opening	1	2	3	4	5	6
Shop presentation	1	2	3	4	5	6
Employment policies	1	2	3	4	5	6
Types of goods and services sold	1	2	3	4	5	6
Levels of advertising or promotion	1	2	3	4	5	6
Nature of advertising or promotion	1	2	3	4	5	6
Pricing of goods and services	1	2	3	4	5	6
Store security	1	2	3	4	5	6
Relationships with competitors	1	2	3	4	5	6

- 19b. From the list above, what were the **three main aspects** that made you decide you would not go into the centre?
Please rank these in order of importance.

1. _____
2. _____
3. _____

Specific information

This section relates to specific views you have about your businesses trade and the influence of shopping centres on general trade.

20. Please indicate below which types of stores you would prefer to be located in close proximity to.
Circle the appropriate numbers.

fast-food outlets	..... 1
furniture stores	..... 2
institutional tenants (ie. banks, building societies)	..... 3
professional tenants (ie. lawyers, dentists)	..... 4
retail service tenants (ie. drycleaners, key cutters)	..... 5
gift shops	..... 6
appliance stores	..... 7
clothing stores	..... 8
music stores	..... 9
supermarkets	..... 10
department stores	..... 11
sports shops	..... 12
other (specify)	..... 13

21. How would you describe the nature of the market in which you are trading?
Circle the appropriate number.

Intensely competitive		Moderately competitive		Not competitive
1	2	3	4	5

22. In your market, how important is the aspect of store location ?
Circle the appropriate number.

Very important		Of little importance		Not at all important
1	2	3	4	5

23. Are you aware of any kinds of locational 'models' or 'rules of thumb' that can be used to help make good decisions about a store's location?

Yes No

If Yes, please provide a brief explanation of this model/rule of thumb.

24. Do you believe that enclosed, managed shopping centres in general offer better opportunities for a favourable store location than the city or suburban streets?

Yes No Don't
know

Give a reason for your answer.

25. Has the financial performance of this shop **in this location** fallen below, met, or exceeded your expectations of it since you began managing it?

Fallen below
expectations

Met
expectations

Exceeded
expectations

1

2

3

4

5

Thank you very much for your participation. Please return the completed questionnaire in the reply-paid envelope provided.

Appendix E: Retailer's Reasons for Not Locating in Centres

Table A shows the various comments and reasons that retailers gave for their decision not to locate in centres.

Table A **Comments and reasons given for not locating in centres**

COMMENT OR REASON	FREQUENCY
"Dominating effect of rules and regulations"	1
"Undesirable location in a centre"	1
"Personal reasons"	1
"No control over some expenses"	1
"Over regulation and control"	2
"Not your own boss"	1
"Too many hassles"	1
"Lack of faith in centre management"	1
"Dictatorial attitude"	1
"Operating costs too high"	1
"Not our style"	1
TOTAL	13

**Appendix F: Retailer's and Manager's Knowledge of Retail
Location Research**

Table B lists all comments made by retailers in relation to their knowledge of retail store location theory. Table C lists all comments made by managers relating to their knowledge of shopping centre location theory.

Table B Retailer's Explanations of their Knowledge of Retail Store Location Theory

COMMENT	N
Location, location, location	2
Exposure to street front	12
High level of pedestrian traffic	24
Ample parking	7
Existence of complimentary shops	10
Accessibility	3
Somewhere where you get the full benefit of your advertising	1
Recognisable street name	1
Close to McDonald's	1
Money machine must be handy	1
Must be near a retail service area (eg banks)	3
Must be within a "golden mile" of a main road	1
Must be on the sunny side of the street	1

Table C Manager's Explanations of their Knowledge of Retail Shopping Centre Location Theory

COMMENT	N
Accessibility	2
Consider success of nearby centres	1
Consider demographic and socioeconomic data	5
Consider the population base and catchment of the area	7
Analyse psychographic data	2
Analyse traffic flows around the proposed site	2
Consult Real Estate Institute studies	1
Consider the customer life cycle	2
Analyse retail trends	1
Research competitor's strategies	2
Analyse possible road routes to the centre	1