The Evolution of Shopping Center Research: A 12-year Retrospective

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Over the past 12 years, International Council of Shopping Centers Education Foundation (ICSCEF) has provided over $1,000,000 in funding to stimulate academic research into issues of interest to ICSC members and to the broader retail industry. The catalyst to this funding was a concern among professionals that retail issues were not receiving the attention they warranted in the academic community. Since inception in 1993, ICSCEF has employed a formal RFP process to select proposals which have typically received funding in the $10,000 to $15,000 range. To help focus the academic community on issues of importance to the retail industry, the RFP has indicated the research priorities of the retail community as noted by ICSC members, other professionals, and members of the academic community. Beyond helping focus the interests of the academic community on key industry issues, ICSCEF has allowed academics the freedom to conduct their research in an objective and academically rigorous manner. This commitment was made early on to help maximize the potential impact that the research has on decision makers and policy makers seeking objective input on industry issues and trends. To help enable solid and applicable research, and in response to requests from early recipients, the ICSCEF integrated mentors into the research process. These mentors, often drawn from the leading ranks of the retail research community, were charged with helping researchers make their research efforts more realistic and meaningful.

To capitalize on ICSCEF's efforts to help advance the body of knowledge surrounding the retail industry, many of the funded RFPs were published in the Journal of Shopping Center Research (JSCR), a publication of ICSCEF. Over the past 12 years, some 90 research proposals have been funded and ultimately published in the JSCR. In 2003, the editorship of the JSCR was moved to the academic community with the appointment of James R. DeLisle, Ph.D., the Runstad Professor of Real Estate at the University of Washington. The underlying rationale behind this move was to help elevate the JSCR to a more rigorous academic level, thus increasing the quality of research that it publishes, as well as helping advance the careers of academicians who publish in JSCR. Going forward, in addition to the research the ICSCEF funds, the JSCR will accept unsolicited articles. These articles will be subject to a blind refereed process, drawing on a pool of academic and industry professionals with expertise in the respective areas included in the research. At the same time, the articles funded through the RFP process will be submitted to more formal reviews than in the past, thus elevating the overall status and contribution that the JSCR can make to the advancement of retail research.

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In some cases, researchers have used an ICSCEF grant to seed their initial research and generate a formal article for consideration by the JSCR, and have extended and published their research in more traditional academic journals. At the same time, the JSCR has been available to professionals and academic audiences, although it has not been widely distributed beyond those with a particular interest or level of expertise in retail real estate. As such, the historical archives contain a wealth of information and insight that has not been maximized in terms of its potential impact on the professional and academic community.

The purpose of this article is to address this void, providing a historical summary of the evolution of retail research, as articulated in articles published in the JSCR. This effort provides insight into the evolving research priorities of the industry and the gradual foundation that the JSCR has been assembling. To help readers understand the key streams of thought, the articles have been grouped into major themes, which include: demand-side research, supply-side research, shopping center trends, retail investment, growth management and policy issues, and retail/shopping center management. To help track the evolution of thought, the individual articles are presented in chronological order, culminating in the latest research. Where appropriate, the historical summaries are presented in a relatively standardized manner, including the topic of interest, a brief background summary of the environmental context and previous research, a problem statement/research hypotheses, the research design and data collection, the empirical analysis, the results of that analysis, and the implications of the research.

In the online version of this publication, the researchers' names within the tables and text are hyperlinked to the original article, which is available for free in its entirety.

Part I: Demand-side Retail Research

Demand-side analysis has been one of the consistent focal points for researchers since the inception of the JSCR. This analysis covers a variety of issues, ranging from consumer behavior which affects shopping patterns to tourism, which affects the level of demand for certain types of facilities. The articles generated by researchers over the years have both cyclical and longer-term implications, thus providing important insights for shopping center developers, managers, and investors. This section is divided into three subgroups: demographics, shopper/consumer behavior, and ethnicity and ethnic marketing.

Demographics

Table 1
Demand-side Demographics

Author(s)	Title	Focus
Balazs (1994)	The Eldermall: Exploring New Ways to Position the Aging Retail Shopping Center for Aging Consumers	Aging Consumers
Moschis, Sneath, and Mathur (1995)	Existing Retail Strategies and the Older Consumer: An Empirical Assessment and Recommendations	Aging Consumers
Robicheaux and Harmon (1997)	Household Spending Patterns: An Investigation of the Structural Changes in U.S. Retail Spending	Spending Patterns
Joung and Miller (2002)	Effects of Older (55+) Female Consumers' Participation in Social Activities on Apparel Shopping Behavior	Aging Female Consumers
Anderson, Burns, and Reid (2003)	The Next Evolutionary Step for Regional Shopping Malls: A Measure of Acceptance of New Retail Concepts as Identified by Different Age Groups of Shoppers	Demographics & Retail Formats
Carpenter and Moore (2005)	Consumer Preferences for Retail Formats: Implications for Tenant Mix Strategies	General Consumers
Wilhelm and Mottner (2005)	Teens and Shopping Mall Preferences: A Conjoint Analysis Approach to Understanding the Generational Shift Toward an Experience Economy	Teen Consumers

One of the major demographic changes affecting U.S. consumers is the aging population. Since many of the Baby Boomers were reared during the rapid growth phase of suburban shopping centers, some assume that they are more predisposed to patronizing traditional retail stores than using non-traditional formats. However, this predisposition does not suggest that shopping center managers can take the aging consumer for granted. Indeed, from a life-cycle perspective, the prospects of an aging consumer have a number of implications for shopping centers. Balazs (1994) explores the needs and concerns of older shoppers. Of particular interest is the question of shopping center patronage and how older consumers respond to changes in mall design and tenant mix. She also explore whether older consumers are receptive to changes, and if so, what changes they would consider important in their shopping activities. The research design included two stages of data collection, one qualitative and the other quantitative. The first stage of the research explored a panel of older consumers' shopping mall patronage, mall likes and dislikes, and their notion of the ideal mall. Based on this pilot study, the second stage used intercepts in three suburban malls to survey older shoppers. The analysis suggests that there are sufficient differences in consumer behavior and attitudes toward innovation to warrant special attention by mall managers and retailers. Of particular note are differences in the behavior of older recreational consumers who appreciate the shopping experience versus economic shoppers seeking to satisfy latent needs. The researcher concludes that managers would be able to enhance sales and profits by attracting recreational shoppers, thus justifying the efforts to segment the market and differentiate retail offerings.

Moschis et al. (1995) recognize the changing demographics of the American marketplace, particularly the aging population, and point out that this segment is of specific interest to retailers in terms of their growing size, unique needs, and high discretionary income. The study was designed to explore older adults' shopping orientations, shopping preferences, and reactions to existing retail strategies. The research design involved a nationwide mail survey that was distributed to 10,000 adults, 55 years of age and older. The response rate was around 15%, yielding over 1,500 useable responses. The questionnaire consisted of two parts. The first part included a long list of questions regarding attitudes toward stores and various types of new and emerging retail services and innovations as well as stuffing preferences. The second part was designed to collect standard demographic information as well as location by ZIP codes. Empirical analysis employed several statistical applications including cross-tabulations to explore the formation of older market requests, and regression and correlation analyses to test the hypothesized relationships. The researchers report that changes in consumer preferences associated with aging include increased interest in a greater variety of services, and an appreciation for more focused marketing that targeted them as a consumer group. In terms of consumer incentives, the research finds that older shoppers tend to use them to reduce costs for current purchases at preferred shopping centers and are less likely to be swayed to shift brands or stores. In terms of technological innovations, older consumers appear to be willing to accept change if they perceive added benefits. The research also points out the need to recognize that the category of older consumers should be further segmented. Of particular note are the differences in attitudes toward stores and retail services that vary by age, level of income, education, marital status, and retirement status. Additionally, the research finds that retailers and center owners should recognize that "level of income" has a significant influence on the consumption behavior of older adults.

Robicheaux and Harmon (1997) acknowledge the significant increase in retail competition that has unfolded over the prior decade. At the same time, they note the structural changes in consumer spending have made it difficult to survive, much less flourish, in the retail arena. These changes include such items as excess supply, mergers and acquisitions, demographic changes and ethnicity, lifestyle changes, and cultural changes. They suggest these changes have caused ripple effects that have changed consumers' spending patterns. The analysis begins with a discussion of various consumer expenditure data series and some of the limitations they entail. To provide an objective measure of spending patterns, they concentrate on household data from the Consumer Expenditure Survey. Using a longitudinal design, they trace these changes in consumer expenditure patterns back through the mid-1970s to see if they can identify patterns of changes. To adjust for cyclical changes, induced by broader market conditions that could confound analysis of structural changes, they apply three economic indicators: (a) consumer confidence, (b) consumer assessment of current situation, and (c) consumer expectations. To control for inflation, they analyzed sales as a percent of total household expenditures. To add more precision and provide insights into market segmentation, the data were analyzed at the household level, applying cluster analysis to group households into meaningful groups. The analysis then focused on changes in group purchasing over the observation period. The analysis revealed a number of interesting insights into changing consumer expenditure patterns. For example, over the last four decades, spending on food as a percent of total household expenditures declined, as did apparel spending. On the other hand, the proportions of the budget given to food away from home, housing, and transportation increased. Despite these changes, cluster analysis reveals two similar spending groups in the mid-1970s to mid-1990s. The researchers label these groups "Got Money, Let's Go" and "Just Getting By." They note that theses groups represent opposite ends of the spending continuum and reflect the fact that despite changes in tastes, the relative positions of the "haves and have-nots" are fairly enduring. They argue that retailers should try to be sensitive to the underlying drivers and buying patterns of various consumer groups to maximize appeal and increase market share.

In the 2002 American Collegiate Retailing Association's Best Paper, an award winning article, Joung and Miller (2002) analyze changes in apparel demand using two demographic traits to distinguish consumers by age, gender, and socialization and social activity levels. The article begins with a discussion of the importance of the aging consumer to retailers, especially female consumers who exhibit longer life spans than their male counterparts. Of particular interest to the researchers is the relationship between older female consumers' participation in social activities and their apparel shopping orientations and activities. An extensive literature review is featured that highlights the relationship between social activities and apparel shopping orientations. Three hypothesized relationships are introduced to explore: (a) whether participation of older female consumers in social activities will affect fashion involvement, fashion interest, and apparel shopping enjoyment; (b) if participating in social activities positively affects apparel shopping; and (c) if apparel shopping orientations positively influence shopping activities. The empirical portion of the research is based on a mail survey that was distributed to random list of 1,000 female consumers who were over 55 years of age living in a Midwestern state. The survey yielded some 400 usable responses. The respondents were broken down into three segments: 55 to 64 years of age, 65 to 74 years of age, and 75 years of age and older. The survey queried respondents' activity levels, apparel shopping orientations, apparel shopping activities, and demographics. Using stepwise regression analyses, the researchers explored older female consumers' participation in leisure activities and formal social activities as a possible predictor of their fashion interest. They report that formal social activities are not a strong predictor, although older consumers' participation in leisurely activities is significantly associated with apparel shopping activities. They also find that all apparel shopping orientation variables are significant indicators of apparel shopping activities. The results suggest that retailers focusing on older female consumers should look beyond demographics alone to include lifestyle and activity orientation, which provide more meaningful segmentation variables.

Anderson et. al (2003) recognize that the crown jewel of the consumer society in the U.S. is the suburban regional shopping mall. They posit that to many, traditional climate-controlled malls create an almost magical environment filled with unsurpassed arrays of merchandise. The end result is that consumers can shop at a large number of stores, sheltered from the trials of real life in terms of traffic, weather problems, and other hassles associated with geographically dispersed retail. Despite noting the importance of traditional shopping centers, the researchers suggest that they no longer constitute the invincible force in retailing that they enjoyed for several decades. They argue that changes in consumers and in the shopping environment have raised a number of issues, which are jeopardizing the continuing success of this "institution." They describe strategic responses that suburban malls have explored to counter new competition including: (a) alternative allocation strategies within center, (b) zonal merchandising, and (c) adding entertainment to expand the appeal and market draw. While these strategies have resulted in some success, the researchers argue that more attention should be paid to understanding changing market dynamics. To shed some light on this issue, they identify new retail concepts that have the highest likelihood of success and have the greatest potential to successfully compete against existing suburban regional shopping malls. They also explore the degree to which the new formats are attractive to individuals from the major generational age groups.

The primary data for the analysis were compiled through a two-stage design. In the first stage, focus groups comprised of members of Generation Y, Generation X and Baby Boomers were conducted to help identify the relative attractiveness of each of the potential new retail concepts for each of the generational groups. Based on the insights from the focus groups, a national survey was conducted, stratified for each of the age cohort groups. The research presents a rather detailed summary of the feedback from the various cohort groups, including who they are and what drives them in terms of retail preferences. The national survey shows insight into the shopping patterns of the respondents, blocked into each of the cohort groups. The researchers report respondents' attitudes toward non-store shopping channels. They also discuss the major attributes of shopping centers (e.g., parking, security, lounges, layout, and entertainment) and indicate how important they are to respondents. They also discuss how various cohort groups rate new retail concepts in malls, such as restaurants, theaters, internet cafes, clubs, professional services, and various specialty items. They conclude that there are significant differences in how cohort groups react to various retail options and new concepts, suggesting that developers should pay particular attention to the almost continuous evolution of consumer tastes.

Noting the increasing importance of aging consumers, Carpenter and Moore (2005) point out that a slowdown in population growth has shifted retailers' attention away from relying on increased demand to support increased sales toward increased market capture ratios. They note the major demographic and behavioral shifts in the population translate to significant changes in shopping preferences, and of particular interest are shifts among generational cohorts including Seniors, Baby Boomers, Gen-X'ers and Gen-Y'ers. They recognize that the increase in diversity embedded in these changes has profound implications for retailers who are constantly struggling with how to respond to demographic forces. While acknowledging that retailers have been fairly successful in responding to shifting demographics and consumer demand, the researchers argue that successful retailers must focus on greater market segmentation. They focus their research on tenant format preferences among the cohort groups using four key product categories: apparel, consumer electronics, CD's/DVD's/Books, and groceries. Their research design drew a random sample from a national population of U.S. consumers, stratified to ensure representation in each of the four cohort groups. The telephone survey included questions regarding two types of shopping format preferences: retail formats (e.g. bricks-and-mortar, e-retailers, and bricks-and-clicks), and types of stores preferred in shopping centers. The data are presented using a combination of descriptive and inferential statistics beginning with a demographic profile, highlighting some of the similarities and differences among the cohort groups. Based on this foundation, they turn their attention to the four product categories, exploring differences among the cohort groups. The results provide some empirical support for the importance of considering cohort groups in making tenant mix decisions. For example, in the apparel category they report significant differences among the cohorts with respect to department store preferences. The results across other types of merchants are intuitively consistent, with Boomers preferring catalogs over Gen X'ers, and Gen Y'ers preferring specialty stores and off-price merchants. In general, the findings are consistent with expectations and provide some insights into some of the generational factors that retailers and shopping center owners should consider in making tenant decisions.

Shifting attention away from older consumers toward younger segments, Wilhelm and Mottner (2005) focus their research on the shopping mall preferences of teens between 12 to 17 years of age. The researchers acknowledge this segment as both a trend-setter, and a heavy user of enclosed shopping malls. The objective of the research is to explore three fundamental questions. First, what are the key attributes of shopping centers that teens look for when choosing a mall? Second, how do teens envision the "ideal" mall? Third, what trade-offs do teens make among mall attributes and attribute levels? The preliminary discussion includes a fairly extensive literature search regarding teen shopping and enclosed malls and is used to identify the major attribute groupings that are likely to affect teen shopping preferences. The research was based on an online, conjoint task completed by over 900 U.S. teens asked to make tradeoffs among hypothetical mall products. One of the unique elements of the research design involved the use of forced decisions among various shopping center attributes and tenant mixes. The researchers argue that the "trade-offs" involved in such decisions are more realistic in terms of actual shopping trips, and provide more insights than most research that relies on ratings of attribute importance or desirability. They report that each of the attributes of interest had a statistically significant impact on mall choice, with "friendliness" and "coolness" being the key attributes. As might be expected, there are gender differences with boys seeking more active entertainment, while girls are more interested in friendliness and coolness. With respect to attribute levels, teens indicate that "more is better." In terms of the traditional versus experiential mall, respondents come in overwhelmingly on the side of experiential malls. This research has a number of implications for shopping center owners regarding teen shoppers and reaffirms the importance of market segmentation. The researchers' suggest that malls may be in a unique position vis-à-vis other shopping center formats to provide meaningful experienced-based environments, given their inherent scale and diversity is of particular interest. They conclude with a discussion of the importance that mall managers develop integrated strategies that will enhance teen experiences and attract this important segment of consumers.

Ethnicity and Ethnic Marketing

Table 2
Demand-side Ethicity

Author(s)	Title	Focus
Herche and Balasubramanian (1994)	Ethnicity and Shopping Behavior	Multiple Ethnic Consumers
Kim and Kang-Park (1995)	The Shopping Patterns of Ethnic Consumer Groups in the United States	Multiple Ethnic Consumers
Eastlick and Shim (1995)	Ethnic Differences in Shopping Center Patronage: A Comparison of Hispanic and Anglo-Americans	Hispanic Consumers
Kang, Kim, and Tuan (1996)	Motivational Factors of Mall Shoppers: Effects of Ethnicity and Age	Multiple Ethnic & Age
Eroglu (2002)	Impact of Ethnic Minority Retailers on Urban Revitalization Efforts: The Buford Corridor Case	Ethnic Retailers
Hu and Jasper (2004)	Men and Women: a Comparison of Shopping Mall Behavior	Gender: Male Segment
Fowler, Wesley, and Vazquez (2005)	How Many Retailers Respond to the Hispanic Immigration and Ethnicity Trends in Non-traditional Growth Areas?	Hispanic Consumers

The sweeping demographic changes in the U.S. population associated with ethnicity, and the impact of those changes on shopping centers, has received significant attention. Herche and Balasubramanian (1994) delve into this question, exploring the implications of consumer ethnocentrism. They cite the fact that empirical evidence to this point suggests that ethnic identity, rather than national affiliation, is more important to members of ethnic minorities. In addition to looking at the impact of ethnic origin on purchase behavior, the researchers examine changes in the generally accepted moral obligation of a number of distinct segments of consumers to support products made domestically. They argue that to be able to effectively market to various ethnic groups, retailers must understand the level and importance of ethnic awareness, as well as how various ethnic groups of consumers express their ethnicity through purchase behavior. Unlike some researchers, who focus on a particular ethnic group and try to distinguish that group from the broader market, the researchers take a rather broad look at the issue, exploring six ethnic groups: (a) African-American, (b) Hispanic, (c) Chinese, (d) Japanese, (e) Italian, and (f) Korean. In exploring differences in ethnic patterns, they develop a measure of Ethnic Choice Orientation (ECHO), building on the results of previous research into ethnicity. The research design incorporates two stages of data collection. The first set of data was collected via a questionnaire administered to Midwesterners in an exploratory study. The second set of data was collected from a national survey stratified into equal categories for each of the targeted ethnic groups although the response rates were generally low and varied by segment. The research reveals significant differences among the groups, which have implications for retailers and shopping center managers seeking to reach such consumers. For example, as a group, African-American consumers are found to possess shopping orientations that are more distinctive than observed for the other five ethnic groups and have the greatest tendency to shop from merchants within their ethnicity. On the other hand, Hispanic consumers are the least distinctive in their shopping patterns. Within the Asian groups, significant differences are found suggesting that retailers should not treat them as a single monolithic group. They conclude that ethnicity may play an important role in segmenting consumers in terms of behavioral tendencies, especially when used along with more traditional segmentation bases of age, income, and education.

Kim and Kang-Park (1995) provide additional insights into retailing in a multicultural context. They note that the United States is becoming more multicultural, with a growing presence of immigrants from Latin America, as well as from Asia. They suggest an imminent change will occur shifting from a society dominated by Anglo Americans, and rooted in Western culture, to a new world society characterized by three large ethnic groups: African Americans, Hispanic Americans, and Asian Americans. They note that there has been a significant increase in the aggregate market share of these ethnic groups while the more traditional white majority continues to lose ground. This shift in market share is of interest to retailers and shopping center managers, as it is creating challenges and opportunities to identify and meet the needs of growing niche consumers. The researchers indicate that the domestic retail scene is undergoing dramatic changes as the market shifts from an Anglo-centric model focused on Western culture to a multi-centric model. In this study, they focus on immigrants from two of these groups, Latin America and Asia. They assess differences in shopping among the consumer groups in terms of information, patronage, attribute preferences, and shopping orientation, and also examine differences in shopping patterns between strong and weak levels of ethnicity among Hispanic Americans and Asian Americans. The data were collected through surveys presented in both English and the native language of the respective respondents. The analysis reveals that information sources and usage differs among the respondent groups, as do the other shopping attributes. When analyzed on the basis of the strength of their ethnicity, differences were also found, with Asian consumers exhibiting differences by country of origin, suggesting the need to further segment that market into smaller, more meaningful groups. The researchers argue that much more research is needed on the impact of ethnic diversity, and as such, managers and retailers should focus more effort on understanding differences in ethnic groups, and adjusting their marketing and merchandising strategies accordingly. They conclude with a discussion of how retailers can respond to these opportunities, drawing on the growing body of literature on ethnicity and retail consumption.

The dramatic growth of the Hispanic population has sparked significant interest from retailers and shopping center managers. Of particular interest is the question of how Hispanic consumers differ in their needs, perceptions, and shopping preferences from other market segments and ethnic groups. To provide some insight, Eastlick and Shim (1995) examine differences between Hispanic and Anglo-Americans in their shopping center patronage behavior and factors influencing their attitudes toward regional shopping centers. They note that several factors make Hispanic consumers attractive to marketers. First, they are geographically concentrated in urban areas of three U.S. regions. Furthermore, over 60% are Mexican-American, and most reside in the Southwestern states. Second, their purchasing power has exploded, with cumulative purchasing power rising more than 300% over the prior decade. The researchers apply a theoretical framework to their research, drawing on the Consumer Socialization model of Retail Patronage proposed by Moschis et. al (1995). The model includes four major components: (a) antecedents, (b) processes, (c) outcomes, and (d) situational factors. The empirical portion of the research explores several key questions. First, do Hispanic and Anglo-Americans differ in the importance placed on attributes in shopping centers and what is their attitude toward their most frequently shopped regional mall? Second, what consumer characteristics, socioeconomic and demographic, predict attitudes toward a frequently shopped regional mall in each group?

The data were drawn from a survey of consumers located in ten urban areas in Southwestern states. The stratified survey included some 4,000 households split relatively equally between those with Hispanic-American names and those with Anglo-American names. The assignment between the two categories was based on survey responses, and resulted in response rates of some 20% and 5%, respectively. The response rate from the Hispanic group was somewhat disappointing, although it was similar to those in other studies, pointing to some of the challenges in marketing to this segment. The questionnaire was developed using a multi-stage process, including a focus group, a series of translation and cross-translation iterations to standardize questions in English and Spanish, and a pre-test of the resultant two instruments. The results of the research provide some interesting insights. In general, the two respondent groups were comparably different from the general population. However, both groups were somewhat different from the broader segments they represented, thus limiting generalizations that could be drawn from the research. In terms of patronage behavior, the results reveal no differences regarding the physical elements of shopping centers, although there are differences in location preferences, cultural mix, personnel, retail mix, and the ability to communicate. The Hispanic group shows slightly more favorable attitudes with respect to frequently shopped malls, are more frequent shoppers, and tend to shop in somewhat larger groups. In general, Hispanics are more sensitive to personalized touches intended to reach and communicate with them as consumers, although the respondents also exhibited a high degree of assimilation into mainstream American culture. The results argue that retailers and shopping center managers will benefit by paying attention to ethnicity to help firm up customer loyalty and more effectively reach targeted groups.

Kang et al. (1996) explore the interactive effects of age and ethnicity on shopping motivations of various market segments. They begin with a review of the evolution of shifting centers and note the importance of maintaining a balance between supply and demand especially as population growth slows down. They also discuss different shopping motivations and styles including utilitarian and hedonic. They contend that behavioral drivers and shopping center attributes can combine to create positive consumer experiences and that the attraction of these attributes to consumers varies by age and ethnicity. The primary research is comprised of consumer data compiled for three states with large, established urban markets: (a) New York, (b) Texas, and (c) California. The respondents included over 2,000 consumers stratified into White, African American, Hispanic American, Chinese American, and Korean American clusters. These consumers were further segmented into three age groups; 12 to 19 years of age; 20 to 49 years of age; and 50 years of age or older. Within these segments, the researchers explored a number of potential shopping drivers, the essence of which is successfully captured by six factors: aesthetic ambience, economic incentives, diversion/browsing, social experience, convenient service availability, and consumption of a meal/snack. Using multivariate statistical analysis, the researchers identified the main effects of ethnicity, gender, household income, and self-identified ethnic strength on the importance placed on the six shopping motivation factors. They note that there is a significant two-way interaction effect between shoppers' ethnicity and their age level. The results of this research suggest that retailers and shopping center managers should consider ethnicity as a segmentation variable, along with age and other traditional criteria, in order to develop more effective marketing and merchandising programs that increase market penetration and market share.

Shifting focus from ethnicity to shopping formats, Eroglu (2002) presents the results of a large-scale study that examines the impact of ethnic minority retailers on urban revitalization. The study pays special attention to the consumer markets of these businesses using a case study approach. The study focuses on the Buford Highway corridor, a blue-collar immigrant community on the eastern edge of Atlanta GA. The researcher documents the transformation of the corridor from a once-retail district to a bustling ethnic community. The objective of the research is to determine the contribution that the ethnic retail trade makes to the emergence of such communities along with their development patterns. The research focuses on four elements: (a) the demographic and performance profile of the existing retail community, (b) opinions of three major constituencies (e.g. retailers, consumers, and policy makers/community leaders) regarding perceived performance and contribution of retail to the community, (c) the profile of economic activity of the ethnic retailers in the area, and (d) opinions of the constituencies as to how to sustain and enhance growth.

The research uses a combination of cross-sectional and longitudinal analysis to explore the interaction of emerging ethnic populations and the ultimate ethnic community, which includes retail as one of its core components. Several observations are noted: (a) the need to upgrade security and safety, (b) potential conflict between vehicular and pedestrian traffic, (c) the probability of increasing competition from other submarkets, (d) the importance of efforts to increase draw of locals and tourists, and (e) the fact the land use plan must be coordinated with merchants and residents to insure successful implementation of a cohesive plan. The use of this case study provides insights into the performance of ethnic retailers and the drivers behind that performance, the opinions of various constituencies as to the perceived performance and attribution of the retail components, the composition and profile of the ethnic retail market, and insights into how to tap into this segment and further enhance growth.

A number of researchers have explored some of the key demographic variables that differentiate consumers. Hu and Jasper (2004) recognize the contribution of this body of research, but note that less attention has been placed on gender, especially the rising core of male shoppers. To address this void, the researchers investigate the gender differences in terms of mall shopping behavior and examine whether today's shopping malls have done a good job catering to both genders. They point out that gender differences may operate on several elements of shopping such as: (a) information search and processing behavior; (b) response to retail stimuli, including price incentives; and (c) salesperson influence, purchase behavior, and shopping satisfaction. The data were collected through in-depth interviews involving an equal number of males and females. The interviews were conducted in a controlled setting that began with the collection of basic background information, and then consisted of a number of open-ended and closed-ended questions. The interviews were recorded and transcribed. The open-ended questions were then analyzed to extract common threads. The researchers compared responses across gender groups with respect to shopping motives, mall behaviors, and shopping outcomes. They note several key differences, which are: men use malls for unique products or stores, they spend less time shopping than females, they find fewer male-oriented stores than female-oriented ones, they enjoy shopping malls less than do their female counterparts, and they place greater emphasis on one-stop shopping convenience. Interviewees' self-descriptions include hedonic shoppers, utilitarian shoppers, value-conscious shoppers, indecisive shoppers, and impulsive shoppers. The results provide interesting insights for retailers and shopping centers catering to, or trying to accommodate, male shoppers and those wishing to appeal to the underlying shopping styles of various consumer groups.

Fowler et al. (2005) explore changes in the demand for retail goods and services from the Hispanic population in emerging, non-traditional areas of Hispanic population growth. The ultimate objective is to identify the traits of retailers and shopping centers that are attractive to this growing segment of consumers. The researchers focus on the Hispanic consumer because of the buying power, purchasing habits/needs, and the size and growth of the population. The article begins with an extensive review of Hispanic demographic characteristics, culture, population growth, geographic concentration, and position in today's retail environment. In addition, the researchers highlight a previous focus group study that helped establish known preferences of Hispanic consumers in retail formats. The researchers explore several key issues regarding Hispanic consumers including: (a) the importance of shopping, (b) the frequency of shopping and motivations, (c) the types of products they focus on, (d) differences in shopping in the U.S. relative to their home countries, (e) the factors that determine the selection of a particular business, and (f) the prototype of an ideal shopping experience.

The research design focused on four states emerging Hispanic markets listed in the top ten as ranked by the rate of growth of Hispanic buying power. The data were collected through a combination of focus groups and a telephone survey. Recruiters for the focus groups were Hispanic women who were active in the local Hispanic communities. The focus groups were composed of 40 women and 50 men. The researchers independently read the transcripts from each focus group either in Spanish or translated text, and then compared issues and content. The results reveal that the Hispanic participants were dissatisfied with several elements of shopping including the language barrier, lack of cultural sensitivity, hours of operation of shopping centers, assortment of merchandise, and retail and shopping center amenities. Recommendations for improvement include making shopping centers more family-friendly with support services including social and activity areas since participants expressed that they saw shopping centers as outlets for family activities. The telephone survey was targeted at retailers identified by the National Retail Federation as Top 100 retailers in 2004 and located in the Southeast. Fifty retailers responded to the majority of the questions that were developed based upon the concerns identified by the focus group participants. The researchers found that half of the retailers had Spanish hotlines, and about three-quarters had materials printed in Spanish, and had bilingual employees. Interestingly, retailers did not appear to apply centralized corporate policies related to marketing to Hispanic consumers. The results suggest that while many retailers, mall developers, and mall managers with sites in non-traditional areas of Hispanic population growth have begun to make accommodations for the Hispanic consumer, there is arguably room for improvement if the retailers wish to capture the increasing buying power of this consumer group.

Part II: Supply-side Retail Research

The dramatic growth in new shopping center formats, and additions to retail stock over the years, has made supply-side analysis of paramount concern to retailers and shopping center professionals. Investors and lenders have also been interested in the topic in light of the capital intensive nature of shopping centers, which makes them lumpy and inherently risky. This caveat is especially relevant in light of the competition that has emerged over the past decade in the form of non-traditional formats, including Internet retailers and direct sales. The articles in this section are divided into two subsets: (a) an analysis of retail format (see Table 3), and (b) an analysis of tenant mix and merchandising strategies (see Table 4).

Retail Formats

Table 3
Supply-side Shopping Center Formats

Author(s)	Title	Focus
Lord and Bodkin (1996)	Technological Profile of Shopping Centers: Present and Future Use	Power Center & Cross-Shopping
Kim and Kang (1997)	Consumer Perception of Shopping Costs and its Relationship with Retail Trends	Consumer Preferences & Formats
Barnes (1998)	Consumer Evaluation of Differential Pricing Policies for Apparel in Manufacturers' Retail Outlet Stores	Pricing: Outlet vs. Formats
Bailey, Warnock, and Mobley (1999)	A Comparative Study of Apparel Quality and Prices Between Manufacturers' Outlets and Retail Stores	Outlet Centers & Quality
Clodfelter and Fowler (1999)	A Comparison of the Pricing Policies between Manufacturers' Retail Apparel Outlets and Traditional Retail Stores	Pricing: Outlet vs. Traditional
Paige, Meyer, and Kadolph (2001)	Satisfying the Customer: Understanding the Synergistic Effects of Education and Informational Strategies among Retail Channels	Channels & Educ/Info.
Kim, Sullivan, Trotter, and Forney (2003)	Lifestyle Shopping Center: A Retail Evolution of the 21st Century	Lifestyle Centers
Kim (2004)	Who Will Be Winners and Losers? Competitive Analyses between Regional Malls and Big-box Retailers	Multiple Formats
Kim, Jolly, Fairhurst, and Atkins (2005)	Mixed-use Development: Creating a Model of Key Success Factors	Mixed-use

By the mid-1990s, power centers had emerged as a major trend in shopping center development. Despite dramatic growth in supply, relatively little was known about how power centers differed from other formats in terms of customer attraction and shopping behavior. To provide some insights into these issues, Lord and Bodkin (1996) investigate the extent of cross-shopping in power centers, and the factors that affect the levels of cross-shopping. They focus on the underlying question as to whether individual stores in a power center function as separate facilities and have little synergy with other stores, or whether they are integrated with other stores and benefit from cross-shopping behavior. The literature search revealed relatively little insights into the underlying question. In general, the consensus among shopping center officials was that little cross-shopping occurs in power centers. Based on this general input, the researchers expected to find less cross-shopping within power centers than in regional malls, where the layout and leasing strategies are explicitly designed to encourage cross-shopping among stores. In many malls, department stores are positioned at the ends of the center, with small shops located between the anchors. This layout benefits both types of tenants, increasing potential sales by stimulating the flow of shoppers among department stores and other mall tenants. The large degree of functional overlap and complementarities among small shops in the regional mall also contributes to the amount of cross-shopping. By comparison, power centers tend to be dominated by few, large tenants that appear to function individually as shopping destinations. This typical configuration, along with the minimal functional overlap and complementarities that exist among these power tenants, suggests relatively low levels of cross-shopping given the lack of opportunity or need for cross-shopping.

The empirical portion of the analysis drew on data compiled through shopper intercept surveys at two power centers. The researchers created an index of cross-shopping that calculated the number of stores visited on each trip and then compared that to published statistics for traditional malls. In general, the results indicate that cross-shopping is significant in power centers, although it is much lower than in more traditional mall settings. Given this, the researchers suggest that tenant mix may be less important in power centers than in traditional malls, although the larger anchors still play an important role. They conclude that the level of cross-shopping is attributable to a combination of tenant mix and shopper motivations, where the larger anchor-type tenants benefit more from cross-shopping than their smaller counterparts. They also find that the physical layout of the center, the location of stores relative to each other, and the compatibility of store types should be carefully weighed to maximize cross-shopping linkages and optimize performance for retailers and owners.

During the 1990s, the retail arena has undergone significant changes, including the introduction of new shopping formats and an overall increase in competition for consumer expenditures. Kim and Kang (1997) explore how some of these trends have evolved in response to changes in consumer demographics and shopping patterns. They suggest that some of the changes can be related to the aging of the consumer population and changing family composition, and especially the growth in dual income households. In combination with other demographic trends, they contend that these changes are creating a more diverse consumer base with divergent and ever-changing expectations for shopping. At the aggregate level, there has been an increase in shopping options as retailers and shopping center managers seek to increase consumer draw and sales volume. It is generally accepted that one of the key attributes that attract consumers across segments is the efficiency of the shopping experience in terms of money, time, and energy that must be expended to satisfy consumer requirements. The researchers explore three hypothesized issues: (a) whether retail attributes act as significant predictors of shopping costs and outputs, (b) if demographic characteristics act as significant predictors of costs and outputs, and (c) if perceived shopping costs are predictors of outputs. The pilot stage of the study was based on data from a series of four focus group interviews. In the second phase, a computer-assisted telephone interview was conducted, resulting in 900 respondents. Using a variety of statistical techniques, including LISREL (a leading program for structural equation modeling), the researchers developed a number of insights into consumer shopping behavior that are significant to different center formats. They report that in general, consumers do differentiate among centers and apply different attribute models when choosing among the formats. Furthermore, they find that shopping costs are important predictors of shopping outputs, a result that is amplified for discount centers. Additionally, overall shopping value is affected by only one retail attribute, convenience/safety. They suggest that various shopping formats should revisit their efforts to address this concern for efficiency while also trying to differentiate themselves from competing formats. This attention on consumer needs and preferences should allow retailers to modify their offerings and marketing strategies to increase their appeal to targeted consumer segments and respond to changing preferences and competitive alternatives.

One of the key elements of the product mix that retailers and shopping centers can control is the price point of merchandise offered at various venues. Barnes (1998) explores the question of how consumers react to various pricing strategies, as well as how they react to a number of price-related issues. The basic research involved the exploration of pricing strategies presented in a variety of trade publications and business periodicals. This analysis results in the identification of several pricing strategies that retailers could follow, which include: (a) everyday low pricing, (b) markdowns taken at the register, (c) special promotions, and (d) price guarantees. In addition, price tactics, such as limiting the number of discount items on shelves to encourage buying at regular price, are also examined. The data were collected through store intercepts at two sites: an outlet center and a traditional suburban mall. The surveys yielded 557 responses split relatively equally between the two shopping center formats, with the mall respondents further broken down between intercepts of department store shoppers and specialty store shoppers. The results are presented for apparel offerings in outlet centers, department stores, and specialty stores. The researcher notes the tremendous growth of manufacturers' outlet centers and some misconceptions regarding them held by consumers. A number of interesting results are reported including: markdowns are a viable pricing strategy across formats, price guarantees have an almost universal appeal to shoppers, and shoppers prefer discount prices on tickets rather than calculated at the register. The research also revealed that there are significant differences in attitudes toward price for each of the formats. Shopper profiles, along with pricing preferences, are presented for outlet shoppers, specialty store shoppers, and department store shoppers. For example, specialty store shoppers are more likely to respond to limited stock of discount merchandise by paying full price. On the other hand, outlet shoppers like value-pricing and are unlikely to pay regular prices in the face of limited supplies. The research points out that such consumers could benefit from a greater understanding of the advantages and limitations of outlet centers, although the format has the greatest potential for apparel sales in a soft market environment.

In the late 1990s, outlet centers began to play an important role for apparel manufacturers, providing them an opportunity to sell their own seconds, over-runs, pack-a-ways, and other surplus products not sold to retail stores during the normal wholesale marketing cycle. Since inception, outlet centers have become an increasingly important source of sales for apparel manufacturers. Bailey et al. (1999) explore the role of outlet centers in the apparel sector and how the emergence of this shopping format has affected apparel marketing. The researchers point out that the success of outlet sales has led many apparel manufacturers to create special product lines which are distinct from their traditional store lines. This raises the question as to whether there are differences in the price and/or quality of these special lines when compared to core products. The objective of this study is to compare the textile quality of several high-end apparel products purchased from clothing manufacturers' outlet mall stores and from retail stores. Six different types of men's and women's 100% cotton shirts were purchased from both factory outlet malls and retail stores. The shirts were subjected to a series of tests conducted at the University of Arkansas Textiles Testing Center. In general, the researchers detected little differences in terms of product quality for apparel targeted at men or women, although there were significant differences in prices. The results suggest that outlet stores may continue to be a viable choice for consumers, especially during soft environment and markets in which price becomes a key driver of consumer behavior.

The dramatic growth of outlet centers raised a number of questions regarding the long-term viability of the format. Clodfelter and Fowler (1999) explore whether outlet stores were in danger of losing their niche to savvy traditional retailers who often have the advantage of superior locations and retail mix. The purpose of the research is to compare the pricing policies of manufacturers' retail apparel outlets and traditional retailers. This research differs from some of the contemporary efforts to explore the underlying question due to the broader scope of merchandise items covered in the comparison with some 686 items in the study. The researchers developed a pilot study to help focus the data collection stage and identify problems that might arise. The data were drawn from retailers in shopping centers in three Southeastern states. The randomly selected items from manufacturer's outlets were matched with identical items in regional malls. The researchers report that outlet malls offer a significant price advantage on fully priced merchandise. However, when compared to sales prices in traditional stores, which may be a more valid comparison in terms of aging stock, the price advantage disappears. The research also reveals that outlet centers tend to overstate the suggested/comparable price at which items are offered in traditional formats, giving the perception of offering more price advantages than actually occur. The researchers conclude that both formats have something to offer consumers, but that the price advantage of outlet stores over traditional retailers offering everyday low prices or frequent sales promotions has largely evaporated.

Paige et al. (2001) explore how consumers process information and education provided by competing retail formats such as bricks-and-mortar stores, catalogs, and Internet retailers. Of particular interest is how customers react to various stimuli provided by the three retail formats when making retail channel decisions. There are several objectives for the research: (a) examining consumers' perception of, and responses to, types of information provided by the respective retail channels; (b) identifying the effectiveness of various information strategies; (c) examining the importance of consumer education to purchasing; and (d) analyzing the synergistic and antagonistic interactions among the three retail channels. The data were collected via a mail survey, which generated some 468 responses from a stratified sample, with roughly equal gender representation. In terms of usage, store shopping is reported as the dominant format, followed by catalog and Internet. Access to accurate and timely information was important to many consumers. In general, customers who are satisfied with the quality of information they receive in store, tend to stay there and complete their purchases. The most commonly used source of information are sales associates, although consumers indicated some levels of frustration with this information source. On the other hand, catalog shoppers tend to be more satisfied with the quality of information provided in catalogs, although they still look to hands on experience to obtain adequate product information to make decisions. Accordingly, they note that one of the key advantages that bricks-and-mortar retailers have over the other channels is the ability to allow customers to see, touch, examine or “try on” products. Finally, at this stage of evolution, consumers look to the Internet primarily as a source of information and to conduct comparison shopping. The researchers emphasize the importance of providing information and product support to consumers. They conclude with some recommendations as to how each of the retail formats can implement educational and informational strategies to improve consumer experiences and increase sales satisfaction and activity.

Lifestyle centers are one of the new shopping center formats that have received significant attention in the retail sector. Kim et al. (2003) explore this trend in a historical context, as they envision lifestyle centers as a natural evolution of shopping centers, which stem back to the post-1950s when the industry began to continuously reinvent itself through new innovations and concepts. They characterize regional centers at the mature stage of their life cycles and recognize the importance of major renovation and revitalization efforts to maintain a competitive edge in light of new competition. The researchers argue that the need for such efforts has been amplified by the introduction of lifestyle centers, which they see as a dramatic departure from traditional malls and appeal to consumer preferences and can actually become an important part of their aggregate lifestyles. The specific objectives of the research were twofold; (a) to design a prototype lifestyle shopping center per lifestyle segment, and (b) to establish optimal tenant mix and design features per lifestyle shopping center. The lifestyle shopping center research was conducted in four phases including: (a) identification of lifestyle customer segments, (b) focus group interviews of lifestyle customers, (c) evaluation of prototypes of lifestyle centers by customers, and (d) generation of an ideal shopping center format. The researchers also explored several retailers who have embraced the lifestyle shift, as well as shopping centers that have tried to capture the same synergy and consumer segments drawn to such shopping experiences as an extension of their overall life styles. They suggest that, while such efforts can be successful, in many cases the incremental gains are enough of a response to the dramatic changes in the competitive arena. They discuss more radical changes as developers and shopping center managers seek to reposition existing facilities through major revamping and renovation efforts.

One of the buzzwords that has permeated retail marketing strategy has been the notion of “niche” marketing. This concept is by no means new to successful retailers and shopping center managers who have a long tradition of matching retail offerings to trade area demographics. Kim (2004) explores the emerging consumer environment within which consumers are faced with choices that allow them to obtain almost any product, anywhere, and at any time. While some view this trend as positive, in many settings consumers are simply overwhelmed by the prospects and competition, which have resulted in over saturation of retail. This environment is particularly troublesome during economic downturns. During such stages of the business cycle, retailers must understand consumer behavior and market segmentation if they are to survive and emerge with a loyal and growing consumer base. The researcher argues that efforts to understand the consumer environment are particularly important to shopping center developers and owners since it enables them to respond to changing market conditions and to retain, revive, and increase regional centers' vitality. The researcher also analyzed the market share among the four retailer formats and concludes with an identification of retail attributes that can be used to predict the future retail patronage intention for each of the product categories for each retail format. For example, she suggests that at a macro level, category killers will be the winners in a number of product categories if they work to retain their competitive advantages and improve their customer service. Super-regional and regional malls also come in as winners in a number of different categories, although both can improve their positions by working on some specified areas of improvement. Finally, warehouse clubs are seen at risk in a number of categories unless they become more competitive with regional malls and other big-box retailers in terms of merchandise, personal assistance, convenience, service, and store environment. While these caveats do not apply across the board, they do offer some food for thought and argue that retailers and shopping centers should maintain a close eye on their competitive advantages and risk factors.

Over the past several years, mixed-use development has been presented as a panacea for urban markets, as new urbanists and smart growth aficionados have viewed them as a vital tool in the efforts to develop more viable neighborhoods and core areas. Since many mixed-use projects include ground floor retail, this trend is important to the retail sector in terms of new formats and the opportunities it presents. Kim et al. (2005) explore this trend and how it feeds into changing demographics and consumer demand. They point out that, while continuing to value efficiency in retail shopping, consumers are also looking for more experience-based leisure activities such as entertainment and dining out. Many consumer segments are also particularly drawn to social activities and want to feel a part of a community, which mixed-use developments promise to help foster. The researchers approach this trend in a multiphase process, beginning with a literature search. Their research design includes a selection of sample projects that could be used to develop a list of critical success factors for mixed-use projects. The data were drawn from consumers, as well as retailers and property managers, to allow the researchers to test whether these three interest groups are on the same page. They propose a model of success factors for mixed-use projects including: balance of uses (i.e., mix of store types excluding big-box retailers), public spaces (i.e., interconnected stores, cleanliness, and atmosphere), convenience (i.e., location, parking), and customer targeting (i.e., tourists, local residents).

Tenant Mix/Merchandising

Table 4
Supply-side Tenant Mix/Merchandising

Author(s)	Title	Focus
Eppli and Shilling (1997)	How Critical is a Good Location to a Regional Shopping Center?	Location vs. Agglomeration
Barnes (1997)	Targeting Retail Consumers Through Relationship Marketing Strategies	Relationship Marketing
LeHew and Cushman (1998)	Time Sensitive Consumers' Preference for Concept Clustering: An Investigation of Mall Tenant Placement Strategy	Tenant Placement and Time
Anderson, Burns, Deiderick, Reid, and Johnson (1999)	Effects of Zonal Merchandising on Sales Productivity of Malls	Zonal Merchandising
Mejia and Eppli (1999)	The Effect of Merchandise Space Allocation on Retail Sales in Enclosed Shopping Centers	Specialty Retailers & Space Allocation
Solomon, Englis, and Cornett (2002)	The Virtual Mall: Using the Internet to Configure the Ideal Shopping Environment	Ideal Shopping Environment
Liu, Melara, Arangarasan, and Lee (2005)	Development of Consumer Study in Retailing with Visual Technology: A Demand-side Research Agenda	Ideal Design & Shopping Experience

The adage of "location, location, location" is well known in real estate circles, driving home the importance of location to long-term success. It is also recognized that different space users have different locational needs. This realization argues that developers should try to understand the underlying utility function or site selection criteria applied by targeted tenants to ensure that they are matched to the right location. Urban land economics theory suggests that location is not merely a latitude/longitudinal construct, because in addition to absolute positioning, it is affected by the environs and linkages associated with it. This theory is one of the building blocks of agglomeration theory, which recognizes the importance of creating positive synergies among neighboring uses to enhance the attraction to potential tenants and customers. Eppli and Shilling (1997) take this basic notion and empirically test it in a market context. The research explicitly measures consumer utility trade-offs between store location (i.e. distance to a shopping center) and retail agglomeration within regional shopping centers. The empirical analysis focuses on 38 shopping centers in the U.S. drawn from a national sample, and includes competing centers within a 10 mile radius of those properties. Using the Lakshmanan and Hansen retail expenditure model, the researchers report that the distance to a center is of surprisingly little importance in explaining retail sales. Conversely, they find that agglomeration economies that affect the drawing power of the center are significant in explaining consumer patronage at regional shopping centers; in particular, retail gravity models explain some 70%

of the variation in actual sales in regional shopping centers. Thus, they contend that distance is not the driving factor, but rather the sheer massing and centripetal force created by the center. They conclude that smaller regional shopping centers may be dominated by large super-regional shopping centers, with the larger centers capturing a disproportionate share of total retail sales than predicted on a sales per square foot measure.

In the competitive retail arena, the potential relationship between consumer attitudes and loyalties to retailers is of particular interest to those trying to protect current customer bases. Barnes (1997) notes that it is generally recognized that it is easier and less expensive to keep existing customers than it is to attract new ones. The objective of this study was to explore the question of whether relationship marketing, which has been used in service industries, can add value in a retail context. The researcher posits that by incorporating certain incentives and rewards, a retailer might be better able to attract, maintain, and enhance customer yield. The data were collected through a non-experimental survey design and mall intercept methodology. Approximately 700 shoppers in three large Northeast shopping malls were interviewed. The participants provided information on the importance of certain retail strategies, and how much information they were willing to share with merchants. Data were also collected on store type and consumer demographics in order to identify any viable product stratification and market segmentations bases. The analysis considered a wide range of store attributes and consumer demographics to identify any meaningful segmentation bases. The researcher concludes that consumers are not particularly interested in establishing long-term relationships with merchants. While appreciated, adding personal touches such as thank-you notes, frequent purchaser gifts, and personalized mailings are not as important as store hours, on-site help, free delivery, and toll-free telephone support. Further, consumers are reluctant to share personal information with retailers, especially birthdays, special occasions, ages, and income. The research concludes that such marketing may be more effective at a segmented basis, especially if psychographic attributes are considered, and that relationship marketing may be better suited to enhancing consumer relationships rather than establishing them in the first place.

LeHew and Cushman (1998) recognize that the shopping mall industry has been confronted with an increasingly competitive and complex marketplace. They note that the emergence of new shopping center formats, changing consumer preferences, and behaviors have contributed to a decline in the productivity of enclosed malls. To counter this decline, mall owners and managers have applied a number of innovative strategies to protect market share, including the development of more customized centers that target diverse segments based on ethnicity or minority status, as well as age-segregated groups, such as teenagers and older persons. While recognizing the importance of such strategies, and the potential contribution they can make to shopping center performance, they suggest that retail customers should also be segmented on a behavioral basis in terms of underlying needs. They focus on time-sensitive consumers who are heterogeneous on a number of traditional demographic bases but have a common need for more time-efficient shopping experiences. The empirical elements of the research explore locational strategies within the shopping center. The hypotheses are couched in terms of tenant placement preferences of time-sensitive customers relative to other shoppers on four dimensions: (a) tenant placement preferences, (b) facility preferences, (c) shopping motivations, and (d) demographic factors. The underlying theory suggests that consumers with higher levels of time-sensitivity would prefer concept clustering strategies, since these consumers tend to seek convenience and easy access to shopping. In addition, a secondary purpose is to obtain descriptive information that would allow shopping center managers and retailers to better identify the time-sensitive consumer. A random survey of female consumers, collected via self-administered mail surveys, derived some 590 usable responses. The researchers share a number of insights regarding locational preferences of various consumer segments. At an aggregate level, the highly time-sensitive consumer can be described as a Baby Boomer, between 35 to 54 years of age, with children. In general, highly time-sensitive consumers prefer concept clustering strategies, but the relationship between time sensitivity and tenant placement preferences of consumers is not strong. Time-pressured respondents also indicate that the various concept clustering strategies would increase their shopping satisfaction.

Anderson et al. (1999*)* recognize the importance of suburban shopping malls to U.S. consumers, characterizing them as a cultural phenomenon of the post-World War II era of shopping. At the same time, they note that the shopping center environment is continuously evolving, and suggest that the historical position of malls as the center of social and cultural activities is threatened. They attribute some of the risk to the franchise position held by malls in part due to the failure to adjust shopping center configurations and layout to the changes in consumer lifestyles, which are transforming the mode of shopping activity for many consumers. The researchers posit that many people are finding that they do not possess the time to spend in shopping activities as they once did. Instead of leisurely shopping trips where browsing activity may have dominated in the past, shopping trips are much more likely to be quick, purpose-driven endeavors. As a result of these changes, many individuals are finding that category killers and power centers satisfy their needs better than regional shopping malls. The objective of this research was to explore the extent of this risk and to determine if zonal merchandising strategies can be used by mall managers to respond to changing time pressures and regain some of the business lost to category killers and power centers. To set the stage, the researchers trace the evolution of shopping centers. For example, they point out the attention paid to entertainment and how such additions can help existing centers compete with alternative formats and venues. They acknowledge that no single solution can solve all problems, and that attention must be focused on the needs and preferences of potential consumers for a particular mall. In terms of consumers, they note that one of the major concerns for consumers is the scarcity of time. However, they also realize the growing importance of comparison shopping as consumers seek the best values. They argue that the interaction of these two needs provides an opportunity for traditional shopping centers to compete with new formats if “zonal merchandising” can be used to create environments that facilitate comparison shopping in a timely-efficient manner.

Three studies support the empirical portion of this research. In the first study, focus groups were used to explore the appeal of zonal marketing as a concept. This was followed by a survey of consumers to determine how they would group stores in the ideal mall setting. The second study consisted of focus groups to probe more deeply into the appeal of zonal merchandising and to determine how widespread this appeal is across market segments. The third study explored the attitudes of customers in response to a remerchandising strategy that included product and life-style based zonal merchandising. In general, the results are positive, with consumers preferring stores to be grouped into lifestyle categories, although they indicate that such groupings would not preempt their shopping across groups. Additiontally, the results suggest that more attention should be paid to the shopping experience as well as the efficiency with which customers can satisfy their shopping appetites.

Retail analysts have developed a number of proprietary models to forecast store sales, building on some of the seminal work in gravity modeling. Over time, these models have been modified to delineate trade areas and forecast overall sales levels for shopping centers. Within centers, researchers have explored optimal tenant mixes, although such efforts have generally focused on trade area impacts rather than aggregate sales and sales by merchandise categories. Mejia and Eppli (1999) explore the distribution of sales within centers, focusing on the potential cannibalization of sales due to overrepresentation of certain categories. The analysis drew on retail sales for 12 different merchandise categories in 65 enclosed shopping centers. The researchers use this data to measure the impact of large specialty retailers on the sales of other retailers that carry similar merchandise. As part of the analysis, a standardized measure of space allocation, the Index of Merchandise Space Allocation, was developed. Using this index, the effect of merchandise space allocation on retail sales per square foot was explored. The objective is to determine if large specialty retailers are beneficial (i.e., increased sales per square foot) or detrimental (i.e., decreased sales per square foot) for similar merchandise type retailers. Conventional wisdom suggests that excess space triggered by large specialty retailers would result in lower average sales per square foot figures, with retailers competing for finite purchases. Drawing on a data set of over 4,000 individual retailer records, the researchers find that for 7 of the 12 merchandise categories, the existence of one or more large space occupiers positively and significantly affected sales per square foot. These results are somewhat contrary to traditional measures that focus on retail saturation levels, and suggest that product concentrations may draw more consumers for specific lines. Based on these results, they conclude that, generally speaking, large specialty retailers in regional shopping centers are complementary to, not competitive with, smaller retailers selling similar merchandise. They also conclude that small specialty retailers should not fear the inclusion of larger specialty retailers with similar product lines, as the combination can often help increase the draw and create positive outcomes for both retailers. However, they note that such concentrations must be carefully managed to ensure the center offers a balanced mix of tenants in the context of its primary trade area.

Over the past decade, technological innovations have had significant impacts on the retail industry. This has resulted in the competitive landscape that have led to the need for adjustments in management and operating models to help retailers finetune marketing strategies. Solomon et al. (2002) turn to technology as a tool that can be used to provide insights into consumer preferences for the ideal mall configuration. The researchers recognize that consumer preferences for specific tenants can help managers customize the mix of stores to appeal to a particular trade area. Managers can also use consumer preferences to adjust recreational and culinary options in a center, as well as to create the physical design and ambiance the center exudes. Unfortunately, to this point, traditional design practices have been applied in something of a vacuum and do not directly build on shoppers' preferences. The objective of this research is to develop a pilot project that can demonstrate how online consumer research can provide sufficient insights into shoppers' preferences to help determine the ideal shopping center configuration for a targeted market. In essence, the researchers let consumers respond to, and choose from, a number of visual options as they configure their notion of the ideal mall.

A national sample of over 200 consumers participated in the pilot project. The respondents chose from among 15 store categories as they populated the skeleton of a mall online and then selected actual retailers that would appear within each of these spaces. They also chose four anchor/department stores and four restaurant/food outlets for a central food court. The results of the pilot study were promising, suggesting that consumers exhibit clear preferences regarding their ideal mall. Consumers also showed a clear understanding of the specific stores they would like to see in a mall and where these stores should be located. Using demographic breakdowns, the researchers also noted how different consumer groups have different notions of the ideal mall, suggesting that developers and operators can create customized solutions that will better satisfy primary customer bases. The research also provides insights into how malls can be zoned into sections that create draws for various customer segments, and at the same time, avoid compromising the appeal of the overall mall to other market segments. Although the researchers do not explore the impact of such customization on mall performance, they do discover enough evidence to suggest that customer satisfaction could be increased. Given the correlation between customer satisfaction and store patronage, the results suggest that the effort to create such customer centric solutions should increase productivity and investment performance of shopping centers.

Over the years, the issue of optimal store design has received significant attention. Unfortunately, researchers have faced a number of challenges in helping consumers visualize alternative layouts. Liu et al. (2005) demonstrate how this challenge can be met by using an immersive virtual mall and store display. Using the recently built Purdue Envision Center, the researchers monitored the cognitive and psychophysical reactions of consumers to structural changes using realistic store settings. With this virtual technology, participants were asked to navigate through a virtual mall and store and browse merchandise, compare products, and make purchases. The key variables of interest included navigational path, type and accuracy of intended purchases, time of purchase deliberation, and biases in purchase decisions. The objective of the research was to determine buying habits of different consumer profiles within a tailored shopping environment by combining the stimulus control of the laboratory approach with the external validity of the field study. The virtual environments offered the advantage of vividness, clarity, realism, and depth in stereoscopic three-dimensional images as well as the efficient and rapid testing of large samples of participants in an environmentally controlled setting.

The participants, primarily male students from Purdue University, completed the task in two contiguous sessions. The first session was dedicated to navigating the system and completing the shopping assignments. The participants were able to view the store and the mall in a stereoscopic display using special polarized glasses, and their tasks were to select and purchase a predetermined set of items in two situations; once with the list in front of them, and once from memory. The second session was allocated to the completion of questionnaires regarding their experiences, where consumer profiles were collected. The detailed profiles enabled the researchers to go beyond descriptive or inferential analysis at the group level, which allowed them to identify individual basis for purchase decisions. The researchers contend this type of research can be used to explore ways to attract consumers to a shopping center, and how managers can stimulate sales by maximizing enjoyment of the shopping experience. Limitations include the small sample size of forty-five participants, and the selection bias of mostly male college students, which preclude making a generalization about shopping preferences and purchasing behavior.

Part III: Shopping Center Trends

In a number of real estate investor circles, the retail property sector is perceived as more complicated and risky than the office, industrial, residential, and hotel sectors. This perception is due in part to the extremely competitive nature of retailing and its dependence on the satisfaction of two types of demand: (a) primary demand farm retailers, and (b) secondary demand from consumers who generate the sales that retailers need to achieve unit profitability. Further complicating the situation is the fact that retailers do not always look at unit profitability, but at market share, or market penetration. This strategic overlay makes it hard to forecast new competition, especially for industry outsiders who do not track retail trends. In addition, leading retailers apply sophisticated analytical procedures and proprietary research to support decision-making regarding site selection and market penetration. At the same time, the industry is undergoing continuous change, making it harder to monitor new innovations and determine how formats and competitive standards will change. Similarly, the retail industry is subject to new competitive threats from non-traditional sources such as the Internet. Retailers and shopping center developers/owners are also always trying new concepts and formats in an attempt to carve out new niches or firm up existing market share in light of new competition. Finally, the demand side of the equations is undergoing continuous change in terms of demographics, lifestyles, psychographics, and behavioral patterns. As such, predicting retail returns is critically important to those directly or indirectly investing in the retail arena, but inherently complicated. This section is designed to shed some light on these issues. It is divided into four topical areas: (a) the trend toward entertainment-oriented retailing, (b) recognition of the impact of tourism on shopping center demand, (c) the explosion in Internet shopping and use of the Internet by traditional retailers, and (d) globalization of retail (see Tables 5 to 8, respectively).

Entertainment-oriented Retail

Table 5
Trends-Entertainment-oriented Retail

Author(s)	Title	Focus
Haynes and Talpade (1996)	Does Entertainment Draw Shoppers? The Effects of Entertainment Centers on Shopping Behavior in Malls	Entertainment Panacea
Eastlick, Lotz, and Shim (1998)	Retail-tainment: Factors Impacting Cross-shopping in Regional Malls	Cross-shopping & Entertainment
Kang and Kim (1999)	Role of Entertainment in Cross-shopping and in the Revitalization of Regional Shopping Centers,	Cross-shopping & Entertainment
Zacharias (2000)	Shopping Behavior at Alexis-Nihon Plaza in Montreal	Pre-Entertainment
Zacharias and Schinazi (2003)	The Impact of an Entertainment Retrofit on the Performance of a Shopping Center	Post Entertainment Shopping
Baker and Haytko (2000)	The Mall as Entertainment: Exploring Teen Girls' Total Shopping Experience	Entertainment & Teen Girls
Wang , Gomez-Inausti, Biasiotto, Barbiero, and McNally(2000)	A Comparative Analysis of Entertainment Cross-shopping in a Power Node and a Regional Mall	Cross-shopping & Entertainment

One of the major trends that occurred during the 1990s was the emergence of entertainment as an evolutionary element of shopping centers. Haynes and Talpade (1996) note that the idea of adding a major entertainment center to a shopping mall had been gaining in popularity over the prior few years. More recently, several new malls have been constructed in different regions of the country with substantial square footage allocated to entertainment centers (e.g., Mall of America in Bloomington, MN; River Falls Mall in metropolitan Louisville, KY). Typically, these types of large scale entertainment centers feature attractions such as carousels, ferris wheels, trains, bumper cars and other children's rides, skill games, bowling alleys, miniature golf courses, roller or ice skating rinks, and video arcades. The generally accepted notion is that such family entertainment centers can substantially extend a mall's draw, lengthen shoppers' duration in the mall, and increase revenues for tenants. However, there has been very little research done across different malls to lend support to this argument. This research examines the effects of such entertainment centers on shopping behavior. Characteristics and shopping patterns of shoppers drawn to a mall primarily because of the entertainment component are compared to those of all other shoppers.

Data were collected from 1,592 respondents from four different malls. The survey instrument was a structured personal interview administered by trained market research agency personnel. The results reveal that a fairly low percentage of shoppers are drawn to malls primarily by an entertainment component. The shoppers who are drawn by entertainment tend to be younger, and more likely to be visiting as a family unit compared to all other shoppers. A lower percentage of this group visits department stores or other mall shops; although if they do visit either of these kinds of stores, they tend to spend as much money as the other shoppers. They also spend comparatively less time shopping, although the total amount of time spent at the mall is higher, because of the time spent at the entertainment center. Entertainment-oriented consumers are more likely to visit the food court. However, there is no significant difference in terms of the distance traveled to the mall between the two groups. The researchers suggest that mall owners/developers should use caution when approaching decisions to introduce entertainment centers to retail projects. They argue that entertainment should not be viewed as a panacea for existing malls, especially those with significant challenges due to new competition or declining trade areas.

In reviewing the challenges facing existing shopping centers, Eastlick et al. (1998) note that several factors are contributing to the intense, competitive environment within which retail and shopping center managers operate. Some of these factors include the overcapacity of shopping center and retail space, overlapping of merchandise offerings by different retailer formats, and changing consumer lifestyles. The researchers recognize that a number of managers in existing shopping centers have embraced the strategy of adding entertainment facilities to the traditional retail-based shopping environment to respond to competitive pressures. They note that some industry leaders argue that a "retail-tainment" strategy will increase consumer patronage at shopping malls. They also predict that new entertainment-oriented development projects will be increasingly linked to retailing. They report that proponents of entertainment hope that such activities and venues will draw new consumers to the mall. Once in the mall, the expectation is that customers will cross-shop retail-based establishments. The researchers report that preliminary results indicate implementation of a "retail-tainment" strategy has been the most successful in shopping malls that target tourists. The purpose of this research is to examine cross-shopping among entertainment and retail/service-based businesses in shopping malls that appeal to both tourists and local residents.

The data were extracted through store intercepts, targeting shoppers at two malls in Phoenix and San Diego. The empirical analysis focuses on three issues: (a) identification of the predictors of cross-shopping behavior, (b) predictors of future mall patronage intention, and (c) differences in mall activities and future mall patronage intentions among cross-shopper and non cross-shopper groups. The researchers also investigate the relationships among cross-shopping behavior and the motivations that prompt shopping and entertainment activities, and psychological involvement in the shopping and/or entertainment activities. The results provide some useful insights into cross-shopping behavior. For example, entertainment-oriented shoppers and cross-shoppers are somewhat experiential, seeking fun and enjoyment through their shopping center activities. On the other hand, shoppers who are at the center to pursue goods and services needs are generally not drawn to entertainment activities but remain focused on their primary charge. Regardless of motivations behind shopping trips, they note positive experiences translate to a higher probability of repeat business. Thus, while not a panacea, entertainment can be an effective component of a broader strategy to increase patronage and shopping center profitability.

Kang and Kim (1999) explore the impact of entertainment on cross-shopping and the revitalization of regional shopping centers. As an introduction, they note that the emergence of innovations and shifts in market share are triggering unprecedented changes in the shopping center industry. Of most concern to owners and developers is the competition from a variety of retail formats, such as discount retailers, superstores, and factory outlet centers, which have taken shopper traffic away from regional shopping centers. To respond to these pressures, operators are revitalizing existing centers by reshaping the tenant mix and considering the addition of destination-type attractions. The researchers point out that one of the main strategies receiving attention is the use of entertainment to draw "cocooning" consumers away from the electronic delights of the home. Proponents of such strategies argue that they can reverse the long-term decline in the amount of time spent shopping and help rejuvenate existing centers. This claim is based on the assumption that entertainment venues can substantially increase cross-shopping, a phenomenon that occurs when a consumer patronizes multiple types of retail outlets on a single trip. Theoretically, this activity will increase revenues for tenant retailers at the shopping center.

The researchers present a typology for various types of shopping center entertainment. This classification includes two major categories: (a) retailer-driven entertainment options, and (b) owner-developer driven entertainment options. To provide additional insights, they apply a life cycle perspective that reconstructs the evolution of various shopping center formats and indicates their current lifecycle stage. The empirical portion of the research is based on data collected from consumer intercept surveys conducted in three regional centers using a stratified sampling. Several findings are particularly noteworthy. First, there are differences in demographic profiles among entertainment-oriented shoppers and other shoppers. Second, there are a number of demographic differences among respondents reporting different levels of enjoyment entertainment. Third, the positive synergy between entertainment and shopping does not apply across the board, but varies by type of retailer. Finally, the presumption of a relationship between entertainment and cross-shopping activity does not bear out across the board, suggesting that owners and developers should look at such strategies in light of competition and demographics of customers.

Zacharias (2000) and Zacharias and Schinazi (2003) report on a two-stage analysis of the impact of an entertainment facility retrofit. The first stage, reported in the 2000 publication, focuses on the pre-retrofit period for Place Alexis Nihon. The second stage focuses on the period after the adjacent Pepsi Forum entertainment center was developed. This case study approach supports in-depth understanding of the impacts of such an undertaking. The researchers point out that shopping involves complex behaviors where the design and layout of the shopping facility may play a significant role in outcomes. The research also assumes that the level of spontaneity in many shopping trips is consistent with the assumption that consumers are open to suggestion and will react to additional stimuli. The researcher argues this impact is particularly pronounced in the case of entertainment retrofits, which is founded on the principle of the power of stimulus and suggestion. While previous results have generally concluded that entertainment can add to patronage of a center, the researchers note little research has been conducted regarding the long-term financial implications of adding entertainment to an existing facility. This question is particularly important in light of the high costs associated with operating many entertainment venues in shopping centers. This research focuses on the rationale behind the trip and the behavior at the center to help identify the factors that attract the attention of shoppers, and to determine where they congregate in the center and actually shop. A questionnaire was distributed to shoppers to obtain highly detailed information about trips and individuals. The tracking data provided some interesting insights into shopping behavior, including the fact that the number of stops is an important element for characterizing trips. It also reveals that customers do not patronize all three levels of the center, but concentrate their trips on one or two levels. Additionally, the research reveals that the design and layout of escalators and open stairs also influence traffic patterns, which provides some insight into the potential impact of added attractions to the center.

In 2003, Zacharias and Schinazi published the second phase of the previous entertainment/retrofit case article, providing an in-depth before and after an analysis to be used to isolate the effects of the addition of entertainment to an existing mall. Rather than looking at financial or sales data, the researchers focus on consumer behavior, providing insights into how the addition of entertainment might affect consumer behavior in an established center. The case article concentrates on changes in the type of visitor and the level of patronage inside the Place Alexis Nihon in downtown Montreal, after the construction of the neighboring Pepsi Forum. By tracking over 700 individuals in the pre and post-development stages, the researchers develop a comprehensive picture of changes in the spatial behavior and trip characteristics of visitors. The post-development data were collected through store intercepts, catching shoppers at the entrance of the mall and of the entertainment project. The major differences between visitors at the two venues relate to how they arrived, with whom they came, and the reason(s) they came. With respect to the shoppers, the researchers probed differences in shopper motivations, and trip-planning with a questionnaire that was applied to 283 individuals. In comparing the pre-and post data, they conclude that expectations that both entertainment and shopping areas could benefit from the presence of the other, were largely unfulfilled. Indeed, results indicate that only a slight synergy exists between the entertainment venues and shopping. The estimated contribution to the shopping center of visitors whose first destination was the entertainment center is a mere 5%. Except for anchor store patronage, the center experienced a decrease in visits to small stores and a tendency for visitors to remain on floors close to the ground. One year after opening, the entertainment center operators were trying new retailing combinations to build their own clientele.

To add insight into the differential contribution of entertainment across consumer segments, Baker and Haytko (2000) focus on the impact of entertainment on teenage girls. The researchers note that this segment is of interest since teenage girls comprise a market segment of great importance to malls. Indeed, they cite research that indicates some 88% of American girls, 13 to 17 years of age, say they love to shop, compared with 55% of Americans aged 21 to 62 years of age. Furthermore, teens purportedly make almost 40% more trips to the mall than do shoppers in other age groups. Teenagers also spend $97.3 billion annually. The researchers point out this generation is very different from the generations that preceded it in terms of diversity and the fact that many of them grew up in dual-income households and have greater computer literacy than prior teens. Given the profile of teenage girls and their attraction to shopping, traditional quantitative measures of retail/mall characteristics and their relationship to patronage behaviors may fail to sufficiently capture the emotional content of the shopping experience for this group. This limitation is exacerbated by the fact that most retail research has been conducted on adults, leaving some uncertainty as to how the "lessons learned" can be extended to the teen consumer.

The primary purpose of the research is to explore teenage girls' total shopping experiences at the mall. A secondary objective is to explore the impact of the Internet on teenage girls' shopping behaviors and mall patronage. The data were collected through phenomenological, in-depth interviews with 22 volunteers. The extensive interviews were conducted in a one-on-one basis and were recorded and transcribed. This approach enabled teens to talk about their mall experiences in their own language. The interviews focused on several elements of interest including mall usage, mall behaviors, and characteristics of favorite malls and the attributes of the "ideal" mall. The researchers assumed the participants would have used computers to surf clothing sites and purchase products online, although this assumption did not hold up. They concluded that despite the overall decline in mall traffic over the prior decade, teen girls represent a promising target for traditional shopping centers. While the social experience of going to the mall is important, they point out that they also buy merchandise, typically using Mom's money. At the same time, they note that the teen market is itself diverse, and should be approached on a segmented basis.

Wang et al. (2000) explore the strategy of increasing marginal profits of shopping centers through cross-shopping involving entertainment. Although they trace this presumption to the early 1990s, they contend that the relationship has not been as strong as was first anticipated. Indeed, while acknowledging that entertainment spending has increased dramatically, they posit that entertainment may not produce the synergistic effects needed to encourage cross-shopping. The objective of this research is to explore the relationship between entertainment cross-shopping patterns at retail-driven businesses (e.g., theaters, restaurants, music/book stores, and play venues) and two types of centers, power nodes/centers and traditional regional malls. The two distinct and competing shopping environments include an open environment center with up-to-date entertainment facilities, and a traditional enclosed shopping center with typical mall entertainment facilities.

The shopping center data were compiled through extensive field work which inventoried all retail activities at the respective centers. The consumer data were collected by intercepts at the entrance to entertainment venues within the two types of centers using an incentive program, which yielded 1,250 usable responses. The questionnaires explored two types of data: (a) cross-shopping behavior, and (b) socio-economics. A number of results provide interesting insights into shopping patterns and the relative appeal of the two formats. For example, the power node/center has a much larger drawing radius than the traditional center which captured a higher proportion of sales. Interestingly, the traditional mall draws a younger clientele, attributable in part to access to public transportation. With respect to entertainment, neither center format has an advantage in the time spent on entertainment, although the power center customers exhibit more time on retail and entertainment browsing cross-activities. In general, the results indicate that entertainment-related cross-shopping is more specific and less intense at the power node than at the mall. The power node facilitates delayed cross-shopping while the mall encourages more immediate forms of cross-shopping. Types of entertainment cross-shopping are associated with levels of enjoyment at the mall, and cross-shopping intensity at the power node. The mall format attracts several dominant types of entertainment cross-shoppers, although most activity is concentrated within a specific range of intensity. On the other hand, cross-shopping in power centers involves a few dominant types widely dispersed across different levels of intensity. The results suggest that approaches to entertainment should be stratified by type of center, responding to natural tendencies and maximizing potential benefits.

Tourism and Tourist-oriented Shopping

Table 6
Trends-Tourism and Tourist-oriented Shopping

Author(s)	Title	Focus
Attaway and Morgan (1997)	Exploring the Impact of Gambling Venues on Local Retail Expenditures	Gambling
Christiansen and Snepenger (2002)	Is It the Mood or the Mall that Encourages Tourists to Shop?	Shopping Experience & Tourism
Wesley and LeHew (2002)	Tourist-oriented Shopping Centers: Investigating Customers' Evaluation of Attribute Importance	Tourist's & Mall Attributes
Kinley, Kim, and Forney (2002)	Tourist-destination Shopping Center: An Importance-performance Analysis of Attributes	Tourist's & Mall Attributes
Paige and Littrell (2003)	Tourism Activities and Shopping Preferences	Tourism & Shopping Preferences
Kinley, Josiam, and Kim (2003)	Why and Where Tourists Shop: Motivations of Tourist-Shoppers and Their Preferred Shopping Center Attributes	Tourits Shopping Motivations

The gambling/gaming industry is recognized as one of the "drivers" behind tourism. Attaway and Morgan (1997) explore trends in the legalized gambling industry and its rise within consumer's choice of leisure time activities. Noting that the size and scope of the gambling sector is outpacing research, the researchers note the importance of exploring the impact of gambling operations on retailers located in communities in which such activities are permitted. The research focuses on casinos in five Midwestern states: Illinois, Missouri, Indiana, Iowa, and Wisconsin. The researchers examine three hypothesized relationships: (a) individuals scoring high on gambling to fulfill wealth motivations spend more money on gambling and less on retail, (b) individuals gambling for entertainment spend more money at gambling than those with less of this motivation, and (c) individuals traveling with other family members are more likely to seek other entertainment options besides gambling. The data were collected through a mail survey that resulted in some 4,600 usable respondents. The results provide some interesting insights. First, a significant percentage of casino patrons are locals and may be substituting gaming for other recreational activities. Second, those who traveled intermediate distances focused trips on gambling, with little time for other activities including shopping. Finally, those who travel longer distances (i.e., over 120 miles) stay longer and spend more overall. The researchers argue that the prevalence and growth of gambling indicates that retail formats must compete with such activities, and that developers should introduce more entertainment type options in shopping centers and target marketing to casino patrons.

Recognizing the importance of shopping to the overall tourist experience, Christiansen and Snepenger (2002) explore the juxtaposition of retail as entertainment and the declining appeal of shopping as an experience for many consumers. One of the hypotheses they postulate is that consumers like to shop, but just don't care to shop at home as much as they do when traveling. An ancillary issue is whether this perception is driven by the nature of tourism, or by the fact that shopping centers in tourist areas simply have more appeal than local centers. To address these questions, the researchers conducted surveys of two groups of respondents, one with tourists, and the other with self-identified locals. The data were collected via self-administered questionnaires that assessed reactions of some 400 shoppers to their shopping experiences at the subject mall in Denver. The tourist portion of respondents was asked the same questions regarding the "home" malls to provide a basis for comparison. The hypotheses postulated: (a) differences between tourist perceptions of the targeted entertainment mall and their home town mall, (b) differences between tourists and locals regarding perceptions of the targeted entertainment-oriented mall, and (c) differences in attitudes of tourists and locals toward their home town malls. With regard to the tourists, there were reports of a better shopping experience at the subject mall, which the researchers attributed part of that to the more relaxed state of mind versus if they were shopping at home with some distinct purchase in mind. In terms of attitudes toward the more traditional mall versus the entertainment-oriented mall, both groups report the latter provides a more relaxed environment, and locals indicated that they spend more time in the particular format. The researchers conclude that the type of shopping experience provided by various centers has a significant impact on consumers, whether at home or away. Further, they note that the attributes of individual malls affect customers' perceptions of value and overall satisfaction with shopping experiences. These attributes in turn are shown to affect how long a consumer stays at a mall and how much money they spend shopping. Finally, with respect to tourists, they find that entertainment-oriented malls play off the relaxed and inquisitive mood of tourists.

Wesley and LeHew (2002) explore the importance of traveling as part of the American lifestyle and note how destination travel has become more popular and affordable. They point out that despite the competitive options for time and money available to travelers, shopping remains one of the most popular trip activities. In a number of markets, this preference has created dual demand drivers; local residents within traditional trade areas, and tourists or travelers drawn to a market. They suggest that, in recognition of this emergence, shopping centers have become more entertainment-oriented to appeal to a wider audience than the more traditional approaches relied on in the not-too-distant past. The purpose of the research is to examine the attributes of four shopping centers in which tourists or excursionists (i.e. visiting for less than one day) were major customer groups. The research was to explore four research issues: (a) the significance of tourists to the customer base, (b) identification of the shopping center attributes most important to patrons, (c) differences in importance of center attributes to tourists, excursionists, and other shoppers, and (d) differences among two types of travel-oriented centers; those that are destinations themselves, and those that are near travel destinations. The targeted centers include West Edmonton, Mall of America, Forum Shops, and Pier 39 in San Francisco. The data were collected via mall intercepts, with slightly less than 600 respondents.

In general, the responses indicate that tourists and excursionists are significant customer bases for the targeted malls. Demographic profiles do not materially differ among customers at the respective malls suggesting they all appeal to a similar tourist base. The researchers also point out that both local and tourist shoppers have high expectations for shopping experiences, and demand more in terms of fashion, food, entertainment, and services. The most important attributes include cleanliness, customer service, knowledgeable staffs, a feeling of safety and security, comfortable temperature, and well-lit parking. Accordingly, these expectations should affect the design, merchandise, and service mix of malls if operators seek to tap into both market segments. With respect to differences between "destination" entertainment malls and ones near other destinations, many of the same attributes are ranked as important, although those near venues may have to offer more services to attract tourists.

Kinley et al. (2002) recognize that tourism is one of the world's largest industries, and that shopping is the most popular activity for tourists. Given the size of this market, with the growth in both the tourism industry and tourist destinations, they contend that identifying and satisfying the desires of this consumer segment is increasingly important in the contemporary marketplace. The major objective of this research is to provide insight into how effectively shopping centers are addressing the tourist market by determining what attributes are of the most importance to tourists. They apply an importance-performance type of grid analysis. The resultant prioritization provides insights into tradeoffs that may have to be made among competing, and often costly, alternatives. The analysis is applied to three types of tourist-destination centers: super-regional malls, theme/festival centers, and super off-price centers. The data were collected via store intercepts from shoppers patronizing these center formats. The researchers find that different attributes appeal to shoppers patronizing the different formats. Looking at the attributes from the "tourist" perspective, the same items are important across formats, although some attributes move up the value chain. For instance, the theme/festival tourist shopper values stimulating events and activities, fashion, and proximity (i.e., linkages to airports, hotel/motel, and home) more than the other types of consumers. On the other hand, image, fashion, and fun are the most important to super-regional mall shoppers. Using an Importance-Performance grid, the researchers also identify key attributes that can be improved to attract tourists, as well as determine which ones consume excess resources for their relative value-add. In general, they conclude that in all formats, environmental attributes such as friendly staff, comfortable seating, and clean, safe, pleasant surroundings, are the most important attributes, suggesting that shopping centers must satisfy certain core needs to be successful.

Paige and Littrell (2003) provide additional insights into the relationship between tourism and shopping. Their research explores the impact of shopping on the generation of tourism revenues and economic development focusing on the efforts to attract tourists by marketing malls as tourist destinations. The purpose of this research is to identify tourism activities sought during travel, and to compare tourists in regard to their preferences for shopping venues, mall characteristics, and product criteria. Three groups of tourism activities were explored in the analysis: outdoor-oriented activities; cultural, historical and arts-oriented activities; and sports-oriented activities. The data were collected through a combination of qualitative and quantitative analysis. The first step involved surveying shopping center managers and tourism directors. The second step consisted of collecting shopper data via a national survey. Approximately 300 responses to the consumer survey supported the application of a variety of statistical techniques to explore relationships among center attributes (e.g., shopping venues, mall characteristics, and product selection), and tourist activities. For the mall factor characteristics analysis, the researchers discovered several factors account for the majority of tourist shopper preferences. They labeled these factors as easy shopping, aesthetics and differentiation, and family and entertainment. In general, shopping in a mall that mirrors the area's cultural and historical attractions is appealing to tourists. The most challenging tourist group is the outdoor-oriented who tend to eschew malls for other formats, especially those with strong local orientation. The researchers provide three recommendations for centers seeking to attract tourists: (a) offer a range of craft and specialty stores, (b) pay attention to aesthetics and differentiation, and (c) provide linkages to the local attractions. These linkages include promotional tie-ins and access to mementos and other items that authentically capture the essence of the region. The bottom line is that tourists exhibit different shopping preferences among the three categories of tourism orientation and managers should target shopping center attributes to more effectively appeal to segments of tourists drawn to the area by the particular type of activities offered to tourists. They argue that malls should be differentiated in order to maximize draw and exploit the contribution that specific types of tourist activity can make to retail sales.

To develop a better understanding of the shopping preferences of tourists, Kinley et al. (2003) explore why and where tourists shop. The research begins with a discussion of some of the drivers behind travel activity, including push factors that motivate a person to travel, and pull factors in which the destination draws a person to travel. They extend the same rationale to shopping behavior. For example, given the alternative of shopping at home, what motivates a person to shop on a trip? Similarly, given competition in many destination areas, what attributes pull them to a particular center? In addition to these questions, they also explore how shopping options can be a significant factor affecting the overall appeal of an area to tourists. Rather than addressing some of the traditional issues surrounding the types of merchandise that tourists acquire, the researchers delve into the issue of shopping center selection and similarities in shopping center preferences between home and tourist markets. They then segment tourists into several categories based on shopping motivations: shopping tourists drawn by shopping needs, experiential tourists attracted by venues and entertainment, and passive tourists with limited appetites for shopping. The specific objectives of the research include: (a) developing a typology of tourist-shoppers based on push motivators, (b) comparing tourist-shopper segments on key demographic and behavioral attributes, (c) comparing differences in pull motivators of tourist-shoppers versus shopping center personnel, and (d) identifying demographic and pull motivators that predict outcomes/activities.

Data were collected from shoppers who had recently traveled, and shopping center personnel in four targeted metro markets. In terms of the typology of shoppers, three categories of tourists are identified: (a) shopping tourists, (b) experiential tourists, and (c) passive tourists. Within these activity-oriented categories, there are significant differences among traditional segmentation attributes (e.g., ethnicity, income, and education). However, no significant differences are found in expenditure patterns. In terms of pull factors, all three segments share the typical attribute preferences although they differ in satisfaction, the probability of revisiting, and the likelihood of recommending the center to families and friends. For example, experiential tourists rate high on these three attributes. With respect to differences in perceptions between shoppers and center personnel, the latter are typically more optimistic on pull motivators. Shoppers place more emphasis on how important reflecting local culture is and the importance of unique architecture/buildings. They conclude that managers could benefit from developing a greater understanding of attributes sought by such segments of customers, suggesting more effective targeting of tourists could be achieved by closer monitoring of customer preferences.

The Internet and Non-store Shopping

Table 7
Trends - The Internet and Non-store Shopping

Author(s)	Title	Focus
Keep and Lindquist (1995)	Consumer Patronage of Shopping Centers and In-home Retail Formats: A Time Diary Approach	Catalog vs. In-store
Philips et al. (1997)	Electronically Connecting Retailers and Customers: Summary of an Expert Roundtable	Outlook for Internet
Shim, Eastlick, and Lotz (2000)	Assessing the Impact of Internet Shopping on Store Retailing Among Mall Shoppers and Internet Users	Internet vs. In-store
Taylor and Cosenza (2000)	The Impact of Internet E-commerce on the Traditional Merchandising of Women's Clothing in Shopping Centers/Malls	Internet & Traditional Retail
Baen (2000)	The Effects of Technology on Retail Sales	Internet & Leasing
Harden (2001)	A Comparison Study of Merchants Actual or Potential Presence on the Internet	Internet Presence
Worzala and McCarthy (2001)	Bricks-and-clicks: E-commerce Strategies for the Chain Retailer	Internet & Chain Retailers
Hernandez, Gomez-Insausti, and Biasiotto (2001)	Non-store Retailing and Shopping Center Vitality	Internet & Traditional Retail
Anderson, Reid, Kittle, Burns, and Wainio (2001)	An Investigation of Relationship-building Activities on Mall Web Pages: A Study of Synergy between Shopping in Malls and Shopping on the Internet	Internet & Customer Relationships
Chatterjee and Basuroy (2001)	From Bricks-and-mortar to Clicks-and-mortar: How Traditional Retailers can Leverage Online Market Opportunities through Internet Malls	Internet & Traditional Retail
Worzala and McCarthy (2001)	Landlords, Tenants and E-commerce	Internet & Leasing
Kim, Pookulangara, and Crutsinger (2002)	Vitality of Multi-channel Retailing: Function of Retail Synergy and Consumers' Perceived Benefits and Costs	Cross-Channel Shopping
Kim and Kim (2005)	Escapism, Consumer Lock-in, Attitude, and Purchase: An Illustration from an Online Shopping Context	Website Design & Consumers

In the mid-1990s, the evolution of online shopping was in its infancy, although in-home shopping had been around for a number of years with a limited, but loyal clientele. Keep and Lindquist (1995) note the increasing number of predictions about the future retail environment in which consumers would increasingly be satisfying their consumption needs via in-home shopping. The researchers attest that the maturing of mail-order catalog shopping will continue to expand and ultimately represent the most significant and persistent form of in-home shopping. The objective of this research, which is relevant to the online shopping question, is to explore shopper and situation factors surrounding shopping activities at selected retail formats including traditional stores and catalog purchasing. The research incorporated a multi-stage design. In the first stage, in-depth interviews were conducted to develop lists of potential shopping benefits for each of the targeted channels. In the second stage, a random telephone survey was conducted to extract information regarding the sequencing of events associated with recent purchases. Respondents were asked to log activities in a diary and provide standard demographic inputs. In the third stage, a mail survey was sent as a follow-up to the telephone surveys, providing an opportunity to probe into consumer behavior and motivations more deeply. The article provides an extensive discussion of perceived shopping benefits for both in-store and catalog channels. The findings suggest that shopping center and catalog shoppers pursue different shopping benefits. However, the differences between groups are not explained by traditional demographics or selected personality traits. They conclude that the choice of retail outlet and the shopping benefits associated with each channel are related more to shoppers' buying situations and daily time use than demographics.

Since the late 1990s, the Internet has promised to revolutionize shopping. Philips et al. (1997) provide an early look into the prospects for Internet shopping, and the likely impacts on traditional shopping centers. Insight is gleaned from a panel discussion involving retail executives and academics interested in electronic retailing. The researchers identify a number of existing connections between retailers and customers such as dial-in services, kiosks, product and store information, customer queries, advertising, public relations, transactions, market research, preferred buyer clubs, contests, and personal shopping services. In most cases, they note that electronic marketing can reinforce these connections allowing traditional retailers to protect and expand market share. They explore a number of opportunities and challenges associated with the introduction of electronically connecting retailers to customers including cost-savings and relationship building. They recommend that retailers give careful consideration to offering electronic retailing and applying other technological advances. However, they suggest that retailers move in a careful, managed approach to avoid getting drawn into situations where early adoption could backfire and undercut established consumer relationships and positioning.

The researchers suggest that at that particular stage of diffusion of innovation, the most useful applications of web-based selling were in special situations including reaching geographically dispersed customers and marketing information-based products. They also argue that web-based selling could help smaller sellers with limited downside risks, sellers of low-cost and low-risk goods, and sellers of upscale, higher risk goods assuming they had first established very respectable reputations. They include a number of guidelines for retailers seeking to use electronic communications and other technological advances to enhance relationship marketing. They make several claims of interest to retailers and shopping center operators, which turn out to be prescient. First, Internet sites would coalesce around a conceptual proximity that is yet to be understood. Second, significant advances would be made in research, references, and decision support. Third, technologies would merge including broadband deliver, video, picture phones, and online shopping. Fourth, every business sector would be affected by, and embrace, the Internet in some respect. Finally, the Internet would revolutionize target marketing and comparison shopping. With respect to retailers, they saw the Internet contributing to lower costs of goods sold, and opening the door to lower cost and more effective marketing. They conclude with the claim that Internet and other technological advances were creating an irreversible force that will affect retailers and shopping centers either positively or negatively depending on how they react to, and/or embrace them.

Shim et al. (2000) explore the impact of Internet shopping on traditional store shopping among both mall shoppers and Internet users. Of particular interest to the researchers is the ability to use consumers' shopping behavioral intentions to establish the size of three distinct market segments. These segments primarily include: (a) Internet shoppers, (b) product-situation specific cross-shoppers, and (c) store-oriented shopper markets. These segments are analyzed for two major product categories, which include cognitive, and sensory experiential. Before introducing their empirical research, the researchers review consumer behavior theory regarding shopping mode choice. They also explore the key motivations behind shopping activities and the information processing and shopping planning behavior of various demographic groups, as well as computer users and non-users.

The research design employed a stratified sample of computer owners residing in 15 major U.S. markets. Using a variety of survey techniques, they obtained a 36% response rate that generated over 700 individual respondents. Several key constructs were measured: (a) shopping mode choice intention, (b) intention to use the Internet for product information, (c) attitudes toward Internet shopping, and (d) consumer experience/backgrounds. Their analysis reveals that Internet shopping has a near-term competitive impact on traditional shopping for the cognitive product market. However, the effect of the Internet on the sensory experiential market may not be as pronounced. Results also indicate that several factors affect the likelihood of information search and actual Internet shopping. These factors include past experience with Internet shopping and consumer background/demographic characteristics. Finally, information search mode is influenced by consumer attitude toward the Internet and by past experience. They provide a number of recommendations for retailers and shopping mall managers, beginning with the fact that traditional operators should apply a number of strategies to compete in the new. For example, bricks-and-mortar operators could compete directly with online retailers, or they could create strategic alliances and combine forces to increase market penetration. Regardless of how shopping centers and retailers respond, they should be careful to ensure that they do not alienate their core customers and/or lose existing brand/franchise positions. In addition, traditional players should recognize the importance of information and the need to proactively respond to more disciplined, educated, and informed consumers. This will involve a number of trade-offs to ensure that the resultant strategy is balanced and flexible, providing opportunities to respond to emerging trends and new competition.

While the impact of Internet shopping has received a lot of attention, relatively little is known as to how various consumer segments react to the new trend and how it will affect their shopping patterns. Taylor and Cosenza (2000) focus on the behavior of women who purchased women's clothing both on the Internet and in malls as compared to the behavior of those women who only purchased women's clothing in malls. The researchers provide an overview of traditional shopping choice behavior and then juxtapose e-commerce shopping choice against that base. The research design has two phases: (a) an exploratory phase that used focus groups in two large cities, (b) and, a survey of consumers performed at six distinct shopping venues using a combination of pencil and web-based data collection. A survey of 680 women measured the experience of shopping for women's clothing, perceived risk of shopping for women's clothing, what was important in making a decision concerning women's clothing, time pressures of shopping, the perception of mall composition variables, and general demographics. The researchers report that as women become more experienced with shopping for clothing on the Internet, they seem to shop more on this venue. In addition, the perceived risk of shopping on the Internet seems to be higher for those women who have never shopped the venue. This is more evident in the risk areas of quality, fit, brand selection, immediate satisfaction, durability, and after-sale customer service. Women who only shopped for their clothing in malls generally focused on brand, look, style, fit, ease of shopping, order-processing speed, and return policy in selecting where to buy women's clothing. Price seems to be the most important attribute for those women who shop for clothing on the Internet. The results also seem to indicate that time pressure limits shopping in both venues. They report that in general, Internet shoppers are less enthusiastic about the ambience, design, layout, variety offered (i.e., stores, food, and entertainment), and excitement offered in shopping malls. They conclude that demographic profiles of women who shop for women's clothing on the Internet seem to be similar to those who do not shop on the Internet. Based on that finding, they argue that traditional segmentation bases might not be appropriate for developing and evaluating Internet activities and initiatives.

Baen (2000) focuses on the effect of technology on traditional retail sales, commercial property values, and percentage rents. He argues that e-commerce activity is the leakage of retail sales at traditional retail locations relative to actual sales activity. That is, in some cases, e-commerce sales are occurring at traditional locations but are not being included in sales calculations for percentage rents. For example, in the absence of definitive guidelines and lease covenants, consumers can purchase goods in-store, and then have them delivered or available for next-day pickup. Depending on lease definitions and business practices, these sales may or may not be correctly included in sales reports for the individual retail site. He recognizes that one of the challenges in developing an understanding of these and other issues related to the Internet is the rapid growth of the innovation, and the absence of data sources that can be used to support traditional research methods. To address this void, the researcher turns to the popular press and contemporary views of retail centers to provide some perspective on the trend and its impacts on other business activities. To place the discussion in the context of shopping center values, the article explores the underlying value proposition they comprise, and reviews the evolution of shopping centers and changing retail perspectives related to the Internet.

The empirical portion of the research draws on survey responses from retail and shopping center professionals. The researcher presents a number of observations and areas of concern for the real estate side of the industry. For example, to some extent, a portion of online sales and ordering occur at physical retail centers. He argues that this new purchasing pattern suggests that shopping center owners should restructure leases to capture a portion of these sales and/or at least include them in productivity measures. Looking forward, he predicts that Internet shopping will increasingly compete with traditional sales, and argues that retailers must address some latent concerns surrounding the in-store shopping experience. He suggests traditional stores should protect themselves by reversing the decline in customer service, increasing information desks, and becoming more family-friendly. He concludes that additional work is needed to provide guidance to shopping center operators and retailers so that they may figure out how to benefit from the emergence of the Internet and other technological advances.

By the turn of the decade, most retailers and shopping center managers had struggled with the question of whether they should develop an Internet presence, and if so, what role should it play in their overall operation. This strategic question could be approached from a number of perspectives, ranging from peer behavior to determine the competitive standard, to consumer perceptions and attitudes to determine the potential demand side of the equation. Harden (2001) explores this question by investigating merchants' views of the importance of having a presence on the Internet compared to consumers' views. The research design included two waves. The first wave focused on retailers located in five major shopping mall sites in the Midwest. The second wave used shopper intercepts to survey customers at the respective malls. A total of 767 individuals and 69 mall merchants participated in the study. The researcher provides a number of insights into the diffusion of innovation of the Internet among retailers. First, traditional bricks-and-mortar merchants are aware of the impact that the Internet currently has on their business. Second, merchants acknowledge that the e-commerce impact will continue and that there is a continued need for a presence on the Internet. Indeed, by the time of the survey, many had already taken steps to have a website or were in the process of developing one. With respect to consumers, the most dramatic use of the Internet was the search for product information and product selection. Indeed, almost three-quarters reported browsing the Internet, followed by a lower share that visited stores or used catalogs to search for products. With respect to stores, consumers expected that merchants would have a presence online to support their product evaluation and search. Respondents who had not previously shopped online did not have strong reasons, suggesting more apathy or lack of motivation may underlie the slow penetration of pure Internet shopping. Indeed, despite using the Internet to assist in search and product selection, only 5% of the participants actually purchased products via the Internet. The researchers conclude that the Internet will continue to play an increasing role in consumer shopping, and predict that traditional bricks-and-mortar retailers will rise to the challenge and expand their Internet presence to react to changes in demand.

Worzala and McCarthy (2001) recognize the dramatic growth of Internet sales over the prior decade. At the same time, they point out those earlier calls for the demise of traditional retail formats was dramatically overstated. To provide additional insight into the impact of the Internet on traditional retail sales, they explore the use of the Internet among chain retailers. The data were collected by student teams by exploring retailer websites and surveying retail executives. The retailers were stratified into four clusters: independent retailers, national or anchor tenants, franchisees, and regional tenants. Variables of interest were merchandising strategies, locational decisions, and sales productivity. One of the objectives of this analysis was to establish a baseline picture of the attitudes and plans of top executives to determine if their Internet strategy is likely to influence their demand for retail space. Most respondents from the survey believe the Internet will have a minimal impact on the need for space over the near term, with a slightly higher but still minimal impact over a five year window. Efforts to determine if there were changes in tenant leases as a result of the Internet, proved to be difficult since few national, regional, or franchise tenants had developed centralized policies regarding linking e-commerce sales to particular stores. Many retail respondents indicate they primarily use the Internet for advertising and product information rather than as a major channel for actual sales transactions. The bottom line is a general belief that the impact of the Internet on the demand for traditional retail formats is a manageable risk, and the industry will take advantage of the emerging channel to firm up operations and respond to new competitive threats.

Hernandez et al. (2001) explore the nature and extent of multi-channel shopping activities and the impact on the vitality of shopping centers. The researchers are particularly interested in the interaction between the Internet and the traditional in-store retail environment. The empirical research was based on a comprehensive large-scale intercept survey of shoppers within three regional malls in the Greater Toronto Area and in Ontario. As in other studies, the researchers report that a relatively small proportion of mall shoppers were using the Internet to purchase products. However, they discovered substantial variation in Internet usage across product categories. They conclude that many customers view the Internet as retail information resource, providing timely product details and mall information. For such consumers, the Internet performs the function of an electronic interactive shop-window with shoppers gathering information for retail consumption that is predominately bricks-and-mortar based. Actual usage of the Internet to purchase products is somewhat deterred by concerns regarding Internet security and privacy, the cost and speed of delivery, and the ever-present desire for retail sensory experiences. At the same time, they note that a significant proportion of retail sales are generated by shoppers viewing products online and making purchases in-store. Thus, shopping center developers have significant potential to strategically develop their Internet capabilities and further strengthen online partnerships with retailers within their malls, and promote the clicks-to-bricks role of the Internet. In essence, for enlightened managers the Internet provides shopping center developers with a marketing vehicle to attract and retain the increasingly complex multi-channel shopper.

While a lot of attention has been focused on how the Internet will affect retailers, the impact on the future of shopping centers has received less attention. The exception to this has been the claims in the popular press that the Internet is yet another factor that will lead to the decline of traditional shopping centers. Rather than focusing on the negative risks for shopping centers associated with growth of the Internet, Anderson et al. (2001) explore how the Internet can be used to develop profitable relationships with mall customers. This analysis involved two distinct phases: (a) the exploration of mall websites, and (b) a survey of mall customers. A review of 250 malls revealed a wide range of website features that encourage mall patronage. Indeed, many regional malls have fully interactive websites to take advantage of the Internet's potential. In terms of mall marketing, they identify three applications where shopping center managers can use the Internet to market malls: (a) providing basic mall information, (b) presenting information on mall facilities, and (c) promoting mall-based events. Thus, many shopping centers are using the Internet to reach buyers and influence buyer preferences.

The primary research into customers involved a two-stage process. In the first stage, a pilot article was conducted of over 300 consumers who had access to the Internet and had been to a mall in the prior six months. This initial questionnaire was administered by personal interview. In the second stage, a web-based questionnaire was developed and posted to 16 Midwestern mall websites. After an e-mail blast from the owner, over 600 usable responses were obtained. The researchers note that despite interest in the Internet as an information source, relatively few people were using the Internet as a place to make purchases. This caveat does not apply across all categories, with preliminary results suggesting consumer acceptance of online purchasing may be expanding for product categories that do not require tactile examination. An example of such a product line is consumer electronics, which shoppers are increasingly exploring, searching for, and purchasing on the Web. This change in behavior is particularly true for certain demographic groups of early adopters, including males from 25 to 34 years of age and females from 25 to 49 years of age. In terms of shopping behavior, they note that shoppers in traditional malls have higher ratios of "intent to purchase preferences" to actual shopping ratios. They contend that this suggests time compressed buyers are more goal-oriented and may be more efficient in the store after having completed their comparison shopping online.

Chatterjee and Basuroy (2001) contend the rapid adoption of the Internet by the mainstream population has helped it emerge as a critical retail channel. They argue that, to compete in this new environment, retailers and shopping center managers must develop strategies that bridge the physical and virtual worlds. The objective of this research is to examine Internet malls as shopping centers in the online market space and develop an understanding of the role they can play in enhancing the retailers' competency in the electronic medium. The researchers propose a typology of Internet malls on the basis of their business models and strategies they have adopted to help them compete in the electronic channel. They also identify commonalities and differences between traditional shopping centers and Internet malls. The empirical analysis was conducted in three phases. In the first phase, the researchers conducted exploratory analysis of Internet-malls. The second phase involved the identification of variables that influence relationships among Internet malls and traditional malls. For example, Internet malls are often based on strategic alliances among partners with specialized skills in marketing, finance, technology and other supportive roles. Similarly, some shopping centers draw on outside experts to provide best-practices. The third phase focused on attitudes of traditional retailers with a strong Internet presence. The researchers conclude that pure-Internet firms and pure clicks-and-mortar firms differ in both their expectations of the service they would get from Internet malls and in their intentions to join the fray and develop such a presence. In addition, anchor stores are very selective in their alliances with Internet malls and are able to obtain preferred status in their placements and sharing of consumer information. In discussing the impact of Internet participation on shopping centers, they point out that many mall owners/operators have developed their own online websites. The websites are used for community building, customer service, and information (e.g., maps, hours, events, and directory services). They suggest that the role of the Internet will continue to evolve, with tenants and shopping centers embracing the trend where appropriate and complementary to their core businesses.

Worzala and McCarthy (2001) address the linkage between the impact of e-commerce on chain retailers and the demand for traditional retail space in shopping centers. Due to the absence of empirical data and the relatively early stage of evolution of Internet shopping, the researchers point out that the question cannot be addressed via traditional empirical research. However, they believe that they can gain some insights into the issue by surveying the top retail executives to explore their attitudes toward the Internet and the extent to which it has, and will, penetrate chain retailers. The researchers posit three potential responses of retailers to the Internet threat: (a) continue to operate with business as usual, (b) convert to a cyberspace location, or (c) develop a combination of physical and cyber locations. They suggest that the appropriate strategy will vary, depending on the type of merchandise or service offerings of the retailer and the customers that they serve. They note that each of the three approaches could have significant impacts on the spatial needs and locational preferences of retailers. That is, even if retailers don't embrace the Internet, competitors who successfully convert or embrace the technology could undercut their market share, creating ripple effects on the shopping center industry. The survey was sent to top executives in national and regional retail chains listed in the Trade Dimensions/ Retail Tenant Database. The survey yielded 188 usable responses, spread across a number of retail merchandise categories. The questionnaire addressed three major areas: (a) merchandising strategies and sales generation, (b) usage and perception of the Internet as a competitive channel, (c) and current programs to sell over the Internet and their effectiveness. To allow the researchers to make the connection between Internet usage and shopping center demand, they also explored how retailers approach real estate in terms of lease versus ownership.

The researchers report that at that time, retailers' perception of Internet competition was relatively low. They cited the key barriers to Internet sales growth were the challenges surrounding customer fulfillment and security, as shoppers continued to distrust virtual business. Despite these caveats, the penetration of retailers by the Internet was fairly developed, with almost 80% of the responding retailers having an

Internet presence. In addition, almost half reported actually engaging in e-commerce sales, although the average share of sales was only 3.5% of total activity. Respondents report that customer service remains the most important merchandising strategy, while service, sales advice, and store design were also ranked as important marketing tools to generate sales. The significance of a major shift in business strategy toward cyber models and away from physical space on the shopping center industry was punctuated by the fact respondents tend to lease their properties, with some three-quarters reporting they lease over 80% of their retail space. This reliance on leasing suggests the potential impact of the Internet on expansion or contraction plans among retailers could have a very significant effect on demand for traditional shopping centers. With respect to the degree to which Internet sales have affected leases provisions, the results were interesting. In general, 67% of retailers had minimum rent against a percentage of sale leases, but only 7% included Internet sales in percentage calculations. To counter the potential negative effects, the researchers suggest that traditional centers can respond to the threat of Internet by increasing the entertainment value of centers.

Kim et al. (2002) explore the vitality of multi-channel retailing. They point out that consumers increasingly shop across multiple channels bricks-and-mortar stores, catalogs and/or websites to maximize shopping benefits and minimize shopping costs. They contend that cross-selling to customers using multiple channels can increase profit margins per customer. They predict the future of debates surrounding retail channels will eventually move beyond the brick-and-mortar versus Internet or catalogs morass toward a more constructive and mutually rewarding emphasis on the potential synergies created by multi-channel retailing. They suggest that the opportunity to tap into such synergy provides tremendous opportunities for retailers. To test their claims, the researchers explore whether and when multi-channel retailers can achieve meaningful synergy in retailing across different channels. They also explore specific strategies multi-channel retailers can develop to increase profitability and meet customers' needs.

The research involved two stages of analysis. The first stage was a qualitative analysis of primary data compiled from multi-channel retailers. The second stage involved the quantitative analysis of primary data collected from multi-channel consumers. On the retailer front, ten multi-channel retailers who were pursuing at least two of the three channels (e.g., bricks-and-mortar stores, catalogs, and Internet) were surveyed to determine the importance of synergy across multiple channels. The researchers report that all of the retailers had a high degree of synergy in their channels of operation and placed great importance on synergy within the channels. With respect to customers, a computer-assisted telephone interview was utilized. The telephone survey generated responses from 500 customers who had purchased products from a combination of bricks-and-mortar stores, catalogs and the Internet. Using quantitative methods, the purchase intention of the consumers for each of the three channels was predicted using combinations of demographic variables, shopping benefits sought, and perceived shopping costs of each of the respective channels. The researchers conclude that consumer's purchase intentions are dependent on shopping benefits and costs of each retail channel. Not surprisingly, they report that consumers want a seamless shopping experience irrespective of the channel. However, the benefits and expectations consumers seek from the Internet are much higher than those they expect from catalog sales and traditional stores. The researchers suggest there will be ripple effects across retail channels due to increased competition which will ultimately raise the bar for customer satisfaction with both products purchased and shopping experiences.

Kim and Kim (2005) address the dynamics of relations between consumers and retailers within the online shopping environment. They point out the relative void in such research and suggest that extension of research on hedonic behavior and theory on reasoned action can provide a useful conceptual framework. With this framework, they identify "escapism" as a key variable that influences both consumer lock-in and consumer attitude, which are used in selecting online retailers. The article begins with a literature review of the notion of escapism, and introduces six hypotheses why consumers seek such an experience. These hypotheses are allocated between two key factors: (a) attitudes, and (b) consumer lock-ins. The hypotheses related to attitude are focused on the notion that consumers' experiences influence both attitudinal and behavioral responses with respect to the online environment. The attitudinal hypotheses include: (H1) escapism experienced in a particular online retailer will have a direct and positive influence on attitude toward purchasing from the focal online retailer, (H2) attitude will have a direct and positive influence on purchase, and (H3) the relationship between escapism and purchase will be fully mediated by attitude. The three lock-in hypotheses include: (H4) escapism will have a direct and positive influence on consumer lock-in, (H5) consumer lock-in will have a direct and positive influence on attitude, and (H6) the relationship between consumer lock-in and purchase will be fully mediated by attitude. The consumer data collected over the Internet were drawn from participants who were primarily male, between the ages of 25 to 50 years of age, and used the Internet for more than 4 years. The researchers found differences among the models, reporting that all hypothesized relationships were statistically significantly different. They contend that escapism can be used to examine how consumers' psychological experiences influence online shopping. They argue that its impact is so significant that it should be included as an independent variable in analysis of consumers' attitudes and purchases. They conclude that the notion has a number of implications for designing an appealing retailer site and maintaining its superior quality to trigger consumer lock-in and lead to favorable attitudes toward purchasing.

International Retail

Table 8
Shopping Center Trends - International

Author(s)	Title	Focus
Jones, Evans, and Smith (1994)	New Formals in the Canadian Retail Economy	Category Killers
Rosenbloom, Mehta, Larsen, and Pearson (1997)	Leadership Styles, Culture and Cooperation in Global Marketing Channels	Global Channels
Forsythe (1995)	Consumers' Use of Brand Name, Price and Physical Appearance: Examining Retail Markets in Mexico	Mexico

Table 8 (*continued*).

Author(s)	Title	Focus
Kim, Hong, and Jo (2000)	Emotional Response to Apparel Advertisements and Consumer Values: A Cross-cultural Study	Cross-cultural Consumers
Kim and Jin (2001)	The Mediating Role of Excitement in Customer Satisfaction and Repatronage Intention of Discount Store Shoppers in Korea	Korea
Ibrahim and Wee (2003)	The Importance of Entertainment in the Shopping Center Experience: Evidence from Singapore	International Entertainment
Hernandez, Lea, Spagnolo, and Maze (2004)	Shopping Centers, Power Retailing and Evolving Retail Environments: A Comparison of the Retail Markets of Dallas-Fort Worth and Toronto	Power Centers: US vs. Toronto

In North America, the trend toward large format retailers extends back to the early 1990s. This trend saw the introduction of a new breed of mass market retailers with a unique business model built on a combination of high volumes, low gross margins, and low cost structures. Once the new genre of retailers gained a critical mass, the momentum behind the structural shift in retail formats had ripple effects throughout the industry triggering changes in the way that retailers in the U.S. and Canada do business. Direct effects were that retailers were forced to take actions to defend their turf, and indirect effects were that traditional retailers modified their business models to become more efficient, flexible delivery channels. Jones et al. (1994) explore the emergence and impacts of these large format retailers in Canada. They point out that, like in the U.S., the emergence of this new breed of retailers created a number of challenges for retailers in the Canadian market. They point out that the acceptance of low-price retailers in Canada was accelerated by the recession that had rippled across the country and consequently made customers more cost-conscious. To understand the trend and analyze its consequences, the research design included three stages. The first stage analyzed the structure of the retail market in Canada. The second stage examined the growth and distribution of the new retail formats as they emerged in Toronto. The third stage evaluated existing retailers' responses to the new format retailers. The inputs to these three stages were drawn from a variety of techniques including: (a) interviews with industry leaders, (b) a review of articles and published research chronicling the trend, (c) an audit of the retail structure of the Toronto market, and (d) a review of various government hearings that have addressed the phenomenon. The researchers report that the trend has had a number of dramatic impacts on the structure of the Canadian retail market. For example, in terms of market share, category killers account for over half of new retail construction during the early 1990s. During the same period, superstores accounted for another third, and membership clubs one tenth of all added square footage. In addition to adding to the sheer volume of retail stock, the new retailers exhibited a tendency to cluster, creating power nodes, which created new gravitational forces that affected customer shopping patterns in suburban markets. At the same time, the pressure of higher operating requirements and restricted zoning within urban cores, placing downward pressure on new construction in more traditional settings and pressuring traditional retailers to move out to suburban markets. In addition to massing, these centers responded to the demand for more accessible retail choices for suburban shoppers. The researchers conclude that the impact of large format retailers, and the emergence of other new concepts, have created a dynamic and competitive arena in which retailers and shopping centers must continuously compete to retain market share and overall viability.

Over the past decade, globalization has emerged as a dominant trend that cuts across business, governmental, and consumer lines, and the retail arena has been no exception. Rosenbloom et al. (1997) explore the intensification of international competition over the past 25 years. They point out that one of the consequences of globalization has been the trend toward strategic alliances involving an array of suppliers and marketing channel members to help meet the demands of the global marketplace. The end result has been a dramatic increase in interdependence among collaborative firms which in turn has led to even greater inter-firm cooperation. The researchers suggest this change has been so pronounced that it reflects a structural shift in channel relationships, which have supplanted reliance on "power and conflict" with "teamwork and collaboration." The research focuses on the requisite relationships in terms of culture, leadership, and cooperation across channels that have emerged as a means of competing in the global retail arena. The researchers argue that, to achieve the synergies that such networks may offer, leadership must foster the development of relationships across global borders. They explore three questions surrounding such relationships. The first question focuses on whether a participative leadership style by the channel leader leads to greater perception of cooperation. The second question examines whether a supportive leadership style by the channel leader actually does lead to greater cooperation. The third questions explores whether a directive leadership style is associated with higher levels of participation. In addition to these primary questions, they explore several other relationships to identify the key drivers that contribute to increased cooperation and performance. The empirical portion of the research is based on data collected through a survey of channel members in the U.S. automobile industry. The respondents were drawn from 15 auto dealerships yielding some 188 usable responses. The researchers conclude that leadership style is important to collaboration and cooperation among channel members. More specifically, they conclude that supportive, participative, and directive leadership styles are effective strategies for fostering channel member cooperation. Furthermore, they ascertain that higher levels of cooperation are consistently associated with higher levels of channel member performance.

From a global perspective, U.S. retailers and consumers are trendsetters. As such, lessons learned on the domestic front are of interest to retailers in other countries. On the other hand, the appropriateness of merely extending U.S. retail business models to other markets as domestic retailers expand their offerings to the global market remains a major challenge. For example, it is generally recognized that perceptions of quality and value have a significant impact on shopping behavior and product choice among U.S. consumers. The research presented by Forsythe (1995) tests whether product cues that are important to domestic consumers (e.g., price, brand name, and physical appearance) are also important determinants of shopping behavior to consumers in Mexico. In reporting on the literature, the researcher notes that despite the importance of the Mexican market to U.S. retailers, there is a dearth of research that provides critical knowledge of Mexican consumers and consumption patterns that U.S. retailers need to effectively market and sell in Mexico. While acknowledging that a number of studies document the appeal of U.S. brand products to Mexican consumers, he notes that there is limited empirical research into the impact of product attributes on perception of quality, value and willingness to buy. He argues that such questions are important inputs to domestic retailers seeking to extend into Mexican markets. Drawing on marketing and retail theory, the researcher presents a conceptual model of consumer behavior that incorporates perception of quality and value and translates these cues into a willingness to buy. Using this model as a framework, he explores whether it holds up in the Mexican market. Mall-intercept surveys of shoppers were conducted in Mexico City, Guadalajara, and Monterrey, which collectively represent almost a third of Mexico's total population. The markets surveyed were markets are Mexico City, Guadalajara, and Monterrey. The malls were selected on several bases including location in established communities, orientation to upper income patrons, anchored by major department stores, and offering both niche and brand name products. One of the tasks the respondents completed related to perceptions of a comparable jacket that was presenting in four offerings: (a) U.S. brand with a label, (b) U.S. brand without a label, (c) Mexican brand with a label, and (d) Mexican brand without a label. The research reveals a positive relationship between the perception of quality and perception of value, as well as between perceived value and a willingness to purchase. The researcher concludes that understanding these relationships, and how they differ in a global context, can help retailers develop more effective marketing strategies for specific international markets. The article also points out potential strategies that can be used to enhance the success of U.S. firms expanding into Mexico's major markets.

One of the challenges faced by global retailers is the need to balance global branding against the need for customized marketing that is sensitive to cultural values and mores. Kim et al. (2000) explore the wisdom of using standardized marketing materials and channels when operating in an international market. They suggest this question is particularly problematic when dealing with products that rely heavily on hedonic and aesthetic appeal. They point out this is particularly true in Asian societies, which other researchers have reported finding distinctly different decision-behavior related values and beliefs than in Western societies. Assuming these differences hold, they argue that advertising strategies for Asian markets should be adjusted to work within the values framework that represents the cultural context of targeted consumers. To test for differences, the researchers survey consumers in South Korea and America. The consumer proxy that they identify as their dependent measure is the emotional response that apparel advertising elicits from consumers in the respective countries. Assuming meaningful differences are found, they argue that there is sufficient evidence in the literature supporting a linkage between emotions and consumer responses to justify the efforts of apparel advertisers to create appropriate, culturally sensitive messages. To empirically test this linkage, they focus on two related measures. The first measure addressed the existence of differences between American and South Korean consumers' emotional responses to multinational apparel brand advertisements. The second measure explored whether emotional responses toward advertising influence responses to advertising and promotions. Respondents were exposed to three print advertisements from multinational apparel firms (e.g., Benetton, Calvin Klein, and Guess). The respondents were drawn from a convenience sample of female students at a Mid-Atlantic university in the U.S. and at a university in a metropolitan area in South Korea. The survey instrument focused on three issues: emotional response, attitudes toward the ads, and values (i.e., relationships with others, self-fulfillment, respect, enjoyment, and a sense of accomplishment). The researchers report differences between the group variable in three emotional reactions (i.e., positive, negative, and activation) to the advertisements. However, no differences were reported for the attitude measures (i.e., like, dislike), and the differences varied by advertisement suggesting the messages evoked different responses. The researchers conclude that retailers should be sensitive to differences among global consumers, but that there is no consistent or global pattern that determines how such differences impact on consumer preferences, perceptions, and behaviors. Thus, advertisers should be aware of potential differences, and should test them for their particular product line or brand to determine the extent to which advertising should be customized or adjusted to maximize consumer acceptance across the global arena.

Kim and Jin (2001) explore how Korean consumers respond to retail offerings by the discount industry. To set the stage, the researchers provide a brief overview of Korean discount retailing, tracing it back to its introduction in 1993 by Shinsegae, a leading Korean retailer. The initial stores echoed their U.S. counterparts, offering self-service, shopping carts, wide aisles, and a full array of merchandise stacked on the shelves. These new stores were markedly different from traditional stores which tended to be smaller retail outlets or department stores. Since the Korean market was liberalized in 1997, three major multinational retailers (e.g., Carrefour, Costco, and Wal-Mart) have entered the market, joining E-mart, the leading Korean discounter. This has dramatically increased the competition for discount buyers, as discount retailers have explored alternative means of stimulating sales, seeking to maintain market share and increase market penetration. The researchers note increasing interest in the question of how consumer excitement created by retailers or shopping center managers affects shopping behavior. To provide a framework in which this question can be addressed, the researchers propose a conceptual model that indicates how consumer excitement operates as a mediating variable between consumer factors and shopping outcomes, especially shopper satisfaction and repatronage intentions. Their research examines how shoppers' internal orientation (i.e., enduring shopping involvement and shopping motives) and store-level external variables (i.e., store attributes) affect the excitement that shoppers experience at discount stores. The research also explores the relationship between consumers' satisfaction and repatronage intentions. A survey of 467 Korean shoppers was the basis for the empirical portion of this study. The questionnaire contained standard metrics or indicators where appropriate, and included: extent of enduring involvement with shopping, shopping motives, store attributes, level of shopping excitement, shopping satisfaction, repatronage intention, and demographics. The researchers conclude that, as in the U.S., enduring shopping involvement and discount store attributes do indeed affect the level of Korean customers' excitement. This excitement variable in turn affects customer satisfaction and repatronage intentions. In addition, they note that the introduction of new retail formats in itself creates excitement that can be translated into customer loyalty and repatronage.

Given the globalization of capital in real estate markets that has occurred over the past decade, and the prominence of the American shopper, interest in adding entertainment to shopping centers in other countries was a natural extension. Ibrahim and Wee (2003) analyze the shopping center market in Singapore to determine whether the favorable results reported for entertainment-oriented shopping initiatives in the U.S., and if they could be exported. In addition to looking into the global experience with entertainment, the researchers explore the underlying factors that induce these experiences in Singapore. To place the retail market in Singapore in perspective for U.S. audiences, the researchers trace the evolution of shopping centers within Singapore. They report that the suburbanization associated with shopping centers in Singapore occurred in the 1990s. Despite the fact that this trend lagged that of the U.S., the researchers report many of the same development patterns emerged in Singapore. Before delving into their empirical analysis, the researchers provide an extensive literature review of shopping motivations and how they are affected by the entertainment movement. The research methodology consists of a two sequential phases. The first phase was qualitative, providing insights into the overall entertainment-shopping phenomenon by identifying three broad groups and a total of 34 attributes that affect shopping experiences. The second phase incorporated these insights into a survey instrument, where data were collected from 300 respondents to test the significance of these attributes. The attributes extended across a number of factors including customer, transport, and retailer-related. The results reveal that 28 of the 34 factors have a significant impact on shopping. Beside retailer and customer factors, they report that transport mode and travel factors play an important role in inducing shoppers' entertaining shopping experiences. Indeed, seven of the highest rated variables related to transport/travel, which reflects the importance of timing and comfort level to the time-pressured Singaporeans who do their shopping in humid weather. Retailer factors include shopping center features, atmosphere, and value added amenities and services. Customer factors are hedonic-oriented and utilitarian oriented, while transport mode/travel factors incorporate such descriptions as "effort," "protection," "comfort, "enjoyment," and "tension." When analyzed in terms of customer profiles, the results suggest shoppers' attitudes toward shopping and entertainment differ across market segments. One of the more noteworthy findings is the importance of transportation and transport modes to patronage of shopping centers and to entertainment-oriented venues.

Since the early 1990s, power centers have become a significant component of the overall retail scene. This emergence has not been smooth, as a number of big-box retailers who once anchored such centers have fallen by the wayside as the market shook out. Hernandez et al. (2004) explore the evolution of power centers and trace their impact on North American retailing using the greater Dallas-Fort Worth, and Toronto markets as case studies. These two fast-growing urban centers experienced widespread development and growth with the emergence of power centers, and the clusters of big-box retailers that attracted consumers in the competitive markets. The researchers identify some of the market forces that contributed to suburbanization and the growth of power centers, including the availability of relatively low cost land, the suburbanization of retailing, and continuation of land-use policies that have not obstructed development. When coupled with the sizeable economies of scale achieved through big-box retail operation, and the general consumer appeal of category killing shopping, they contend the development of such shopping centers is a natural reaction to market forces. Further, the researchers note the dramatic emergence of power retailing benefited from a broad appeal to corporate strategists, land-planners, consumers, and retail operations. The researchers conclude that although power retailing is expected to continue to capture significant market share it has added to the turmoil in the overall market in terms of over saturation and sales cannibalization. Going forward, the research suggests that the convergence of traditional malls, power centers, and other emerging formats (e.g., fashion centers) will create an array of options for retailers. The ultimate result will be more volatility and a more complex environment that will make forecasting more challenging than in the past when retail options were more discrete and competitive tradeoffs easier to monitor.

Part IV: Retail Investment

To many investors, the retail arena is inherently complex due to the dynamic and competitive nature of the industry. While an appreciation for the complexity of the industry is important to ensure that investors do not take performance for granted, unless it is countered with an adequate level of understanding the can help mitigate risk, the resultant uncertainty can lead to capital shortages and/or higher yield requirements than appropriate. In some respects, the specialized, dynamic, and competitive nature of retail relative to other property types has created a knowledge gap that has elevated the perceived risk of retail investments. Despite a tremendous increase in retail-related research, advocates for the retail sector are continuously on the defensive to explain how the industry will flourish in light of new competition and the potential for over saturation. Solid research that brings more transparency to the retail industry, and hence retail investments, is of paramount importance to the long-term viability and health of the industry.

One of the major structural shifts that has occurred in the real estate industry is the dramatic growth in securitized real estate investment. This emergence can be traced back to the collapse of the commercial market in the early 1990s. This collapse led to the Resolution Trust Corporation's (RTC) introduction of mortgage-backed securities, which ultimately opened the door for the Commercial Mortgage-Backed Securities (CMBS) industry. The lack of private capital associated with the collapse also set the stage for revitalization of the REIT industry that to that point in time had struggled in terms of market cap. After Taubman's ground-breaking IPO in 1994, the securitization of the equity side of the retail industry jumped into full swing. Since that time, the relatively new interest of Wall Street in commercial real estate debt and equity, coupled with the natural maturing of the asset class, has had a dramatic impact on how the retail sector is capitalized. This impact cuts across the size spectrum, ranging from smaller retail properties to regional and super-regional malls at the upper-end of the market. Going forward, the ability of the retail property sector to attract capital is critical to its ability to grow and respond to market-based opportunities.

This section presents a number of studies intended to help investors understand the retail sector as an investment class. The research is divided into two components: (a) investment fundamentals and value creation, and (b) the securitization of retail investments (see Table 9 and 10).

Investment Fundamentals and Value Creation

Table 9
Investment Fundamentals and Value Creation

Author(s)	Title	Focus
Black and Harris (1995)	Business Enterprise Value and Depreciation in Shopping Malls: How Will the Omnibus Budget Reconciliation Act of 1993 Affect Investment Value?	Business Enterprise Value
Finn and Timmermins (1996)	A Wal-Mart Anchor as a Repositioning Strategy for Suburban Malls: Cross Shopping and Impact on Image, Consideration, and Choice	Repositioning: Wal-Mart
Eppli and Laposa (1998)	A Descriptive Analysis of the Retail Real Estate Markets at the Metropolitan Level	Market Structure
Sampson (1998)	Retail Mergers, Acquisitions, Bankruptcies and Liquidations and their Impact on the Shopping Center Industry	Retailer Turmoil & Value
Brown (1999)	Design and Value: Spatial Form and the Economic Failure of a Mall	Design & Value
Christiansen, Comer, Feinberg, and Rinne (1999)	The Effects of Mall Entertainment Value on Mall Profitability	Entertainment & Value
Hardin, Wolverton, and Carr (2002)	An Empirical Analysis of Community Rents	Community Center Rents
Eppli and Tu (2005)	An Event Study Analysis of Mall Renovation	Renovation & Value

The shopping center industry covers a wide array of formats that can be classified into discrete categories. For example, ICSC groups shopping centers into several categories including: super-regional and regional malls, power centers, community centers, neighborhood centers, lifestyle centers, and outlet centers. Each of these categories can be further subdivided on the basis of a number of criteria including points of tenants, amenities, entertainment options, and design (i.e., open-air, vertical). This breadth of product offerings, and the different drivers of value that make them work, creates uncertainty for market participants who play a critical role in supporting the industry, but are not "insiders," for they don't understand value creation and value preservation of shopping centers. These issues are of particular concern to investors who depend on these criteria to assess the relative risk-adjusted returns of various investment options. Given this, research into market/investment fundamentals is necessary to ensure adequate capital flows to the retail sector. One example of such research was conducted by Black and Harris (1995), who explore the role of "intangible value" as a vital component of shopping center valuation. They trace the need to recognize the intangible value back to the savings and loan collapse, which called for appraisers to consider intangible value. The initial research into quantifying intangible value in real estate focused on the hotel and motel sectors. However, the researchers note that owners and developers of regional shopping malls had begun to test the concept of "enterprise value" in an attempt to lower city and county ad valorem taxes. Despite the fact that these efforts met with mixed success, the researchers argue that the enactment of the Omnibus Budget Reconciliation Act (OBRA) of 1993 introduced a framework that could be used to amortize recognized purchased enterprise value in real estate assets. Briefly, OBRA lengthened the depreciation period for non-residential real estate, such as shopping malls, to 39 years and provided for a 15-year amortization period for recognized purchased intangibles, including enterprise value. They note that OBRA effectively changed the rules surrounding valuation and triggered a number of ripple effects. For example, recognition of intangible value for certain types of assets would reduce their ad valorem value for taxes, causing a shift in tax burden. Similarly, because lenders and investors rely on the value of the underlying collateral to support loans and investments, the recognition of intangible value, which is somewhat amorphous and difficult to model, creates challenges for investors. To address these questions, the researchers developed a discounted cash flow model to evaluate intangible value of a regional shopping center. Using sensitivity analysis to test different assumptions, they developed a better understanding of how the recognition of intangible value significantly impacts real estate investors. They conclude that recognition of enterprise/intangible value is warranted, and can have favorable impacts on after tax performance, especially if the portion attributable to such value can be leveraged.

One of the more complex challenges that shopping center developers and owners face surrounds the question of what to do with less successful "B" and "C" malls. In most cases, such malls started out as "A" malls that lost ground. This erosion may have been the result of increasing competition, which resulted in over saturation, cannibalization of sales, or shifting of demand as demographics trends caused deterioration in the purchasing power of consumers in the primary trade area. In addition, erosion in mall positioning may have been attributable to changes among tenants in terms of locational strategies, business models, bankruptcies, redundancy caused by mergers, and acquisitions activity. Regardless of the reason behind the declines, the reality is that centers that have suffered erosion in their value proposition must turn to more creative, innovative solutions to prevent further declines or to increase value. In some cases, managers have turned to the substitution of non-traditional mall tenants to help reinvigorate a declining mall. Finn and Timmermins (1996) present a case study of how a shopping center in Edmonton, Canada, was repositioned through the introduction of Wal-Mart as an anchor tenant in a suburban shopping mall. The ability to isolate the impact of Wal-Mart, which traditionally operated in free-standing locations to a regional mall, stemmed from Wal-Mart's 1994 acquisition of the Canadian Woolco stores, which were located in malls. In the case of Edmonton, the existence of a prior study that had investigated shopping center image and patronage data, prior to the Wal-Mart entry, provided a unique opportunity for a before and after analysis. To maximize the applicability of the earlier study, the researchers attempted to replicate the data collection procedure and questions. The data were collected through a mail survey of a stratified sample of City of Edmonton households, which generated 578 usable responses. The analysis provided a number of interesting insights and confirmed some a prior assumptions. First, the respondents perceived Wal-Mart in a more favorable light than other discounters. Second, shoppers who were drawn to the shopping center because of Wal-Mart exhibit high levels of cross-shopping within the center, and have above average spending per trip. Finally, the presence of a Wal-Mart did not significantly improve the overall attractiveness of a center across the board in terms of shopper motivations, but had differential effects. For example, when consumers shopped for apparel for themselves or members of their household, the appeal of Wal-Mart was not as great as for other goods. Based on their research, the researchers suggest that while discount merchants or other targeted tenants can selectively be introduced to help revitalize existing centers, such efforts are no panacea. In particular, the introduction of new tenants, especially those with unique business models, must be coordinated with other efforts to ensure proper integration and synergy to avoid negative externalities that could otherwise be induced.

The question of retail saturation levels have troubled investors concerned about the adverse impacts of oversupply on the profitability of capital-intensive retail investments. In the absence of any definitive work on this issue, a never-ending debate has emerged regarding the appropriate level of retail space to accommodate a given level of consumer demand. This debate has raged at both the macro and micro levels. At the macro level, concern has been voiced regarding overall U.S. retail saturation levels compared to other developed economies. At the micro level, concern has been voiced over saturation in individual metropolitan markets or submarkets in which retail construction has apparently outpaced household growth. Eppli and Laposa (1998) explore the fundamental question of just how much retail space there is in major U.S. markets, with an emphasis on developing meaningful benchmarks of retail square feet per capita. To support their research, they develop an index of gross leasable area (GLA) of retail space and apply it to the top 58 metropolitan markets in the United States. While measurement of stock might appear to be a relatively easy task, the researchers point out some of the challenges associated with retail data make it extremely complicated. These challenges range from resolving differences among alternative sources of information, to ensuring that the actual levels of stock are accurately measured given that retail space can be found in a wide variety of formats, including urban retail and mixed-use development. They also note that while tracking new additions to stock is fairly straightforward, determining how to monitor the removal of space is more problematic. The researchers indicate that standard industry practice follows two basic approaches. First, a stock removal algorithm that is tied to the aging of the overall retail stock is applied to remove obsolete facilities. Second, the economic life of existing shopping centers is estimated with withdrawals made as individual properties exceed these thresholds. The researchers point out that the latter approach seems intuitive, although its application is complicated by renovation and expansion investment made by developers in an effort to respond to changing competitive forces or shifting demographics within established trade areas.

In this study, the researchers opted to standardize the treatment of retail stock across markets, concentrating measurement on additions from 1970 to 1997. They recognize that while this 27 year time frame coincides with estimates of the useful life of centers, it understates space in urban cores and more mature markets. In the 58 markets included in the scope of the research, the average retail stock, using the effective life criteria, was around 12 square feet per capita. As might be expected, the markets with lower index values were concentrated in the more mature markets in the Northeast, which have older more mature retail properties, while the higher ratios were in the fast growing Sunbelt markets. To provide more insight into the supply side of real estate, the researchers looked at patterns of construction activity, breaking the analysis into 5-year time periods. They note that, as with the overall commercial market in the U.S., the bulk of new supply was added from 1984 to 1989, when excess capital flows fueled a surge in new construction. Shifting attention to the demand-side, the researchers examine the demand for retail space using a modified stock adjustment model. This approach provides insights into the normative question of whether changes in stock in the major markets is supported by increasing demand or whether it merely dilutes productivity of existing stock as stores cannibalized sales. They conclude that the retail sector has remained relatively stable over time, with changes in supply fairly well matching changes in demand. However, they do note that further work needs to adjust for the existing aged stock that has remained competitive beyond its presumed "useful life," a situation most pronounced in mature and urban core markets.

During the 1990s, the retail sector was rocked by a number of mergers, acquisitions, and bankruptcies. The extent of this activity is noteworthy in the sense that it had the potential to change the nature of demand for space, especially for large regional malls. Sampson (1998) explores this question, focusing on the financial effects of such activity on shopping center owners. The research identifies some 100,000 retail bankruptcies that occurred in the 1990s and discusses the impact that Chapter 7 (bankruptcy) and Chapter 11 (reorganization) had on the ability of owners to enforce leases and collect rents. In addition to this activity, the researcher discusses two other trends that affected owners of traditional malls. First, dramatic tenant growth was occurring in category killer and big-box retailing, where both store formats typically eschewed existing malls for new centers or free-standing sites. Second, merger and acquisition (M&A) activity contributed to compression in the retail arena, with the end result being a decline in the pool of potential tenants for traditional malls.

The research involved several stages beginning with the identification of anchor store bankruptcies. Using this list, the researcher explored the financial condition of bankrupt retailers, especially those who emerged from Chapter 11. Shopping center developers were surveyed to identify the level of vacancies caused by bankruptcies, liquidations, and M&A activities. Finally, additional research identified the steps that mall developers took to fill vacant space and the level of success they achieved. In each of the stages, the researcher places the results in a historical context, tracking the level of activity from 1990 to 1977. In addition, the researcher provides a listing of the major M&A's that occurred, indicating the players and the number of individual stores affected by the actions. In terms of owner/developer responses to such activity, the researcher identified four methods. The first was where the tenant loss was relatively minor and could be absorbed through normal leasing activity. The other three methods were more extreme, depending on the competitive environment and repositioning of the mall or center, conversion to another use, or redevelopment of the site. In general, the research concludes that despite some individual losses, at an aggregate level, mall owners/developers have been able to rise to the occasion and overcome the challenges created by retailer restructuring.

The shopping center industry covers an array of formats, further differentiated by design. Despite interest in how to make shopping experiences more appealing to consumers, relatively little research has been conducted to determine which design elements contribute the most to the overall performance of retail shopping centers and which ones are drags on performance. Brown (1999) takes a look at this fundamental question by focusing on the impact of mall configuration on shopping center success. The research involves a case study of a failed mall and a successful mall. To explore the impact of design, the researcher applies "space syntax" as a way of representing, describing, and evaluating spatial configurations or patterns created through building and urban design. Space syntax builds on three units of analysis: (a) bounded spaces, (b) convex spaces, and (c) axial lines. These units are used to decompose spatial configurations or layouts to a set of elementary shapes that function as units of analysis. Using shape recognition techniques, the researcher transformed the floor plans of the two shopping centers into a mathematical network. Based on this analytical foundation, the research compares the underlying spatial structure of the failed mall to that of a similar but successful mall and identifies its functional deficiencies. The network design is built in part on the notion that the convenience of an object can be translated to functional utility, which is affected by design and layout. In this context, convenience levels of a shopping center can be measured in terms of time-distance and the movement of people to goods. The empirical analysis was based on the floor plans of the two shopping centers as well as on occupancy data by location in the center. The researcher notes significant differences between the two centers that had a material impact on the shopping center experiences they offered consumers. For example, in the successful center, consumers were offered significantly more store venues, creating the perception of more choices and a larger array of goods. In terms of integration, the design of the successful mall was also more synergistic, allowing the various nodes and levels to function more interactively, while in the failed center they were isolated and functioned independently. The researcher concludes that space syntax can be used to design successful centers that work from top-down, beginning with the street and culminating in the merchandise offerings. Indeed, he argues that in some cases, a well-designed center can countervail a poor location. On the other hand, he points out that a poorly designed center can also negate a good location, especially where consumers have a choice of where to shop.

A number of researchers have explored how the addition of entertainment venues to malls can increase customer draw, and enhance shopping experiences, which can help extend time spent in the malls. Despite this interest, little research has focused directly on measuring the impact of such investments on the value of the underlying properties. Christiansen et al. (1999) take on this fundamental question, exploring the contribution that entertainment makes to mall profitability. The researchers begin with a review of the trend of adding entertainment options in existing shopping centers and the emergence of a new genre of "entertainment malls." These efforts cut across the retail spectrum as merchants try to build entertainment into their merchandise strategies and mall managers add entertainment venues (e.g., rides, skating rinks, amusement parks, theaters, and museums) to existing malls. The research design addresses two entertainment-related questions: (a) how to quantify the degree of entertainment in a mall, and (b) how to measure the overall impact of the entertainment value of a mall on mall profitability and productivity. The researchers' initial assumption is that more "entertaining" malls will be more productive. In the first phase of the research, focus groups were used to develop a consumer-based measure of what constitutes entertainment in a mall. In the second phase, the research explored consumers' and mall managers' perceptions of the entertainment levels in properties. The data were collected through a written questionnaire administered to mall managers, and a telephone survey administered to consumers who patronized the participating malls. The relationship between the entertainment component of malls and the value of the underlying properties is explored through a number of financial metrics including sales per square foot, annual customer count, average lease rates, and percentage of space leased. The researchers conclude that there is a relationship between measures of entertainment and mall productivity, although the relationship differs among malls. They also note that challenges were faced in quantifying the affect of entertainment on mall values due to the absence of clear measures of what constitutes entertainment. This ambiguity was punctuated by the differences in the mall managers' and consumers' perception of the levels of entertainment offered at the same mall. In addition to differences, the researchers point out that the mall managers tended to overestimate the entertainment level of their malls compared to consumers' notions of entertainment levels. Even after making adjustments for these biases, the researchers note that entertainment levels do not positively correlate with all measures of productivity. For example, they observed a negative correlation between entertainment levels, time spent in the mall, and the number of items purchased. The researchers conclude that the addition of entertainment can affect mall productivity, and thus values, although there are no assurances that such benefits will be captured. Given this uncertainty, they conclude that more research is needed to help understand the factors and circumstances that determine whether the addition of entertainment venues will have positive or negative impacts on shopping centers.

Portfolio managers often use asset allocation strategies to take advantage of the contribution that diversification can make to achieving attractive risk-adjusted returns. Within the real estate asset class, portfolio managers also seek to use diversification, blending property types and subtypes to stabilize returns across the business cycles. An important question portfolio managers must address pertains to the number of meaningful sub-categories into which retail investments can be subdivided. Hardin et al. (2002) investigate this question by exploring whether community and neighborhood centers are different in terms of market fundamentals and rental drivers. Their research focuses on rent determinants for the two types of centers. The ultimate objectives of the research are to evaluate whether the two types of centers are complementary or competing, whether they are meaningfully different, or redundant in terms of likely investment performance. The question is important to real estate portfolio managers and asset allocators, because if they are different, they can be strategically blended together to exploit diversification benefits and enhance risk-adjusted returns. On the other hand, if they are competing, the portfolio manager will have to treat them as substitutes and focus on assets likely to generate the highest returns. The empirical research is based on property specific data from 370 neighborhood and community centers drawn from a census of retail centers in Atlanta, Georgia. In addition to property specific information, the data set includes information on competing centers, as well as demographic information to delineate trade areas. The researchers applied a number of statistical tests to test for differences among income drivers and conclude that community and neighborhood centers can indeed be treated into distinct retail subcategories. This suggests that real estate portfolio managers can diversify their retail portfolios by including components of both types of centers even though they may be located in competing market areas. In addition to being meaningfully different, the researchers report that the mere existence of overlapping trade areas between community and neighborhood centers does not necessarily affect rents in both types of centers. They interpret this somewhat counterintuitive finding as the result of the fact that managers of smaller centers that remain viable ultimately learn how to co-exist with larger centers. They argue that such research can pay off in dividends for retailers, managers, and investors when developing portfolio strategies. As a byproduct of their research, they also present several statistical models that can be used to predict rental ranges for the respective types of centers. In addition, they discuss differences in rental drivers between community and neighborhood classes that can be used as inputs to help property managers develop more precise benchmarks based on competitive and market conditions.

The shopping center industry is in a continuous state of flux as owners and managers are forced to invest capital to modify centers to respond to new shopping center formats, the emergence of new channels of distribution, and changing demand associated with demographic trends and consumer preferences. In addition, shopping centers are real assets that are subject to physical deterioration and must be adequately maintained to protect value. With respect to investments dictated by competitive or market forces, investors face two basic scenarios. In the first instance, “defensive” investments are required for existing properties to protect market share and avoid declining sales or in extreme situations, a mall meltdown. In the second instance, “offensive” investments are made to increase trade areas and increase market capture ratios. Eppli and Tu (2005) explore the efficacy of offensive investments, addressing the underlying question of whether mall renovations and expansions pay off from an investment perspective. To set the stage, the researchers discuss some of the major trends in the shopping center industry, including the introduction of capital-intensive entertainment venues that are often part of major renovation and expansion programs. They note that, in general, the impact of such investments is an increase in aggregate sales, which is partially attributable to increases in the net leasable square footage of the centers. Rather than using absolute sales growth as a measure of success, they argue that a more useful measure is the affect of such activity on the sales volumes of existing, in-line retailers. To address this question, they apply an event study methodology that has been widely used in financial research. In essence, an event study looks at the question of whether some trigger event (i.e., mall renovation) has a near-term impact on some dependent variable (i.e., growth of in-line sales).

The empirical portion of the research was based on an analysis of the impact of renovation-type activity on the growth of in-line sales for 139 enclosed shopping centers located in 27 states. Three different types of events are explored: (a) center renovation, (b) entertainment-based expansion, and (c) department store expansion. The researchers applied a standard two-step regression model to capture the affect of capital expenditures on the growth rate of in-line retail sales on a per square foot basis. The use of two-step empirical estimation allows the researchers to separate the effects of significant capital investments from other structural determinants of retail sales in regional malls. The researchers first regress shopping center characteristics and local and regional demographic/socioeconomic attributes on the growth of inline retail sales per square foot to identify the percent of growth of in-line sales that can be explained without consideration of renovation and expansion activity. Once these effects were isolated, they regressed mall renovation and expansion binary variables on the unexplained component to calculate the portion of the residual (i.e., unexplained rent growth) that is attributed to the capital expenditure event. The researchers conclude that, contrary to popular belief, center renovation and entertainment-based expansions may not significantly impact on an increase in sales growth rates for in-line tenants. Thus, renovating a center to make it into an entertainment-focused center does not necessarily benefit existing in-line retail sales beyond what would have occurred if the center was not rehabilitated or expanded. However, the researchers note that such activity might increase aggregate sales and thus may help establish a presence of being a dominant regional mall and enhance its brand image. In conclusion, the researchers point out some limitations of this research stemming from the fact that detailed data on a series of explanatory variables were available only for 1997. Thus, due to data limitations, the research does not address the cumulative, long-term effects of such investments, although the expectation is that the results will also be mixed depending on a number of underlying factors. It should also be noted that the analysis is somewhat conservative, in the sense that it focuses on the growth of in-line sales and does not address benefits associated with defensive investments that protect shopping centers from additional downside risk.

Securitization of Retail Investments

Table 10
Securitization of Retail Investments

Author(s)	Title	Focus
Weideman and Huntley (1995)	New Sources and Techniques in Shopping Center Financing: Three Case Studies	Retail Capital Sources
Ciochetti and Riddiough (1996)	Understanding Commercial Mortgage Securitization and Its Impact on Debt Financing for Retail Centers	CMBS & Retail
Balasubramanian and Mather (1997)	Economic Concentration in the Shopping Center and Retailing Industries: Past Patterns and Emerging Trends	REITs and Size Benefits
Anderson and Springer (2005)	Investor Perception of Retail Property Risk: Evidence from REIT Portfolios	Retail REITs & Percieved Risk

One of the challenges faced by developers and investors in the mid-1990s was the inability to source sufficient capital to support the institutional real estate market. Weideman and Huntley (1995) document this shortage, revealing how traditional sources of capital failed to sustain the market. They also discuss the critical need for new approaches that could support the development and investment activity necessary to protect the underlying assets from further erosion in value. Noting the widespread nature of the capital shortfall, they point out that it was particularly damaging to the retail industry. Several factors make retail particularly significant. First, shopping centers, especially those at the top of the food chain and the most capital-intensive, had a very limited set of potential investors or lenders who were large enough to be able to manage the capital exposure associated with regional and super-regional malls without creating excessive risk for the overall real estate portfolio. Second, at the same time as traditional centers were struggling from a collapse of values, the structure of the shopping center industry had been changing on the heals of dramatic growth in new formats such as power centers and outlet centers. Third, the emergence of category killers and big-box retailers had ushered in a new era of low margin/high volume retailing that had the potential to undercut traditional retailers who were typically based in regional malls. Finally, demographic change was accelerating, making many existing properties somewhat unresponsive to primary trade area demand. These factors, and general economic malaise, all contributed to severe capital shortages for the retail industry. The researchers utilized a series of case studies to explore how developers of neighborhood, community, and regional or super-regional shopping centers had adjusted to these new financial parameters as well as to provide some insight into how they might fare over the longer term. Despite concern and a sense of desperation among many observers, the researchers noted that the shopping center industry had begun to adjust to the challenging capital market conditions. One of the most significant changes that had begun to occur, and that they projected would continue, was the emergence of Real Estate Investment Trusts (REITs) as a major owner of institutional real estate. This recapitalization or conversion of illiquid property interest to liquid securities was enabled by the use of up-REITs through which large private regional mall companies and individual investors were able to convert illiquid private equity investments into more liquid public securities. Briefly, in an up-REIT, the owner of existing assets contributes properties to the new REIT in exchange for shares. At the same time, the REIT sells shares to the public, diluting the ownership interests to a level where the REIT offers the new investors a competitive return. The up-REIT units are not marketable to protect new investors avoiding the danger of merely dumping the securities and walking away from the troubled assets. Over time, the initial property owner can convert the initially illiquid form of up-REIT shares to marketable securities which can either be held or sold to complete the recapitalization. Going forward, the researchers predict that shopping centers would capture a significant portion of total REIT capital, thus helping maintain capital flows to the sector and helping it through this cyclical downturn.

As noted in the discussion of REITs, the recapitalization of commercial real estate after the industry collapse that rippled through the mid-1990s was based in large part on the ability to securitize the industry. Although some REITs included mortgages, the bulk of new REITs formed in the 1990s were equity REITs. On a complementary note, Commercial Mortgage-Backed Securities (CMBS) were introduced to provide a securitized source of debt capital. Given the heavy reliance on debt in the overall real estate market, this side of the equation was critical to the complete recapitalization of the real estate industry since debt typically outpaced equity in terms of total market capitalization. Ciochetti and Riddiough (1996) explore the emergence of the CMBS market in the mid-1990s and its significance to the retail industry. They begin with a discussion of the credit crunch of the early 1990s with a focus on CMBS as an alternative source of debt capital. They note that, by 1996, CMBS market capitalization was around $90 billion, which reflected significant growth given that their introduction in the early 1990s and that they were outpacing equity REITs that had been around for over 30 years. In the absence of historical data on CMBS retail investments, they turned to the experiences of traditional private debt financing for shopping centers, using two separate but complementary data sources. The first data set was drawn from the American Council of Life Insurers (ACLI); the second data set was drawn from proprietary data in a large insurance company real estate portfolio. Although CMBS have a number of differences from private debt, the researchers suggest that the CMBS market can benefit from lessons learned in the whole loan market with respect to intra-retail assets (e.g., large regional malls, smaller strip centers) as well as inter-property performance that can be extracted by comparing retail loans with those associated with other property types. Before discussing the relative track record of private mortgages, the researchers comment on three elements that are unique to regional malls and other large shopping centers, which have provided some solace to traditional lenders. First, larger regional malls often enjoy a locational monopoly position that provides some insulation from competition. Second, anchor tenants create positive externalities, as well as create a stabilizing force on cash flows due to the long-term nature of leases they often sign. Third, percentage rent leases provide some upside potential by providing additional sources of income and thus reducing the default risk of regional malls. After exploring the retail mortgage performance in the two data sets, they report that retail investments have not benefited from these three competitive advantages in terms of preferential underwriting standards. Extrapolating from that experience, they suggest that allocations of CMBS capital to retail should be on par with other property types, with the possible exception of very large retail assets. Further, they look at the relative performance of retail investments compared to other property types, and find that retail mortgages have an advantage over other property types, yielding lower foreclosure rates. In terms of severity of losses, retail loans in foreclosure have a slightly longer time to foreclosure than other property types, but not significant differences in losses in terms of dollars or yield degradation. Finally, with respect to holding period returns, retail mortgages outperformed other property types up to the 1990s.

In explaining the explosive growth of CMBS in the post-RTC era of the early 1990s, the researchers cite three major factors. First, the RTC experience absorbed the high start-up costs associated with commercial mortgage securities. During this evolutionary stage, investors also became more comfortable with mortgage-backed securities, resulting in lower costs and spreads. Second, CMBS created an outlet from the bulk sale of existing mortgage product, offering traditional lenders an effective and efficient way of reducing risk exposures. Finally, the emergence of conduits and single-asset pools provided greater market momentum and the ability to securitize large assets. This latter emergence was particularly important to the retail industry due to the capital intensive nature of large properties. In light of the relatively innovative nature of CMBS, the researchers provide a basic primer on how CMBS securities are structured with respect to traunches with different loss positions and credit ratings, which translate to different spreads. The discussion includes an analysis of CMBS structure and pricing, presenting a spreadsheet example that illustrates the structural and valuation concepts employed in early stages of CMBS. The researchers suggest that CMBS will continue to emerge as an important element of the financing of larger shopping centers with significant capital requirements. They also project that CMBS will have spill-over effects that benefit smaller centers as well and will ultimately begin to directly capitalize smaller centers. The article concludes with a brief discussion of the anticipated long-run viability of the CMBS market as a source of affordable and plentiful capital and project that CMBS will continue to expand and play a long-term role in the capitalization of commercial real estate in general, and retail real estate in particular.

In the late 1990s, the U.S. retail market had weathered a number of challenges ranging from the collapse of the capital markets to consolidation among retail tenants. Balasubramanian and Mather (1997) use trend analysis, efficiency analysis, and regression analysis to identify historical patterns in the economic concentration, efficiency, and performance of shopping centers and retailers. The research examines the time period from 1980 to 1994, which led up to the early stages of the resurgence of REITs for which the conversion of Taubman was a landmark event for the retail industry. The research focuses on retail REITs, and presents trend analyses of several key financial measures such as size, financial performance, leverage, and efficiency measures. The analysis was extended to four categories of retailers including: (a) general merchandise stores; (b) food stores; (c) apparel, and accessory stores; and (d) miscellaneous retail stores. The results suggest that irrespective of observed performance, both retailers and retail REITs can improve their efficiency levels compared to other industry sectors. With respect to retailers, the reliance on cross-sectional data (e.g., 1992) limits the extension of the results across various economic cycles, although it does provide some insight into how the industry could enhance overall efficiency. In the case of REITs, the results confirm that size matters, with larger REITs operating at a more efficient and profitable level. On the other hand, leverage has a negative impact, due in part to the inability of REITs to enjoy a tax shield from interest deductibility. They conclude that REITs should continue to focus on increasing scale. They also suggest that economic concentration has helped some categories of retailers, especially general merchandisers, while food apparel, specialty, and food stores have not experienced similar benefits. Thus, they suggest REITs should pay particular attention to their aggregate mix of tenants to improve and stabilize returns over the business cycle.

Through 2005, retail REITs provided solid performance relative to other property sectors and to the private market. Anderson and Springer (2005) note the maturity of the industry, and conclude that REITs offer a unique and convenient way to article retail property portfolios. Their interest in this research is driven by the increasing transparency associated with abundant available information, and advances in financial research into how the market prices risk and how return metrics can be developed. Of particular interest to the researchers is the question of how retail portfolio-level risk is priced in the public market. A number of statistical approaches explore this fundamental question. The researchers use retail REIT investments to determine if different retail strategies result in different risk profiles. This analysis was based on an extraction of the volatility of daily stock prices as a proxy for perceived risk. The researchers isolated REITs into a number of discrete categories relative to retail investments. Factors used in assigning REITs to categories include retail concentration, property type diversification, size, and portfolio composition. The research provides some interesting results that suggest how financial analysis can be used to help link capital markets to real estate fundamentals. In general, retail concentration within retail subtypes, retail focus relative to other property types, and portfolio size are reported as significant variables affecting risk. The researchers argue that retail portfolio risk can be partially explained by retail focus, with portfolios with greater concentration within retail types having lower risk. On the other hand, they point out that geographic diversification adds to the overall portfolio level risk. Given this somewhat counterintuitive finding, they point out that reliance on the NCREIF regions may have confounded the results due to the aggregate nature of the analysis and suggest a more precise specification could provide more accurate results. With respect to the percent retail variable, the analysis reinforces conclusions drawn from the literature, with higher performance attributed in part to more of a focus on retail properties and ancillary benefits.

Part V: Shopping Center Issues

One of the major challenges facing countries with maturing urban markets is how to accommodate growth in light of contemporary values and latent challenges that many urban markets face. This situation is more complicated by the aging infrastructure and services offered in many urban cores compared to the draw of the suburbs and relative lack of negative amenities. These challenges have resulted in the introduction of a number of movements such as New Urbanism and Smart Growth, which advocate for more compact, dense development as a solution for many of the negative externalities associated with urban sprawl. The concern regarding sprawl and the resultant debates have created a tense environment in which normative values and emotions often govern at the expense of objectivity and market realities. The retail industry, which is a vital component of urban and suburban markets, is often projected as both a cause and effect of suburbanization.

While demand, supply, trends, and investment dimensions of real estate tend to capture the bulk of the literature –especially among academic researchers- it is generally recognized that the operations, policies, and practices of retailers and shopping centers are critical to the creation and maintenance of value. These issues are particularly important since retail personnel are on the front line at a time when retail dynamics, product complexity, time compression, and alternative information sources have undergone such significant changes that training and business models must be continuously updated. This operational area contains dimensions in management models and challenges, and retail personnel and training.

While much more research is needed, to explore the issues attendant with such debates, Table 11 presents a number of articles published in the JSCR that offer some useful insights on the general issue of growth management and its interactive relationship with the retail industry.

Growth Management and Shopping Centers

Table 11
Growth Management and Shopping Centers

Author(s)	Title	Focus
Fuller (1994)	Shopping Centers and the Environment: Recycling Strategies for the 1990s, An Exploratory Investigation	Recycling Centers
Yeates and Jones (1998)	Rapid Transit and Commuter Rail-induced Retail Development	Transit-Oriented Development
Phllips (2000)	What are the Postiive Aspects of Retail-based Economic Growth for Communities?	Benefits of Retail
Moretti and Fischler (2001)	Shopping Center Development and the Densification of New Suburban Cores	Retail Concentrations

Table 11 (*continued*).

Author(s)	Title	Focus
Heitmeyer and Kind (2004)	Retailing in My Backyard: Consumer Perceptions of Retail Establishments Located within New Urbanist Communities	Retail & New Urbanism
Blair and Larsen (2005)	Growth Management and Retail Activity in the United States	Growth Mgmt. & Retail

Environmental responsibility is one of the key dimensions behind the broader growth management movement that seeks more sustainable approaches to urban development. Shopping centers are often at the heart of the debates surrounding the growth of urban markets and the trend toward suburbanization, which has created much of the anti-sprawl sentiment that permeates many debates about the future of our cities. While a number of articles have opined on the role that shopping centers have played in the suburbanization and resultant sprawl found in the United States, Fuller (1994) shifts the debate away from the sprawl issue, focusing instead on the role that shopping centers can play in recycling efforts. The point is made that shopping centers and malls occupy a unique position in distribution channels that puts them at the point where "bulk-breaking" of retail goods takes place. Using a reverse engineering argument, the researcher posits that shopping centers can help mitigate some of the waste disposal problems such activities contribute to by serving as recycling centers. The research focuses on existing and potential recycling activities at 11 shopping centers/malls. The analysis gleans from survey responses from managers by exploring the issues, challenges, and opportunities the managers envision associated with the use of their properties as recycling centers. Further, the research identifies several green marketing strategies that shopping center managers could accommodate including pollution prevention and resource recovery. The researcher concludes that shopping centers play a number of environmentally responsible roles including: materials collection arrangements, motivating recycling activity, using recycling to promote malls, and creating management incentives/tenant directives for recycling.

Transit-Oriented Development (TOD) is generally perceived as one of the more viable means of mitigating urban/suburban congestion and contributing to more efficient urban systems. Yeates and Jones (1998) explore the potential contribution that retail development can make to the livability of areas surrounding rapid transit stations. They cite several factors behind the revival of interest in rapid transit and rail, which include: (a) increasing concentration of employment in central cities, (b) emergence of auto gridlock, (c) increased political and planning support for mass transit, and (d) increased interest in reducing transportation costs by many households. In light of these forces, they argue that transit nodes that include retail components are particularly appropriate in metropolises that have retained a large labor force in downtown locations, such as the Greater Toronto Area, which is subject for this research. To provide some empirical insight into what the market has determined are appropriate uses, data collection focused on the compilation of tenant information. The data included information on 280 stores surrounding major transit stations. The researchers report that the types of retail facilities most associated with rapid transit are convenience stores, coffee shops, and lottery ticket sales outlets. They suggest that coffee kiosks, quick food marts, dry cleaners, and auto repair shops can also serve the retail needs of busy commuters. They note the greatest concentration of commuter associated retailing, comprised of 1,055 stores and 4.3 million square feet of space, is at the confluence of the rapid transit and commuter rail networks in an interconnected underground mall system that links five rapid transit stations with commuter rail terminus at Union Station. Thus, to be advantageous for retailing, they argue these types of public transport facilities must be focused at high density employment locations that are interconnected in a manner that maximizes pedestrian flow. However, in more dense urban settings, they suggest TOD retail can provide advantages for retailers, especially where such facilities are interconnected with high pedestrian traffic flows.

While many arguments surrounding growth management focus on the need to mitigate negative externalities and sprawl-related effects of retail development, Phllips (2000) shifts the debate away from negative elements toward the positive impacts of retail development on local economies. The researcher posits that retail development per se is "clean development" in the sense that it is often less destructive of the natural environment than other land uses such as manufacturing. In addition, he acknowledges that retail development has come under attack in some circles for contributing to housing sprawl and commercial development with few redeeming qualities. However, he points out that retail development can make a positive contribution to overall quality of life and enhance consumer choice. For instance, he points out that retail is a growth industry and that retail employment continues to expand and is becoming a more important mainstay of many local economies. In particular, retail development contributes positively in terms of property taxes and sales taxes, which are a major source of revenue for many communities and help support needed services. In addition to pointing out some of the positive elements of retail growth, the researcher examines the major negative concerns surrounding retail argued by anti-growth advocates. He addresses some of the major issues and responds to the critics who often take a negative position with respect to the role of retail. To counter such criticism, which he views as somewhat unfounded, he suggests that case studies can be used to effectively demonstrate the positive outcomes of thoughtful retail development. He notes that these cases are fairly diverse, covering small towns, mid-size cities, and larger urban cores. Further, he discusses a number of strategies that can be used to respond to those who oppose retail development. Examples of such responses include techniques to build community support and approaches that can be used to demonstrate the positive impact of retail-based development. This latter approach includes such items as estimating sales tax revenues, estimating property tax revenues, forecasting impacts on local jobs, estimating other direct investments, estimating costs to the host community, and determining the economic return to the community.

Recognizing the criticism directed at shopping centers by anti-growth forces, Moretti and Fischler (2001) focus on some of the positive elements associated with shopping centers. Of particular interest is the relationship between shopping centers and their immediate surroundings. The researchers note that large centers often take on the characteristics of town centers. Thus, rather than merely acting as an agent of sprawl, the researchers posit that large shopping centers can serve to anchor suburban markets, both physically and socially. In such cases, they contend shopping centers actually further the principles underlying the smart growth movement. They also point out that many advocates of mixed-use development have overlooked the role that retail can play in creating mixed-use environments. They suggest that retail components of such projects can create distinct identities and lead to high quality interactions and the development of more effective synergies among commercial and residential uses. To add to the body of knowledge surrounding growth management and retail, the researchers present case studies of the evolution of five shopping centers located in the suburbs of Montreal and Quebec City. The analysis proceeds on two levels: (a) an intuitive discussion that draws on theory and principles embedded in urban morphology, and (b) an applied discussion that concentrates on the physical state of nature, tracking changes the occurred around the centers over time. The analysis demonstrates the positive benefits of retail development on spatial forms and land use patterns. It also points out how the positive interactive effects between shopping centers and urban areas can be enhanced over time. The researchers highlight the importance of suburban nodes to an overall urban area and suggest that retail can be a driver behind the emergence of viable nodes. In an urban context, these nodes would feature entertainment, institutional functions, housing, employment centers, and public facilities. In an ideal setting, the independent nodes would all be bound together by viable public-transit routes that connect them to the larger urban network. They researchers argue that additional efforts should be extended to increase the relationship between shopping centers and changes in the resultant urban fabric to develop more viable and synergistic community networks.

Heitmeyer and Kind (2004) explore some of the premises built into the New Urbanism movement espoused by land developers, urban planners, architects, and governments who believe that the solution to growth issues is the development of new communities and markets. These new markets will be distinctive in the sense that residents will be able to live, work, shop, and play within a walkable distance of their homes. Since retail is an important component of such communities, the researchers explore the current state of retailing in New Urbanist communities. They also investigate the factors influencing New Urbanist community residents' perceptions of apparel shopping within their community, as well as their patronage behaviors for community-based retailers. In terms of research design, the targeted respondents are residents in recognized New Urbanist communities. The survey explores the attitudes of the residents toward shopping within and outside of their immediate communities, as well as their actual shopping behavior. The data were blocked for demographics to test whether there are meaningful differences in behavior among market segments occupying residences in such communities. The results reveal that while such communities often do offer retail facilities, from the residents' perspective, such options are typically limited in terms of the number and variety of offerings. Furthermore, while respondents enjoy retailers residing in their communities, they often look outside their communities to satisfy their shopping needs. Of particular interest to residents in selecting shopping venues are such key retail attributes as overall shopping convenience, customer service, store layout, interior and exterior design, and the use of space. The researchers note that consumers want retail stores within their New Urbanist communities that are conveniently located relative to their homes. They also prefer facilities that are not crowded, and have adequate walking space between merchandise and attractive merchandise displays. In terms of customer service, they prefer retailers with knowledgeable and willing sales personnel who offer a higher level of quality and wider range of prices in apparel merchandise relative to those currently offering such services. Interestingly, residents pointed out the desire to have greater access both discount and high-end retailers. In terms of the most frequently requested store type to be added to their current selection of retailers, they identify national retail chains as a missing ingredient. While understandable from a marketing perspective, and reflective of the competitive retail environment, these results are likely counterintuitive to those held by many proponents of New Urbanist communities who eschew such national retailers in favor of more community-based retailers. The researchers conclude that a number of useful "lessons learned" can be extracted by more research into consumer preferences and shopping patterns, within both traditional and innovative communities.

The notion of sprawl is often thrown out as something that is undesirable per se, with little attempts to differentiate among the various manifestations and causes of sprawl. In "Growth Management and Retail Activity in the United States," Blair and Larsen (2005) develop two measures of retail sprawl: (a) sales sprawl, and (b) establishment sprawl. They define sales sprawl as the change in the percentage of retail sales in the periphery. On the other hand, establishment sprawl is defined as the change in the percentage of retail establishments that are domicile in the periphery areas of a market. The researchers suggest that by isolating these sprawl measures and treating them as distinct, it is possible to reflect changes in the balance of retail activity in the core and peripheral areas on a simultaneous basis. They contend this approach is more meaningful than focusing on sprawl solely as only growth that is outside of the core areas. The article begins with a literature review regarding the definition of sprawl, how it is typically measured, and how it relates to the narrower notion of population sprawl. The empirical portion of the research investigates the impact of growth controls on retail activity. The underlying data were compiled from 74 counties located in 22 states over the time period from 1987 to 1997. This time range was chosen to provide sufficient data to allow the researchers to examine the relationship between key demographic variables, local government characteristics, and growth management programs. Results indicate that where retail sprawl is defined as the change in the percentage of retail establishments located in the periphery, it is positively related to population sprawl. At the same time, it is negatively correlated to beginning retail sales dollars per capita in the periphery. Furthermore, the greater beginning retail sales per capita in the periphery compared to the core, the less likely that retail establishments will be formed in the periphery in succeeding years. Additionally, the greater the dependence of local governments on own-source revenues, the more likely it is that establishments will be formed outside the core in small cities or unincorporated places. This finding is intuitively consistent, supporting the general belief that retail development is often easier in areas where local governments are more reliant on locally generated property and sales taxes. The researchers also report that population sprawl is an important determinant of retail sprawl, and that when growth controls become too strong or restrictive, growth may leapfrog, thereby exacerbating sprawl. Focusing on the growth control variables, the researchers report that they can have a significant affect on the location of retail establishments. In particular, the existence of a state-level plan which prevents or discourages sprawl does inhibit the outward expansion of retail facilities. While sprawl is an understandable concern, the researchers also not that market balance is an important criterions, suggesting the issue is of critical importance to urban planners and retail developers, and by extension, to the general public they ultimately both must satisfy.

Shopping Center Operations

Table 12
Shopping Center Operations

Author(s)	Title	Focus
Kaufman and Lane (1994)	Shopping 24 Hours a Day: A Consumer Need or a Losing Strategy?	Operating Hours
Jones, Pearce, and Biasiotto (1995)	The Management and Evaluation of Shopping Center Mall Dynamics and Competitive Positioning Using a GIS Technology	GIS Technology & Trade Areas
Overstreet and Clodfelter (1995)	Safety and Security Concerns of Shopping Center Customers and the Effect of these Concerns on Shopping Behavior	Safety & Security
Clodfelter and Overstreet (1996)	Technological Profile of Shopping Centers: Present and Future Use	Technology & Shopping Centers
Donnellan (1998)	Educational Requirements for Management-level Positions in Shopping Centers	Staffing & Education
Good, Chen, and Huddleston (1999)	An Empirical Test of Job Satisfaction: Antecedents and Satisfaction Types	Job Satisfaction
Balazs and Zinkhan (2003)	The Future Retailscape: How Environmental Forces Will Shape Shopping Over Time	Retail & External Trends

In the early 1990s, increased attention was placed on time-pressured consumers and the impact the emergence of such concerns would have on traditional shopping centers. Kaufman and Lane (1994) observe the challenges faced by shopping center developers and operators in addressing the needs of harried customers whose shopping needs often translate to the demand for non-traditional hours and/or new shopping channels. In terms of responses, they note that consumers are being drawn to schedule-independent shopping methods including telephone shopping, catalog shopping, television-based home shopping, and computer-based shopping. To counter this trend, some retailers have shifted to new timetables, especially 24-hour pharmacies and supermarkets, which have received strong consumer praise. Despite the apparent appeal of expanding store hours to increase access, the researchers argue that retailers should approach such decisions cautiously to avoid cannibalizing sales and increasing operating costs that are not supported by increased revenues. To explore various options regarding the optimal timing for shopping venues, and understand some of the issues that must be addressed in making such decisions, the researchers compare the attitudes and preferences of consumers and retailers to a study of "Shopping 24 Hours a Day." In terms of methods, the researchers applied a number of data collection tools including focus groups, an anthropological approach, and interviews of shoppers and retailers. With respect to time problems, the focus groups revealed that customers were often simply too busy with careers and obligations to shop when stores are traditionally open. In terms of solutions, they suggested stores stay open later at night, and that shopping centers group stores to facilitate more efficient shopping. The anthropological data were drawn by observing shopper behavior and patterns in shopping centers, revealing such patterns as customers lining up before stores opened and different ways shoppers tried to complete various errands or shopping tasks. The researchers observed frustration associated with a number of factors including store layouts and lack of selection in targeted stores. The researchers note that such frustrations can have an adverse impact on the overall mall, as customers turn to alternatives that can accommodate their schedules. After presenting a number of other results with respect to shopping patterns and consumer preferences for dealing with scarce time, the researchers returned to the 24 hour shopping question. Interestingly, they reported that consumers were not as interested in such options as originally thought. Rather, consumers seek more efficient shopping experiences that would allow them the opportunity to finish errands and shopping tasks, or to enjoy the overall shopping experience depending on the driving forces behind a particular shopping trip. These preferences differ somewhat by age and demographics, suggesting shopping center management should understand primary consumer demand before developing time-sensitive response systems. They conclude with four themes: (a) know your customers, (b) approach 24 hour shopping cautiously, (c) extend shopping hours earlier and selectively later, and (d) help shoppers satisfy their demand for one-stop shopping.

In the mid-1990s, Jones et al. (1995) observed the challenges faced by shopping center developers and operators in the face of a slow-down in demand coupled with the over-supply of retail space and the growth of the new format big-box retailers. They suggest that developers were in an environment in which there were fewer opportunities to capitalize on "easy growth" of the shopping center industry through new construction or renovation activities. In this environment, they argue that operating performance is increasingly important to retail performance. They point out that in response to this awareness, center managers and development companies have responded with a number of innovations. These innovations include such approaches as changing tenant mixes, making efforts to add amenities and features that can enhance the shopping experience, and employing a variety of advertising and promotional initiatives to attract consumers. In light of these varied market responses, they note that it has become more difficult to determine what the impact of these various initiatives has been on overall center performance and/or the performance of individual tenants. To address these fundamental questions, they contend that the shopping center industry needs more sophisticated management decision support systems. To that end, they demonstrate how Geographic Information Systems (GIS) technology can be used to help model the affects of various strategies that managers of regional shopping centers might undertake. The research incorporates a multi-stage design. The first stage involves the development of four interrelated spatial databases to be used to analyze the competitive environment within which the targeted centers operated. The second stage applies GIS to test the shopping centers' trade area, using customer records. In the final stage, the researchers extend proprietary information supplied by a developer relating to floor plates, in-line tenants, and performance metrics. Using these data, several performance indicators were generated for each tenant including sales productivity per square foot and frontage foot, sales growth, rents, and relative category performance. The analysis culminates with the discussion of an information system that managers can use to assess competition and performance at both the center and tenant levels. The researchers suggest such models can be used to evaluate the likely impacts of changing tenant mix and in-center locations. The researchers conclude that the application of GIS and information systems can enhance the performance of shopping centers, although the integration of GIS capabilities will be a challenge due to the lack of trained analysts and management models.

While security has always been a concern, the importance of providing adequate security in shopping centers increased in the mid-1990s with demand from customers and tenants alike. In general, shopping centers responded to this demand, with the provision of adequate security becoming a major operating expense of shopping centers and malls. Indeed, Overstreet and Clodfelter (1995) point out that security has become the fastest growing expense incurred by owners of enclosed malls. They also observe that security concerns have a significant impact on customers' shopping behaviors. To explore the importance of security to shopping centers, they conducted a survey of some 800 customers at 12 enclosed malls, located in four southeastern states and Washington D.C. The survey asked participants to respond to a series of questions dealing with changes in their shopping frequency, their level of concern about safety and security issues, the precautionary actions they take in response to their concerns, and the importance they place on safety and security activities undertaken by enclosed shopping center management. The researchers report that shopping center customers are most concerned about their security outside the center, especially in the parking lot. The majority of respondents believe that owners could address their concerns through an increase in security personnel, along with improved lighting in parking lots. Some statistical differences in levels of concern and precautionary behaviors are found between age groups. The researchers argue that shopping center and mall owners should continue to focus efforts on addressing security concerns of customers outside of the center by providing appropriate levels of visible security, and investigate the possibility that actual incidents are more frequent than previously thought.

Over the past decade, the availability and application of technology has been exploding and changing the way many decisions are made. Clodfelter and Overstreet (1996) posit that the utilization of new technologies will enable retail stores and shopping centers to be at very different places in the future. They argue that cost considerations are one of the primary deterrents to using available technology, and that decreased costs will ultimately make the implementation of technology much more accessible to all retailers and shopping centers, regardless of size. The objective of this research was to provide some considerations and caveats that retailers should consider before determining which technologies they utilize in any particular project or application. The researchers identify 66 technologies that could be of interest to the retail sector. To reduce some of the confusion surrounding the proliferation of such approaches, they group these technologies into nine categories. These categories include: (a) customer tracking and database marketing, (b) technology as entertainment and visual merchandising, (c) technology to provide information and shopping assistance for customers, (d) direct broadcast satellite technology, (e) information technology for communications and data sharing, (f) technology for energy management, (g) technology for security, (h) online shopping services, and (i) technology for resource conservation/recycling.

The researchers test the adoption of these categories by surveying managers of shopping centers, and obtaining responses from 26 firms representing 356 malls across the country. Owner/developers were asked questions related to the number of their malls currently utilizing each of the 66 technologies. In addition, in cases where less than half their properties utilized the technologies, they were asked to respond to how likely they would be to implement the specific technology in at least 50% of their properties within the next five years. The researchers report that the technologies being used most heavily are in operational areas such as budgeting and report generation, energy management, security, and resource conservation. On the other hand, the lightest usage is in customer-service areas such as customer tracking, database marketing, entertainment, shopping assistance, and online shopping services. They note that significant growth in the use of several technologies in both the operational and customer-servicing areas are likely over the next five years. In particular, the greatest expected growth is reported for online home pages, online shopping, informational computer-based kiosks, satellite communications, and computer connections between mall managers and tenants.

The importance of customer service has been a long-standing given for the retail industry. In light of increasing competition in the retail arena, it is apparent that retailers and shopping center owners should ensure that personnel have the necessary skills, training, and support to enable them to meet competitive expectation. To help guide these efforts and provide a benchmark for the educational needs of shopping center managers, Donnellan (1998) explores educational preparation and functional competencies required for successful shopping center management careers. Before conducting the empirical analysis, the researcher reviews some of the major changes that have occurred in the shopping center industry that have elevated the importance of education and the standards it must exceed. These changes range from dramatic growth in the number of shopping centers to the increasing size of operations that require specialized management skills. While experience is generally seen as an important “teacher,” the researcher recognizes that more specific skills and competencies are required. He suggests some of these skills can best be developed in a more traditional classroom environment were the stakes are smaller and errors are more tolerable than in real-life laboratory settings. The data were collected through a survey of major shopping center developers in the United States. To place educational needs in context, the respondents were asked to compare the importance of certain levels of educational attainment in the current market to that of 10 and 20 years earlier. In general, the biggest change is in the bachelor's degree category, which is the highest of all educational levels and twice as important as 10 years earlier, while the adequacy of high school and associated degrees both plummeted in half. From the retailers' perspectives, the key reasons behind the increase in college training include organizational growth and increasing competency requirements. From the employees' perspective, the increased requirement is something of a hurdle to allow new hires to compete with a larger and more educated pool of talent. To ensure that college education is relevant, the researcher suggests that academic programs become more aligned with industry, moving toward more of a partnership model in which both sides would benefit.

Over the years, significant attention has been placed on retail demand and supply factors. However, management and operations are also important components of overall success. Since sales associates are the front line between retailers and consumers, they play an important role in customer satisfaction, which is a critical element in on-going success. Good et al. (1999) explore job satisfaction of sales associates and managers of two mid-western department stores. Of particular interest to the researchers is the relationship between job satisfaction and experience, education, family stress, and family support. Using survey data and regression analyses, the researchers discover that family stress, family support, and retailing experience are significant predictors of job satisfaction for sales associates. An additional objective of this article is to determine whether separating job satisfaction into two types, extrinsic and intrinsic, would provide additional insight into the job satisfaction construct. First factor analysis yielded a four-factor solution, which included: (a) two extrinsic factors, which were outside work environment and pay/promotion; and (b) two intrinsic factors, internal satisfaction and autonomy. The four factors were analyzed using stepwise regression with "organizational commitment" as the criterion variable. The extrinsic job satisfaction variable related to the outside work environment is the first variable to enter the equation followed by the intrinsic job satisfaction variable related to internal satisfaction. The researchers conclude that dividing job satisfaction into the two major types is useful for managers, and that retailers could benefit from extending the results into recruiting, motivating, and training employees to improve performance. They also note that improvements in the work environment and greater communications between supervisors and employees could enhance satisfaction and ultimately translate to stronger customer service.

The shopping center industry is in a continuous state of flux, with developers and owners forced to respond to new innovations, new competition, and changing consumer tastes and retail appetites. Balazs and Zinkhan (2003) explore and describe the fundamental changes occurring in the environment that are most likely to affect retailing over the next five years. The underlying data were compiled through a three-stage process. First, an extensive literature review was conducted. Second, a panel of experts was interviewed, both individually and in group sessions. Finally, a survey of industry leaders was conducted to query industry experts about the future of retail and shopping centers. Based on the three stages, 79 key retail themes are identified. These themes are organized around a stakeholder model which includes developers, retailers, governmental bodies, lenders, attorneys, real estate agents, and consumers. Among other areas, these themes cluster around industry structure, competition, rising costs, consumer trends and economic trends. The trends determined to likely have the most significant impacts on the industry include: (a) consolidation, (b) general economic health, (c) spending power of children and "tweens," (d) aging of the population, and (e) shopping center security. The researchers observe that a slight majority of the respondent believe the industry is capable of responding to trends. For example, to respond to changing demographics, optimal tenant mix is likely to change and new specialty retailers are likely to emerge to help implement such changes. Similarly, in a market struggling against barriers to new construction, infill development and new urban concepts are likely to emerge, although such projects are likely to be complex and prolonged experiences. They conclude that new retail ideas emerge from a knowledge of what is possible (i.e., goods, services, atmospherics, and utilities), what consumers desire, and what areas can be improved or developed.

Conclusion

As highlighted in this retrospective look at articles published in the Journal of Shopping Center Research (JSCR) over the past 12 years, the academic community has generated a solid, growing body of knowledge regarding the retail industry. Despite the fact this capstone article has approached the underlying topics by drawing exclusively from the JSCR, the breadth of research is noteworthy. The research has also been timely, due in large part to the focus provided by ICSCEF with the annual updating to its RFP, which helped channel the academic community toward the key questions the industry confronted over time. Arguably, the exclusive focus of the JSCR on retail and shopping center issues has created a compendium that is the most comprehensive assemblage of such research. It is also noteworthy to point out that the partnership between ICSCEF and the academic community was closely managed to avoid the risk that funding research would compromise the integrity and objectivity of the respective research projects. Thus, the conclusions and recommendations presented in the various articles are the exclusive product of the respective researchers and do not reflect the perspective of ICSCEF or its parent, ICSC. The solid research foundation that has been established is a testament to the quality of the JSCR, the researchers who have published in it, and ICSCEF who has provided seed financing to support such research. Going forward, researchers will be able to draw on this knowledge base to take on new issues and challenges, as well as to reaffirm the lessons learned.

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