

## Chapter II

### SHOPPING MALL WITHIN THE STRUCTURE OF RETAIL AND SERVICE CHAIN

#### 1. Concept and characteristics of *shopping mall*

A *shopping mall*<sup>4</sup> (*shopping centre*<sup>5</sup>) is a modern collection of stores, catering establishments and service providers, including at least a couple of shops and a catering establishment serving basic meals, run by different companies. It constitutes a whole in terms of trade, assortment and services, construction and architecture, organisation and administration, and is adapted to serve motorised purchasers [Strużycki 2000, p. 32].

Characteristic features of shopping centre are as follows: the fact that it constitutes a whole in terms of trade, assortment and services, construction and architecture, organisation and administration distinguishes it from other forms of spatial concentration of trade (shopping street, shopping quarter). In the present work, the terms “shopping centre” and “shopping mall” will be used interchangeably as equivalents.

According to Dietl, *shopping centre* is a measured (planned) form of spatial concentration of retail companies. Shopping centres are located in large cities or on their outskirts, usually near to important routes. Their space is compact and it is not divided by routes, which makes it possible to move within the centre. They are characterised by modern architectural and organisational, as far as trade and services are concerned, forms [Dietl 1991, pp. 78-84].

---

<sup>4</sup> What is commonly called a shopping mall in Poland usually meets the criteria and requirements relating to shopping centres. However, there are malls which cannot be classified as shopping centres. They are usually retail estates and shopping quarters, *i.e.* concourses and adjacent streets with shops and service providers. In everyday language the term *shopping mall* often refers to the central shopping quarter of a city or town.

<sup>5</sup> *Shopping mall* – a colloquial name for a shopping centre; these notions are of the same meaning and shall be used interchangeably.

A *shopping mall* can also be defined as a collection of various retail trade and service units, usually run by different companies, which constitute a whole and are adapted to offer comprehensive services to customers [Altkorn, Kramer 1998, pp. 176-178].

Cushman & Wakefield define *shopping mall* as centrally managed, multifunctional business facilities with Gross Leasable Area (GLA) of over 5,000 m<sup>2</sup>, in which there are premises and common areas [Mikołajczyk 2012, p. 69]. According to the International Council of Shopping Centers – it is a commercial real estate which was designed, built and is managed as one commercial entity composed of common parts, of minimum Gross Leasable Area (GLA) of over 5,000 m<sup>2</sup> and comprising at least 10 shops [Lambert 2006].

Matysiak defines *shopping mall* as a conscientiously designed complex of retail commercial and service establishments which is planned, built and managed as a separate whole with common areas, including an adjacent parking. A shopping mall offers high-quality shopping guaranteed by appropriate selection of shops and careful management of the facility. The size and character of a mall are generally determined by characteristics of the market and scope of operation of the shopping mall [Matysiak 2009, p. 29].

A classical definition of *shopping mall* was formulated in 1920s by Urban Land Institute in Washington and determines it as “a group of commercial establishments planned, developed and managed as a unit (owned by one company) related in location, size, and type of shops to the trade area it serves. It provides onsite parking relating to the types and sizes of its stores” [Maleszyk 2001, p. 106]. The definition of shopping centre highlights the fact that it is planned. Forms of spatial concentration of trade can be classified as planned (shopping centres) and unplanned (shopping streets and quarters)<sup>6</sup>. Planned and unplanned forms of spatial concentration of trade are informally called shopping malls (Fig. 1). In the case of shopping malls, planning is related to the size of the facility, type of shops, catering and service establishments, as well as general and detailed location. Unplanned forms of spatial concentration of trade have developed in a traditional way.

The size and structure of a shopping mall, according to the definition, should be adjusted to the location and character of the region it serves (degree of urbanisation, development of transport, level of income of residents, age structure, *etc.*). It is therefore possible to distinguish district, quarter, regional and superregional malls.

---

<sup>6</sup> From the point of view of distribution and concentration of commercial network in space, shopping centres can be classified as detached and agglomerated. Agglomerated forms of trade constitute unplanned shopping quarters and planned shopping malls (shopping centres). Unplanned shopping quarters comprise: central shopping quarters, secondary shopping quarters, shopping streets, trade on highways. Planned agglomerated forms of trade include shopping centres. More information on the subject can be found in: [Szulce 1998, pp. 85-86].



Figure 1. Types of agglomerations of commercial establishments

Source: Own work based on [Szulce 1998, p. 220].

The literature presents numerous definitions of shopping mall<sup>7</sup>. As malls have been developing, their definition has been changing, mainly due to intensive transformations of this type of trade.

Over time, shopping malls have been taking over new functions related to, *i.a.*, recreational, entertaining and office purposes. As a consequence, multifunctional facilities, so-called “cities under the roof”, galleries, as well as shopping and entertainment

<sup>7</sup> Gasser states that a *shopping centre* (shopping mall) “is planned and built by a single entrepreneur or company as a unit. The owner(s) let(s) particular sales premises to a greater number of independent trading companies and service providers. All undertakings related to the shopping centre are implemented as a whole (publicity, public relation, common services) and conducted under a common, central management. The location and size of a mall, as well as the number and types of shops it comprises, are proportional to the area under the influence of the shopping centre. The centre disposes of sufficient parking capacities in the immediate vicinity of the shops”. More information on the subject can be found in: [Gasser 1960, p. 13].

Characteristics of shopping centres mentioned most commonly in English literature are “the diversity of agglomerated shops, large adjacent parking area for personal cars and extended evening working hours, at least on some days of the week”. More information on the subject can be found in: [*Shopping Centers...* 1968, p. 48]. In turn, Bataille described a *shopping centre* as a “(...) group of shops and service outlets designed, developed and advertised as a whole. The shops it comprises are adjusted, in terms of line of business, size, location and competitiveness, to the needs and income of interested inhabitants. At the same time, they ensure profitability to the entrepreneurs and use a progressive commerce technique. What is more, a centre includes municipal equipment which emphasise its attractive character. A shopping centre necessarily has to be surrounded with an easily accessible parking the surface of which is at least four times as big as the total sales area of the shops, located – if possible – on one level. It is indispensable that the centre is located next to an appropriate route and that it is easy to reach by public transport”. More information on the subject can be found in: [Domagalski, Olearczyk 1976, p. 12].

parks have been created. A modern shopping mall “is a city within a city, the commercial essence of a metropolis – shops, hotels, offices, clubs, entertainment centres for the entire family, and everything without the street noise” [Wtulich 2003, p. 39].

The characteristic features of shopping centres which distinguish them from traditional forms of trade are as follows [Kałużna-Drewnińska, Iwankiewicz-Rak 1999, p. 168]:

- comprehensive character of administration and management;
- functional and architectural unity;
- comprehensive character of the trade, service and gastronomic offer;
- competitiveness of establishments comprised in the centre;
- possibility to serve motorised customers (parking);
- fact that they are planned, which means that commercial establishments are adjusted to the needs of the customer and to interests of the companies.

Characteristics of shopping centres include extended opening hours, as compared to other groupings of retail chain, and the use of modern customer service techniques.

The cohesion in terms of organisation and administration refers to the fact that shopping centres are managed by one organisation which is their administrator.

The comprehensive character of the trade, service and gastronomic offer means that it is possible to satisfy a range of certain needs of many segments of buyers. Thanks to the diversification of the offered lines of business and services, entire families can shop in shopping malls [Pilarczyk *et al.* 2001, p. 162].

The diversity of points of sale within a shopping centre refers to such aspects as: range of products, size of commercial and service establishments, sales methods, service technique [Dietl 1991, pp. 78-80].

The entirety in terms of construction and architecture means that a shopping centre located in a given place (on a specific plot of land), in one building, constitutes a harmonious whole. Particular commercial, service and catering establishments included in the centre are not identified separately but compositely.

Modernity – refers to retail and service outlets in the shopping centre and the organisation of the so-called pedestrian zone within the centre. Apart from the characteristic features of a shopping centre enumerated above, it is possible to determine so-called additional attributes: non-trade services, recreational facilities, comprehensive manner of creation and specific publicity measures [Pawlak 2003, pp. 34-38]. Non-trade services (hairdressing, cosmetics, cash dispensers, dry cleaners, childcare, as well as hotels, offices, conference rooms, *etc.*) are appropriately selected to match the type of a given shopping centre as well as the conditions and needs of buyers.

Thanks to recreation services (children’s playgrounds, cinemas, art exhibitions, billiard, skating rink, aqua park, tennis courts, fitness, *etc.*), customers can spend a pleasant time in a shopping centre. For many purchasers, they constitute the reason for choosing a particular shopping mall. The comprehensive way of creating a centre consists in integrating particular stages – from planning the centre to managing it – in one func-

tional whole. Specific publicity measures with regard to the centre (architecture of the building, flagpoles, lightning, special offers, *etc.*) are used to ensure its visual identification. Modern commercial facilities called shopping malls (centres) are characterised by a particular set of traits. They appear in many places in the world in various forms and locations.

## 2. Types of shopping malls in Europe and worldwide

Shopping malls were first established in the United States (1923)<sup>8</sup>. Afterwards, in the 1950s, they appeared in the Western Europe, while in Poland they are present since 1990 and they constitute a relatively new form of trade. Before, there were traditional forms of spatial concentration of retail trade and commercial complexes created in 1970s.<sup>9</sup>, which at the times were considered to be shopping malls.

In particular countries, due to different economic, spatial, cultural and technical conditions, many types of shopping malls have developed. As far as the scope of their operation is concerned, it is possible to distinguish [Dietl 1991, pp. 78-81]:

- multifunctional shopping centres located on the outskirts of cities, having a diversified retail chain (hypermarkets, department stores, trade stores, discount stores), sales area of about 100 thousand m<sup>2</sup>, offering a wide range of products and a diverse level of provided services;
- shopping centres established in city centres, having smaller sales area than the one of multifunctional shopping centres, offering a limited range of products and services, integrated into the existing architecture;
- specialised shopping malls of complementary character, which are usually developed for a specific segment of the market – related to tourism, art, *etc.*

Shopping centres can be classified according to the following criteria [Maleszyk 2000, pp. 26-31] (Tab. 1):

- location level depending on the character of the offered range of goods and services, on the line of business profile and on the scope of operation of shops and other service companies;
- scope of shopping mall's operation;
- architectural, construction and spatial planning solutions;

<sup>8</sup> The first shopping mall (shopping centre), Country Club Plaza, was established in the USA in 1922 on the outskirts of Kansas City. Its owner and originator was Jack C. Nichols. First fully planned shopping mall was created in 1931 in Dallas. More information on the subject can be found in: [Makowski 2003, p. 44].

<sup>9</sup> Commercial complexes established in the 1970s in large Polish cities were often called shopping malls or shopping centres. However, despite the assumptions of shopping centres, they did not have their essential characteristics such as: planned form of concentration, adjustment to serve motorised customers and diversification of commercial and service establishments of the centre.

Table 1

## Division of shopping malls according to selected criteria

Classification criterion	Types of shopping centres
Location level (depending on the character of the offer, size and line of business, as well as the scope of its operation)	<ul style="list-style-type: none"> <li>– neighbours, local, provincial, regional</li> <li>– district, quarter, citywide, regional</li> <li>– local, downtown, provincial (peripheral), regional</li> </ul>
Scope of operation	<ul style="list-style-type: none"> <li>– with a wide range of goods (multifunctional) and specialised (servicing a specific segment of the market) and of specific purpose (e.g. at bus or railway stations)</li> <li>– hypermarket centres, retail parks, <i>i.e.</i> groups of super- and hypermarkets or self-service department stores of a problematic (specialised) line of business profile, e.g. for do-it-yourself enthusiasts, playing also the role of wholesalers</li> </ul>
Degree of integration into the market environment	<ul style="list-style-type: none"> <li>– integrated with the market background</li> <li>– non-integrated with the market background</li> </ul>
Character of architectural, construction and spatial planning solutions	<ul style="list-style-type: none"> <li>– covered, partially covered, open</li> <li>– single-level (single-storey), multi-level (multi-storey)</li> <li>– ground, underground, above-ground</li> <li>– built from scratch, partially adapted, entirely adapted,</li> <li>– of rectangular shape, L-, T-, U-shaped, in the shape of a courtyard or promenade, layered, sectorial</li> </ul>
State of the art of the forms of trade and services, as well as the number of magnets of the centre	<ul style="list-style-type: none"> <li>– modern (new generation), contemporary (standard), classical</li> <li>– single-store (e.g. around a hypermarket) and multi-store (with a couple of hypermarkets, department stores, multi-plexes, recreation and entertainment centres, <i>etc.</i>)</li> </ul>

Source: [Maleszyk 2000, pp. 29-31; Dielt 1991, pp. 78-85; Garbarski *et al.*, 2000, pp. 466-477; Cox, Brittan 2000, pp.138-142].

- state of the art of the forms of trade and services, as well as the number of magnets<sup>10</sup> of the centre.

Shopping malls can also be classified on the basis of their distribution in space. The division refers to the classical theory of chain of central malls elaborated by Christaller [Pilarczyk *et al.* 2001, p. 163].

<sup>10</sup> A magnet should be understood as the principal shop(s) or other service establishment(s) which attract(s) buyers the most to the shopping centre, which determine(s) its power, attractiveness and unique image in comparison with other clusters of retail network in a given territory.

- central mall located in the city centre, the scope of which covers an area going beyond the borders of the city, concentrating various commercial and service establishments;
- quarter centres – complementary to the central mall;
- district centres, localised within districts, constitute a place for everyday shopping of the inhabitants of the district;
- basic centres – groupings of small shops offering basic range of goods (food products);
- specific centres (*e.g.* groups of trade and services near public transport nodes, bus and railway stations, municipal transport nodes), which often provide services to customers on their way home or to work, with shops of different lines of business.

The classification criteria and types of shopping centres in particular countries are varied. The differences can be observed especially in the case of the United States and Western European countries<sup>11</sup>.

In the United States, three basic types of shopping centres were distinguished until 1999 [Szulce *et al.* 1989, pp. 161-162]: neighbours, community and regional centres. Current classification includes eight types of centres (Tab. 2).

Particular types of shopping centres differ mainly as far as surface and structure of tenants, location and number of customers served are concerned.

- District shopping centres – are facilities designed for the purposes of comfortable, everyday shopping, in order to satisfy basic needs of the customers in their immediate surroundings. That is why almost a half of the surface of these premises is covered by a supermarket, one-third – by a chemist's, and the rest is used by service outlets (dry cleaner, small catering establishment, pharmacy). District centre usually has a rectangular shape, without common, closed, internal communication.
- Local shopping centre – is a facility offering a wider range of products than a district shopping centre, primarily as far as clothes and household goods are concerned. Principal tenants are supermarkets and chemist's, as well as discount stores (selling clothes, furniture, interior design elements, construction materials, sporting goods and electronic products). Premises of such type usually have a form of a straight line, are L- or U-shaped.
- Regional shopping centre – is a facility offering a very rich commercial and service offer. The principal tenants, in addition to hypermarkets, are clothes shops and discount department stores. Typical regional shopping centre is a closed facil-

---

<sup>11</sup> In the United States, three basic types of shopping centres are distinguished:

- neighbours centres, the role of which is to provide convenience goods and services the inhabitants of the region within which it takes 5 min. by car to arrive to the centre; it is composed of 10-20 shops grouped around a supermarket;
- community centres, the role of which is to serve (provide with selectable articles) 40-150 thousand inhabitants of the region within which it takes 15 min. by car to arrive to the centre;
- regional centres, the role of which is to satisfy all needs of the inhabitants of a given region and which provide services to inhabitants of the area within which it takes 25 min. of drive by car.

Table 2

## Typology of shopping malls in American cities

Centre type	Characteristics	Surface (in thousand m <sup>2</sup> )	Prime catchment*
District	Proximity and ease of access, comfort and fast pace of shopping	3 – 5	5 km
Local	Proximity and ease of access, comfort, greater selection of goods than in a district centre	9 – 33	5 – 10 km
Regional	Large surface, wide range of goods, in particular in the case of fashion and durable goods	37 – 75	8 – 25 km
Supra-regional	Very large surface, wider range of goods than the one offered in a regional centre, especially in the case of „fashion”	Over 75	8 – 40 km
Lifestyle centre	Exclusive, fashion-oriented	7 – 23	8 – 16 km
Power centre	Large-format shop tenants dominating in the business, category killers, few small tenants	23 – 56	8 – 16 km
Entertainment centre	Entertainment and pleasurable ways of spending leisure time are dominant; tourist-oriented	7 – 23	unknown
Outlet	Shops offering products of a one manufacturer at prices for sale	5 – 37	40 - 120

\* Prime catchment means an area the customers from which generate 60-80% of sales.

Source: [Mikołajczyk 2012, p. 76].

ity with shops facing the interior of the premises, joint by common passageways (alleys, corridors – *i.e. malls*) to form a composite unit surrounded by a parking.

- Supra-regional shopping centre – is a bigger facility than a regional centre, with a greater number of tenants and a richer trade offer, which attracts customers from outside the region. Typical supra-regional centres have a closed communication system and multi-level buildings.
- Lifestyle centre – is a commercial complex composed mainly of shops offering exclusive clothing (including private shops of fashion designers and trend-setters). The characteristic feature which distinguishes a facility of this type is usually a sophisticated architectural design, which highlights the wealth and artistic capacities of designers, as well as a high-quality development of the land around the centre. Such centres are located in areas of high-income residents.
- Power centre – is a commercial complex dominated by a couple of large-area tenants, including discount department stores, outlets or so-called *category killers*, *i.e.* shops which offer a very wide range of goods of a given category at very low prices. Usually, a power centre is composed of a couple of detached buildings with a very limited number of small shops offering selected products.
- Theme/festival centre – is a commercial complex using a specific “key theme” as a distinguishing feature of the facility, which is reflected in the architectural de-

sign and is used by particular tenants. Centres of such type are addressed mainly to tourists (but also to inhabitants) – as a place at which one can spend an enjoyable time. Principal tenants are restaurants, cafés and companies offering different types of entertainment services. They are usually located in city centres, often in the form of adaptation of old, historical buildings. In consequence, they contribute to the regeneration of particular parts of the city (usually downtown).

Outlet centres – are commercial facilities usually located outside the city. They comprise mainly outlets offering products of a one manufacturer sold at reduced prices.

In countries of Western Europe, a different concept of evolution of shopping centres has been developed. It resulted from factors of urban architecture, smaller spaces in city centres and in the city surroundings, higher density and uniformity of population distribution.

The classification often used in relation to European cities takes into account the leasable area of premises, which should be equal to at least 5,000 m<sup>2</sup> in the case of such type of commercial facilities. The typology was elaborated by the European Division of the International Council of Shopping Centers – ICSC Europe. It is simplified and limited to the form and scale of the mall (Tab. 3), expressed in the leasable area [Szulce *et al.* 1989, p. 78].

Traditional centres are multifunctional facilities in which tenants offer an assortment which is diversified not only in terms of goods and lines of business but also as far as offered prices are concerned. Centres of such type are supposed to serve customers with different degrees of wealth and to satisfy the largest possible number of their needs. That is why they comprise shops which offer products of international, often exclusive brands at high prices, as well as shops offering products at average market

Table 3

European classification of shopping malls

Type	Size		Gross leasable area
Traditional	Very Large		80,000 m <sup>2</sup> and above
	Large		40,000 – 79,999 m <sup>2</sup>
	Medium-sized		20,000 – 39,999 m <sup>2</sup>
	Small		5,000 – 19,999 m <sup>2</sup>
Specialised	Retail Park	Large Medium Small	20,000 m <sup>2</sup> and above 10,000 – 19,999 m <sup>2</sup> 5,000 – 9,999 m <sup>2</sup>
	Outlet centre		5,000 m <sup>2</sup> and above
	Theme centre	Leisure-based or non-leisure-based	5,000 m <sup>2</sup> and above

Source: Own work based on: [Lambert 2006].

prices. A hypermarket often complements the assortment by offering a wide range of food and industrial products at attractive prices [Mikołajczyk 2011, pp. 132-133].

Specialised centres comprise a specific tenant mix<sup>12</sup> – representing one or a couple of lines of business (*e.g.* furniture, shoes, clothing) – and specialising in a rich offer of products from a given business [*ibidem*, p. 132].

Both categories of centres have different uses in practice. They may appear as individually operating entities or under one roof with a common infrastructure allowing customers to easily move around the facility [Sławińska 2010, pp. 156-158].

In relevant literature, it is also possible to find a different classification of European shopping malls referring to the typology regarding the American market. In Europe, it is possible to distinguish: district, inter-district, quarter, regional and citywide (superregional) centres. They differ in type and character of satisfied needs, the range of influence, the scope of provided services and the way in which they are connected with the infrastructure of a given city [Drewiński 1976, pp. 92-94].

The basic form of concentration of a retail chain are district centres, the scope of which covers a diversified range of buyers (from 2.5 to 20 thousand) and a relevant “set” of commercial and service establishments. Facilities of this type are located next to the main access routes, inside or on the outskirts of a district.

Inter-district centres are adapted to provide services to purchasers from neighbouring districts. They may serve 15 to 50 thousand buyers.

Quarter centres – are aimed to satisfy the demand of inhabitants of a given quarter and of the outer customers (from outside the quarter) for articles of everyday use and shopping products. The main points of sale are department stores and supermarkets, the size and number of which depends on the surface of the area they serve. According to the assumptions of the classification, quarter centres should dispose of appropriate service providers.

Regional centres were created and developed in Western European countries as a result of two phenomena: overpopulated cities and dynamic development of individual transport. A commercial and service program of a regional centre is adjusted to serve from 100,000 up to one million people living in the region within which it takes from 20 to 45 minutes by car to arrive to the centre. A developed structure of shops and service providers, as well as a wide and rich range of products should, to a large extent, compensate buyers for the time wasted to arrive to the centre. Regional centres are focused mainly at providing services to motorised customers, but they also serve customers who use public transport.

Citywide (superregional) centres exercise functions of lower-level centres and provide inhabitants with articles which are purchased occasionally. These malls are concentrated in traditional city centres and their scope covers the entire city. Citywide centres often play entertaining, recreational and representative roles [Szulce *et al.*, 1998 p. 162].

---

<sup>12</sup> *Tenant mix* – a set of tenants of a shopping mall.

In Poland, shopping malls appeared in the mid-1990s due to the investments of European retail chains. Their classification is based primarily on the number of stores in a shopping centre and divides them into three types:

- hypermarket with a small mall (20-60 shops),
- hypermarket with a large mall (over 60 shops),
- group of shops without a hypermarket.

Managers of contemporary shopping centres choose tenants thoroughly, as the trade offer of the mall directly influences its functions and the attractiveness of the facility. The division of shopping centres based on the selection of tenants was elaborated by experts of the Urban Land Institute, who distinguished nine following types of malls:

- convenience centre is composed of a small group of shops which offer basic necessities and services often used by buyers, makes it possible for persons living in its immediate vicinity to shop quickly;
- neighbourhood centre provides services to buyers living in the region within which it takes 5-10 minutes by car to arrive to the centre; there is a supermarket, a pharmacy and some service providers in the mall;
- centre in the vicinity;
- community centre, the surface of which is bigger than the one of the neighbourhood centre, which comprises a greater number of shops and service providers, which reaches up to 40,000 purchasers;
- regional centre has a big parking adapted to serve customers using individual transport and public transport; it comprises shops offering a full range of convenience goods, as well as clothes, shoes, shops with souvenirs, furnishings, and entertainment facilities, reaching up to 150,000 residents of the region within which it takes from 25 to 30 minutes by car to arrive to the mall;
- supra-regional centre, bigger than the regional centre, with a similar mix of tenants, offering a wider selection of goods and additional attractions, meeting the needs of 300,000 inhabitants;
- power centre, comprising mainly large stores (75% of the surface) and a couple of smaller facilities of various lines of business. It provides services to at least 200,000 customers, who arrive even from remote regions;
- specialised centres including a group of specialist shops, restaurants and entertainment facilities;
- entertainment centre is a special type of a specialised centre.

The classification of shopping centres which was the most often used in recent years is the one based on generations of malls related to their structural and functional evolution (Tab. 4).

The first generation of shopping malls and, at the same time, the first large-area trade centres appeared in Poland as late as in the mid-1990s. They were hypermarkets, surrounded by few shops, of about 5-10 thousand m<sup>2</sup> [Ciechomski 2010, p. 49]. Due to lower costs and difficulties in purchasing a plot that would be big enough,

Table 4

## Generations of shopping malls

Shopping and service centre (surface/scope)	Retail uses	Accompanying functions
1st generation (from 20,000 sq m, scope covering a quarter)	Hypermarket, small shopping centre (up to 50 shops)	Few service companies (dry cleaner, service point, post, telecommunications facilities), catering establishment (fast food)
2nd generation (20-50,000 sq m, citywide scope)	FMCG hypermarket, 2-3 specialist stores (e.g. house and garden, electronics), clothes stores, shopping mall with small shops (up to 100 shops)	Service companies mentioned above, as well as beauty salons, hairdresser, travel agencies, children's playground, few catering establishments (bars, cafés), amusement arcades, small stage
3rd generation (50,000-200,000 sq m, regional, national scope)	2-3 FMCG hypermarkets, numerous specialist stores, malls and multi-level shops (100-500 shops)	Service companies mentioned above, separated large food court, cinema (multiplex), disco, recreational part (amusement arcade, bowling, climbing wall, skatepark, etc.), fitness centres, theme park for children, chapel, medical services
4th generation (over 200,000 sq m, national, international scope)	FMCG hypermarkets, specialist hypermarkets, department stores, shopping avenues (500-1,000 shops), fairs and markets, thematic malls, replicas of streets and marketplaces	Service companies mentioned above, office and hotel area, art galleries, auditoria, entertainment halls, thematic parks, casinos, recreation complex (gardens, fountains, waterfalls, aquarium), discovery centre, leisure facilities (pitches, aquapark, skating rink)

Source: Own work based on: [Kaczmarek 2010].

such centres were usually located on the outskirts of cities in an immediate vicinity to large housing estates and next to important routes. The development of these centres lead to an increase in the surface of shopping malls (to about 15-20 thousand m<sup>2</sup>) and the number of tenants (to about 50-80) [Sławińska 2010, p. 153].

The second generation of shopping malls developed in Poland at the end of 1990s. These facilities included not only a hypermarket, the role of which was still the one of the “anchor store”, but also large-area stores the surface of which exceeded 400 m<sup>2</sup> and about 80-100 commercial, entertainment and catering establishments. In the case of second generation shopping malls the idea of spatial planning was different than before – a hypermarket occupied 1/3 of the surface, while 2/3 were used by other commercial and service facilities [Ciechomski 2010, p. 49]. These malls, like the ones of the 1<sup>st</sup> generation, were located away from city centres. Problems related to transport were, however, solved by ensuring free of charge bus lines for the customers.

Shopping malls of the third generation appeared at the beginning of the 21<sup>st</sup> century. The element which distinguished them from the centres of the first and the second generation were developed functions of spending spare time in leisure facilities and cinema complexes. New premises comprised companies offering luxury products of international brands. In contrast to previous generations, these facilities were located downtown or in central city quarters.

The fourth generation refers to shopping malls in the case of which the functions of previous generations were enriched with residential, office- and hotel-related functions. In modern malls, in addition to the best conditions for shopping, a customer can also relax and rest. To this end, entertainment and recreation areas were extended and a cultural offer was introduced, including museums, art galleries, concert halls and discos. These premises offer also a wide range of sporting facilities: gyms, climbing walls, sports halls, as well as recreation facilities: beauty salons, hairdressers and SPA clubs. A special offer has been prepared for children, *i.e.* amusement parks, oceanaria, go-kart tracks, *etc.* In recent years, it is more and more often proposed to create a fifth generation of shopping malls. The idea is to expand the existing commercial, service, entertainment, office- and hotel-related functions by adding to them functions of professional and residential services, as well as by preparing a comprehensive composition of a self-sufficient town “under the roof”.

The evolution of shopping centres aims to comprehensively satisfy the needs of their customers at one place, in comfortable conditions. In fifth generation centres in the world there are kindergartens and schools, public administration offices, universities, hospitals and leisure centres, as well as housing estates. The vision of fifth generation malls constitutes the direction of their current development worldwide, which may mean that such facilities may appear in Poland in the near future<sup>13</sup>.

The evolution of shopping centres (from the 1<sup>st</sup> to the 5<sup>th</sup> generation) leads to the search for new location methods. The location of shopping centres is one of the factors which considerably influence the effectiveness of their operation. The location of a shopping centre is understood as such territorial location which allows the mall to fulfil its objectives in the optimal way. Appropriately located commercial facilities has to be able to produce and provide services for which there is or will be consumer demand [Kotler *et al.* 1990, p. 412].

### 3. Location of shopping malls

The process of choosing a location of a shopping mall includes the choice of a general location (region, town or city, area) and of a detailed location, *i.e.* of a specific place.

The location of shopping malls is determined by a range of factors of quantitative and qualitative character. Among quantitative factors which influence the location it is

<sup>13</sup> <http://www.ekonomia24.pl/artukul/94191.html?p=2>.

possible to mention: scale of demand for goods and services, structure of buyers and their distribution, purchasing power of the population, shopping practices and habits, regional diversification of prices of goods and services. In turn, qualitative factors include:

- accessibility of qualified personnel;
- infrastructural factors (appropriate road and railway network, system of transport connections, municipal parking network, number of private cars determining the mobility of the population);
- quality of life in a given region;
- existence of an appropriate number of urban agglomerations which guarantee the demand;
- applicable legal provisions;
- intensity of competition.

In addition to the factors enumerated above, the location of shopping malls is also determined by [Mruk, Pilarczyk 2001, p. 237]:

- factors related to products, *e.g.* articles of everyday use should be offered by a retail chain located as near as possible to the place of residence of potential buyers, shopping products are usually offered in city centres or in shopping malls, impulse products should be sold in shops located at places characterised by heavy traffic;
- factors related to the company – its size, financial situation, market position;
- factors related to land development (spatial planning, regional development plans).

Shopping malls are a specific form of trade, and therefore they require particular location, both general and detailed [Śmigielska 2004, p. 59]. Shopping centres constitute facilities of a very large sales area (even 80,000 m<sup>2</sup>) and parking area. Shopping centres are located mainly on the basis of analysis of the availability of space (roads) and the possibility to occupy a sufficiently large plot of land which would allow to build a single-level facility and a multi-level parking.

Shopping malls are established mainly in large cities, and their location depends on the size and type of a given facility, size of the city, population distribution and availability of space (condition of roads, public transport, spatial structure of cities, type of buildings). Considerations regarding the location of shopping centres have to begin with the determination of the general location. Shopping centres are established at places characterised by a high concentration of population, *i.e.* in large and medium-sized cities as well as in urban agglomerations. This rule is related to the presence of an appropriately big demand and purchasing power of consumers.

The progressing development and modernisation of retail trade forms, the internationalisation and globalisation of trade as well as the change in the environment of companies result in the formation of certain localisation trends. While choosing the location, international companies take into consideration primarily the strategic significance of a given market and the possibility to reduce operation costs<sup>14</sup>.

<sup>14</sup> Global companies, international trade concerns seek for a favourable (from the economic point of view) location in order to reduce the costs of transport, storage, operation of shopping centres.

The spatial distribution of trade gains particular significance in the city (detailed location), as it is one of the conditions determining the effectiveness of trade and of service provided to the residents. In the case of shopping centres, the detailed location should include parameters of the centre, scope of the trade and service offer, additional functions and availability to motorised customers, suppliers and co-operators. In the area of a city, a couple of levels of shopping centres (malls) can be distinguished [Pilarczyk *et al.* 2001, p. 163]:

- central mall located in the city centre, offering specialist and shopping products, as well as a wide range of services; its scope goes beyond the borders of the city;
- quarter centres – complementary to the central mall;
- district centres – offering food products and household goods;
- specialised malls offering products of a given line of business.

Shopping malls in the city can be located:

- in the city centre,
- in quarters outside the city centre,
- within housing estates.

The fact of localising a shopping mall in the city centre has many advantages, such as [*ibidem*, p. 164]:

- links between shops and business in terms of their operation in the city centre;
- possibility to buy a wide range of products and to benefit from a wide range of services;
- easier access and service offered to customers who do not have their own vehicles;
- possibility to equip the centre with additional infrastructure;
- increase in the economic potential of the city centre to renovate and modernise existing residential and service premises.

In the city centre, there are mainly specialist shops, department stores and trade stores [Szulce 1998, pp. 220-221]. Downtown, there are also traditional forms of surface concentration of trade – shopping streets, strip malls, concourses, which have been developing for many years and which do not require large plots. Location in the city centre is often thought to be connected with a better accessibility for buyers. The accessibility – which has been thought to be linked with the location of commercial establishments in the vicinity the place of residence or work – usually referred to small shops. The availability of shopping centres means that they can be conveniently reached by car and that a free parking can be used.

Experiences of Western European countries and of the United States indicate that the location of shopping centres downtown "revives" the city (especially its social functions). It refers especially to multifunctional malls which offer entertainment and recreation (cinemas, theatres, sports halls, fitness centres, art galleries, *etc.*). What is more, a location in the city centre implies that the shopping mall is prestigious. That is why it is chosen by many investors.

Modern large-area shopping centres are usually established outside the city centre or in housing estates. These are usually shopping and service centres. Despite advantages of location in the city centre, most shopping malls in the world were built outside the city or in the suburbs:

- next to main roads or crossroads,
- on the outskirts of a city or between 2-3 cities or towns (in the case of agglomerations).

From the economic point of view and from the perspective of spatial potential, a peripheral location is more beneficial for investors than a location in the city centre. It results from a couple of factors [Szulce *et al.* 1989, pp. 160-162]:

- investments bring profits more quickly – by offering a customer different facilities, they attract purchase power;
- prices of plots are much lower outside the city than in the city centre;
- it is possible to occupy a plot which is large enough;
- it is possible to ensure a convenient access to the shopping centre (to build a viaduct, approach roads).

The choice of peripheral location of shopping centres (in particular those of higher level: regional, supra-regional) is favourable from the point of view of geographical situation of certain cities constituting an agglomeration or conurbation. If two or more cities or towns are located relatively close to each other, a shopping centre located on the outskirts of one of them or between them can be a place to which residents from all towns or cities situated around it will go shopping. In this way, it is possible to obtain much cheaper solutions by creating one shopping centre for more than one city.

The distribution of shopping centres in the suburbs, next to main routes or crossroads, makes it easier for potential buyers to access the mall. Shopping centres are, in principle, designed to provide services to mobile customers. Taking parking needs into account, investors aim at choosing a convenient (in terms of access) location. Difficulties related to arriving to a shopping mall located far from the place of residence or work of a potential buyer are compensated for by an attractive and comprehensive commercial, service and recreational offer. Thus, suburbs are a more convenient and economically favourable location of shopping centres from the point of view of investors, as well as of motorised buyers [Kłosiewicz-Górecka, Słomińska 2001, p. 50; more information on the subject: *Śródmieścia czy tereny podmiejskie...* 1999].

Congested streets in city centres, lack of sufficiently large parking, transport difficulties, especially during peak hours, cause a reorganisation of downtown quarters which transform into office or business and financial districts, while on the outskirts and outside the city housing estates are created. As a result, downtown demand is weakening, in particular since the commercial environment in city centres – in the face of an increasing number of transport problems and lack of parking spaces for comers – is not as attractive as it used to be.

Due to technical and organisational aspects of operation, the trade is withdrawing from the central part of the city. Modern forms of concentration of retail chain

in the shape of large-area shopping centres are getting bigger and bigger and require larger and larger amounts of space for their operation.

In Poland, shopping centres are established mainly on the outskirts of large cities, next to transit routes and junctions of major routes. Usually, decisions regarding the peripheral location are determined by the possibility to occupy a plot of land which is large enough and by a convenient access for buyers. Investment costs are also taken into consideration, as in the case of a peripheral location they are much lower than in the case of a downtown location. Conditions connected with the infrastructure, shipment, logistics and transport are also important.

Similar processes took place in the 1960s in the United States of America, where numerous shopping centres were created in the suburbs of large cities and metropolises, in the outer area, mainly due to suburbanisation. Over a couple of years, the functional and spatial structure of the outer metropolitan zone had changed. Small retail outlets went bankrupt and were replaced with shopping malls providing a comprehensive offer and competing for each and every customer. Residents of suburban quarters and housing estates could shop in a couple of facilities located in their vicinity. Their choice usually depended on the assortment and accessibility of malls. Despite a wide range of offered products, the inhabitants often decided to shop in distant shopping centres located outside the main area of operation. The phenomenon of out shopping [Papadopoulos 1980, pp. 41-58] escalated as the competition between the facilities increased.

Despite the advantages of a peripheral location<sup>15</sup> of shopping centres, the trend of locating them downtown is intensifying. The reason for the choice is the prestige of the city centre, tradition of its strong link with commerce, new transport solutions for non-motorised buyers (e.g. metro line, public transport, new roads) and accessibility for a larger number of customers (residents, people working in the city centre, tourists, visitors). Downtown shopping malls offer their customers, above all, additional services – entertainment, culture, sport and rest. Their trade offer often constitutes a complement to entertainment and recreation offered in the city centre. Purchasers come to a shopping mall to spend their spare time with their family, friends or colleagues, and shop just by the way.

A definite decision about which of the locations of a shopping mall – downtown or suburban one – is better is very difficult to make. It depends on many factors, such as the size and trade and service offer of a mall, the size and spatial structure of a city, transport infrastructure, population distribution on a given territory, plot prices, legal regulations, *etc.*

While considering the question of shopping centre location, it is necessary to take into account not only its economic aspect, but also applicable legal regulations. Provisions of law have a considerable impact on the conditions and direction of development of shopping malls. The evolution of malls, especially in Western European countries, is controlled by local (regional) authorities and central authorities

<sup>15</sup> As an example, it is possible to mention Galeria Dominikańska, Stary Browar in Poznań or Złote Tarasy in Warsaw.

[Kłosiewicz, Słonimska 1998, p. 17 *et seq.*]. The regulatory function of local authorities consists in indicating possible locations of shopping centres and in undertaking actions aimed to revitalise the favoured regions (*e.g.* city centres) in order to counter-balance non-urban centres [Zaktywizować... 1999, p. 6].

#### 4. Determinants of the development of shopping malls in Europe and worldwide

The creation and development of shopping malls is a symptom of the process of spatial concentration in retail trade in the world. It is formed by numerous factors present in the market environment of commercial enterprises. Principal conditions influencing the development of shopping malls include economic, social, legal and technological factors which can be observed both in the micro- and in the macroenvironment of commercial enterprises. Significant factors impacting their development comprise economic factors, in particular those which determine the pace of economic growth. A synthetic indicator of economic growth of macroeconomic character is the GDP (Gross Domestic Product) growth rate. The analysis of the creation of GDP in different industries and sectors of the national economy indicates a decreasing share of industry, construction and agriculture, as well as an increasing share of trade. Trade has the second, after industry, place as far as the creation of GDP in Poland and in Europe is concerned. It illustrates its high importance for the economy and growth rate. Individual consumption in the household sector has a significant impact on the phenomenon of concentration of trade. Changes in the GDP determine the purchase power of population and, thus, the volume of purchases and expenses. They also influence the development of competition and strategy of operation of commercial enterprises. Indices of income of the population<sup>16</sup> are of particular importance for the growth of commercial enterprises as they are (in addition to the population figure) an indicator of the actual demand.

**Economic factors** influencing the decision of commercial enterprises comprise the inflation level and tax system. High inflation is unfavourable for the economy, buyers and commercial enterprises. Money loses its value, real wages decline, the development of investments is impeded.

Tax system is one of the most important economic factors determining the operation and development of commercial enterprises. The amount of taxes influence the costs of conducting business activity incurred by entrepreneurs, the allocation of profits and strategy of operation. A stable tax system and investment premiums accel-

<sup>16</sup> Income structure by type includes:

- income from business activity, salaries and other income related to work, as well as property income,
- social security benefits (retirement pensions, annuities, allowances, scholarships, *etc.*).

erate the process of concentration in trade and the development of shopping malls on a given territory. High taxes discourage entrepreneurs from running business activity or encourages them to look for other markets. Among economic factors determining the development of new forms of trade, banking system is considered significant: interest rates, availability of credits for entrepreneurs and consumers.

Analysis and assessment of particular economic factors is important for the evolution of shopping malls and for the possibility to introduce changes to the size and structure of retail chain.

Factors determining the concentration in trade based on the development of shopping malls include **social factors**, such as: demographic changes, changes in lifestyle and consumption patterns. Links between trade and demographic changes have the nature of a strong feedback. Functions of trade are exercised by means of contacts with purchasers, while the needs and behaviours of the population form the trade and impact changes in the way it functions [Pilarczyk *et al.* 2001, p. 70]. Demographic changes are very similar throughout Europe. The progressive decline in the birth rate influences the number of consumers and, as a result, the level of demand. Significant changes can also be observed in the demographic structure – the share of persons in the retirement age, while the share of young people is declining. This criterion constitutes the basis of segmentation of buyers, the needs of whom are considerably different within various age groups (to each segment a set of goods and services most often purchased by the segment is assigned).

The possibilities for the development of commercial enterprises depend on the number and structure of households. The number of households constitutes an information on the basis of which it is possible to determine the demand for certain products or services. In Europe and in Poland, the number of small households composed of 1-2 person(s) is systematically growing (in Poland – about 24%), and the average number of persons constituting a household is decreasing (3 persons). Demographic changes are related to changes in activity rates of the population which directly from the consumption. The higher is the activity rate, the greater is the demand for different types of services and durable goods [Pilarczyk 1997, pp. 30-33]. An increase in the number of women of working age and their labour participation results in changes in the functioning of commercial enterprises, and in particular in the structure of offered assortment, location of commercial establishments and opening hours of shops.

Over the 1990s, the industrial civilisation changed into the information civilisation. This process was illustrated by changes in lifestyle and consumption patterns, which substantially influenced transformations in trade. The number of educated consumers with higher consumer requirements and diversified, in terms of preferences and expectations, lifestyles has increased. It means that commercial enterprises have to adapt to new requirements of the buyer. Consumers aim at improving the quality of life and comfort, want to rationally spent their time, combine shopping and entertainment, reduce the frequency in favour of purchase volume. The offer of modern shopping malls provided "under one roof" meets those needs.

In addition to economic and social factors, **legal factors** are also important from the perspective of the development of concentration in trade. They result from the applicable legal system (provisions of commercial code, civil code, act on enterprises and business entities, anti-monopoly law, consumer protection, economic and financial systems of companies). Institutional and legal solutions refer, above all, to three basic fields related to the process of concentration of trade: protection of freedom of competition, regulation of the behaviour of market operators and structural regulations [Pokorska, Maleszyk 2002, p. 30].

The protection of freedom of competition aims to prevent unfair monopolistic practices. Free competition ensures effective management, rational development of the market and protection of business entities. The protection of business entities refers primarily to the protection of small domestic commercial enterprises against the expansion of economically and organisationally strong foreign companies.

As far as distribution is concerned, legal regulations concern places determining the location of commercial establishment (*e.g.* large-area facilities) or its opening hours.

Provisions of anti-monopoly law aim to prevent companies from using their dominant market position and trying to limit the free play of market forces<sup>17</sup>. Legal factors influence to a larger and larger extent the development of capital and spatial concentration of trade in the form of shopping malls, especially in terms of the location of malls<sup>18</sup> and determination of product prices. In Spain, Portugal, France, Belgium and Greece, in order to be able to conduct business activity in large-area facilities one has to obtain special permits. In Spain the creation of a shopping centre has to be approved by 17 autonomous regions included in the territory of the state. In Portugal, a for the construction of a shopping mall of over 2,000 m<sup>2</sup> is issued by Directorate-General for Competition and Prices, which analyses the impact of investments on buyers, commercial enterprises and local market. In France, despite high level of spatial concentration of trade, traditional small commercial establishments play an important role. Modern shopping centres can be created subject to the approval of the Committee on Spatial Development. In cities of over 40,000 residents, a pro-

<sup>17</sup> Article 85 of the Treaty of Rome comprises a list of prohibited practices and regulates sanctions for violating the prohibitions.

<sup>18</sup> The pace of the development of trade concentration in particular countries is influenced by legal regulations. Decisions regarding the location of large-area shopping centres are made after having considered:

- impact of the investment on the quality of customer service;
- impact of the investment on the level of trade development in the region;
- impact of the investment on the stimulation of healthy competition;
- conformity of the planned investment with spatial development plans relating to the region;
- influence on the existing trade in the local market;
- impact on the local labour market.

Legal regulations regarding the establishment and location of shopping centres have slowed down the pace of their development in many countries (in particular in Germany, Denmark and France).

ject of each commercial facility of over 3,000 m<sup>2</sup> is subject to a thorough analysis. In Greece, there is a licence for the construction of large-area shopping centres, which is issued by a District Office Council after the approval of a local socio-economic commission and local authority is obtained. In Germany, the Commission for Spatial Development controls the establishment of shopping centres, by determining those parts of the country in which such objects can be built. In Denmark, an act on the location of large-area facilities forbids to build them beyond city borders and limits their surface in city centres. In Great Britain, the development of shopping centres is monitored by the Department for the Environment.

In Poland, until the end of the year 2000, the law allowed for an unrestricted inflow of foreign capital into the retail sector. In the years 2001-2007, an act which introduced the control over the shopping centre location exercised by city councils was in force. The control referred to the impact of investments on the local market, transport, existing retail chain and satisfying the needs and interests of consumers. The analysis of available materials regulating the functioning and development of large-area facilities in Europe allows to state that a characteristic feature of regulations is a certain "socialisation" of decisions undertaken by local or central authorities.

A significant influence on the evolution of shopping malls is exercised by **technological factors**. The occurrence of computers and information technology has led to a reduction in the importance of time and space for the operation of commercial enterprises. It made it possible to deliver goods just in time, as well as to reduce warehousing, storage and transport costs. Electronic data systems allow for an immediate control of sales and increase the effectiveness of provision of services to buyers. Technological factors influence also purchasing behaviour of consumers. The fact that households are equipped with household appliances & audio/video devices, computers and cars results in changes in the level and character of demand and forms of trade. Economic, social, legal and technological factors determine the development of modern forms of trade in different ways, and their significance depends also to a large extent on the type and location of the mall.

Within the framework of a summary of the deliberations devoted to shopping centres, it is important to mention that they are a contemporary form of spatial concentration of retail trade. They constitute a unit in terms of trade, assortment and services, construction and architecture, organisation and administration, and are adapted to serve motorised purchasers. Shopping centres, unlike other forms of spatial concentration of trade (shopping streets and quarters), are planned and their character is predetermined. The characteristic features which distinguish them from other forms of trade include: comprehensive offer of goods and services, variety of commercial establishments, competitive activity, uniform way of managing and creating the shopping centre, as well as a sufficiently large parking.

Shopping malls have been created at different times in different places of the world and have been developing under the influence of various factors. The effect of

this process are kinds and typed of shopping centres characteristic for given countries or continents.

Shopping centres can be classified according to criteria related to localisation, scope of operation, architecture of the facility, selection of tenants. In Poland, there are three basic types of shopping malls: hypermarket with a small mall, hypermarket with a large mall and group of shops without a hypermarket. They are usually commercial and service establishments in which dominant role is played by the hypermarket. The dynamic development of shopping centres results in changes in their size, structure, assortment, functions and location. The location of shopping malls determines their size, trade offer and scope (district, quarter, regional, citywide) and is one of the most important condition for the effectiveness of their operation and accessibility for buyers.

The decision regarding the location of shopping centres is one of the most important strategies decisions. Shopping malls, due to their specific character and particular features (large surface, parking, convenient access), require an appropriate – depending on the type of a given mall – general and detailed location.

As far as general location of shopping malls is concerned, the situation is clear, as they are established in large and medium-sized cities. However, decisions regarding the detailed location of shopping centres are much more complicated. Two trends can be observed in the world: location in the city centre or on the outskirts. The dynamic development of cities, creation of suburban housing estates, hindered access to city centres and an increasing number of motorised buyers were conducive to the peripheral location of shopping centres (the advantage of peripheral malls perceived by buyers was the fact that they were easily accessible by car and provided a comprehensive commercial and service offer). The downtown location of shopping centres was supposed to favour the revival and revitalisation of the city centre. Trade, which is historically connected with the city centre, stimulates the development of urban life. An advantage of downtown shopping centres is the accessibility for the inhabitants of the city, for visitors, tourists and buyers who do not have their own car, as well as the commercial and entertainment offer of malls.

Peripheral location is preferred by multifunctional, large-size shopping malls mainly due to the possibility to occupy a large plot of land and to build an appropriately big parking for buyers. The accessibility of shopping centres for mobile customers is generated by convenient road connections and free parking. Shopping centres have been developed due to the demand of purchasers for comfortable shopping and saving of costs connected with the operation of commercial enterprises (operators of malls). The peripheral location favours the reduction of costs related to the functioning of large-area facilities and the improvement of their availability for motorised buyers.