# Chapter VI

# ECONOMIC IMPACT OF SHOPPING MALLS ON THE OUTER METROPOLITAN ZONE

## 1. Economic impact of shopping malls – problem description

Trade in institutional account means enterprises (including entrepreneurs), that buy commodities from manufacturers in order to sell them further and that operate on their own behalf and account, bearing trade risk [Kosicka-Gębska *et al.* 2011]. Each business activity needs relevant location and necessary production means to operate. For entrepreneurs with a trade profile, of key importance shall be demand-related advantages of a given location [Budner 1999], or a possibility of selling commodities or offered services. These will be a derivate of the number of consumers, their purchasing power, and competition. In the case of small enterprises, they will also usually be local. Certain selected elements of the infrastructure, such as *e.g.* car parks *etc.*, may also be of importance and influence the attractiveness of a location. For other entrepreneurs, (including those with production profile), resource-related advantages will be also important, namely:

- land along with the infrastructure (roads and utilities),
- environmental resources,
- technical appliances,
- labour resources.

Thus, it may be stated that the location of small commercial facilities is defined by the local demand and competition and is dependent on them.

Shopping malls, by way of comprehensive services they offer, constitute material business competition for small commerce, which starts at the stage of investment planning. Already at the stage of initial projects, the advantage of shopping malls is clearly visible. Decisions in terms of location are most often preceded by well-thought of strategies, so-called tenant mix[45] on the basis of comprehensive market surveys, preferences and life style of consumers, or finally – demographic and economic aspects such as income, education, and age of possible clients. Subject to analysis are:

[45] Plan of arrangement of business lines and selection of tenants.

possible location, competition of other commercial facilities, transportation passageways and many other aspects. Situation in the vicinity of customers' places of residence, accessibility and car parks (usually free of charge) constitute important factors determining the advantage of the shopping malls not only over small commerce, but also over other shopping malls [Juan 2004]. Extension of transportation system (roads), improvement of public transport quality, and – which is particularly important – far more easier accessibility of private transport (cars) are factors conducive to such situation[46]. In result, consumers are much more mobile than before and may visit various stores, not only those in the closest vicinity. In addition, studies of attractiveness of large Dutch commercial facilities located outside city centres indicate that they are more attractive for consumers residing within a longer distance from the centres than for the inhabitants of the said city [Gorter *et al.* 2003]. Therefore, they may exert influence by attracting customers *i.a.* from the outer areas of cities and metropolises.

The selection of tenants is also non-accidental, and it often takes place before the construction permit for a shopping mall is granted. Tenants should have experience, represent a renowned brand and offer products of good quality [Michalak 2010]. Also, the deployment of tenants is non-random, large stores operating within the same business lines are usually located far from one another, which forces the customer to familiarise with the offer of the whole centre. The offer of shopping malls is prepared in order to retain customers for a longer time or even for a whole day. After the "toil" of shopping they may have dinner, go to cinema, do errands in a bank[47], refuel car *etc.* Shopping malls have an attractive offer, convenient shopping conditions, promotions *etc.* The above is reflected even in purchasing behaviour of consumers, the so-called recreational shopping [Mróz 2009] or window shopping. Of certain importance are also long opening hours of shopping malls, sometimes even all-night (usually they are closed only on holidays), which is difficult to compete with by other entrepreneurs.

The *sensu stricto* advantages of shopping malls should be complemented by competitive edge factors of large stores situated in the said centres. This topic is relatively well examined and described in the literature. Large stores are usually a part of affiliate chains, characterised by a central ownership, management, and similarity [Maleszyk 2000], or a part of an integrated trade chain, which is a form of cooperation of businesses. To the producers, they offer better stability of sales and certainty of payment for the sold products when compared to small business entities. On the other hand, however, there are threats on the part of retail chains, as the stronger partner, to which both producers as well as the local trade entities are imposed. They manifest themselves in applying various "entry" charges, charges for promotion, shelf space [Kłosiewicz 2000], forcing producers to decrease prices of products, aggressive dic-

[46] Between 1999 and 2011.., the number of cars increased by nearly a million, and as at 2011 it is 2 144 926 passenger cars, according to LDB www.stat.gov.pl.

[47] All under "one roof".

tating of purchase terms, including also extended payment terms. Also private label brands of retail chains constitute a competitive edge factor of large stores over small ones. According to the producers, forcing high discounts on the basic price by the chains, participation in financing promotion of producers' goods and application of long payment terms may even bear hallmarks of unfair competition [Kłosiewicz 2000]. Small family businesses that compete with shopping malls do not have sufficient strength to obtain such discounts and delivery terms (*e.g.* payments) from producers, as it is possible in the case of large retail chains mentioned above.

The increasing number of large-format stores (most commonly present within shopping malls) and shopping malls in the Silesian Voivodeship do has impact on other shops, especially small ones (Tab. 16). A continuous trend may be observed consisting in decreasing number of small stores (up to 99 $m^2$ of sales area). Since 2003, within eight years, nearly 15 thousand stores disappeared (30% of their total number). The highest increase, for by as much as 140%, relates to the stores with sales area of 1,000-1,999 $m^2$ and hypermarkets[48] exceeding 2500 $m^2$ (growth by 100% in the analysed period).

Competition of shopping malls and large stores influences also the marketplace trade. The number of traditional marketplaces and retail outlets located therein decreases (see. Tab. 17).

Despite decreasing number of small shops in the Silesian Voivodeship, they still have the largest total sales area, for as much as 1.6 million $m^2$ (Fig. 48). Statistical data that concerns changes in the area of stores in the Silesian Voivodeship are available only for 2011.

Table 16

Number of stores per sales area in the Silesian Voivodeship

| In total | Number of stores per sales area ($m^2$) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 99 and less | 100-199 | 200-299 | 300-399 | 400-999 | 1,000-1,999 | 2,000-2,499 | 2,500 and more |
| 2003 | 51,358 | 1,206 | 368 | 197 | 498 | 105 | 17 | 75 |
| 2004 | 40,068 | 1,209 | 404 | 199 | 534 | 115 | 16 | 75 |
| 2005 | 45,810 | 1,359 | 497 | 248 | 631 | 165 | 14 | 88 |
| 2006 | 42,481 | 1,332 | 475 | 251 | 662 | 171 | 17 | 100 |
| 2007 | 37,052 | 1,529 | 513 | 293 | 705 | 191 | 19 | 96 |
| 2008 | 40,158 | 1,621 | 584 | 318 | 805 | 203 | 25 | 121 |
| 2009 | 40,679 | 1,780 | 614 | 346 | 845 | 218 | 28 | 137 |
| 2010 | 38,974 | 1,833 | 615 | 364 | 894 | 241 | 28 | 140 |
| 2011 | 36,630 | 1,782 | 635 | 369 | 937 | 248 | 27 | 145 |

Source: Own work based on: *Rynek wewnętrzny, year's issues 2003-2011, CSI,* www.stat.gov.pl. (Tabs. 16-18).

[48] Hypermarkets are stores with sales area of at least 2500 $m^2$, conducting sales mainly within a self-service system.

Table 17

Marketplaces and small-retail outlets in the Silesian Voivodeship

| Year | Number of marketplaces with primarily small-retail sales (items) | Number of permanent small-retail outlets (items) |
|---|---|---|
| 2003 | 207 | 17,133 |
| 2004 | 202 | 15,921 |
| 2005 | 198 | 15,650 |
| 2006 | 197 | 15,856 |
| 2007 | 197 | 15,274 |
| 2008 | 188 | 15,808 |
| 2009 | 181 | 15,333 |
| 2010 | 171 | 13,944 |
| 2011 | 178 | 13,789 |

Over time, changes also embrace the ownership structure for shops. The share of domestic capital is decreasing in favour of foreign ownership (see Tab. 18). What is important here is the decrease of share of domestic ownership, especially in terms of sales area, which went down within eight years by nearly 20%.

Large stores and shopping malls develop intensively. The number of the largest stores grows continuously and constitutes ever growing competition for small commerce. **Such competition exerts influence with technical and technological advancement, innovation, and access to information, which may manifest in price**

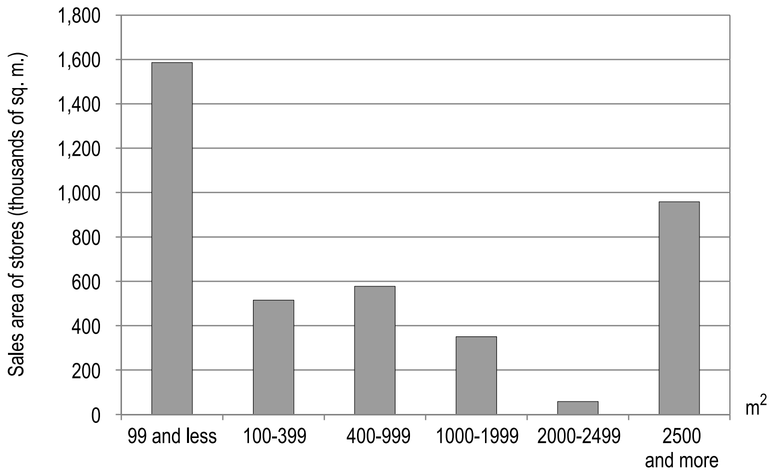


Figure 48. Sales area of stores in the Silesian Voivodeship

Source: Own work based on [*Local Data Bank* and REGON, www.stat.gov.pl] (Figs. 48, 49).

Table 18

Structure of stores as per private ownership forms in the Silesian Voivodeship

| Year | Domestic private ownership | | Foreign ownership | |
|---|---|---|---|---|
| | share (%) | share of sales area (%) | share (%) | share of sales area (%) |
| 2003 | 98.4 | 84.7 | 1.2 | 14.5 |
| 2004 | 97.7 | 76.9 | 1.3 | 16.9 |
| 2005 | 97.6 | 76.9 | 1.8 | 22.0 |
| 2006 | 97.4 | 74.6 | 2.0 | 24.3 |
| 2007 | 96.6 | 75.7 | 2.6 | 23.1 |
| 2008 | 96.7 | 71.1 | 2.6 | 27.6 |
| 2009 | 96.2 | 70.3 | 3.1 | 29.3 |
| 2010 | 95.3 | 69.2 | 4.1 | 30.4 |
| 2011 | 94.8 | 66.0 | 4.9 | 31.9 |

**war as well as in emergence of new behaviour patterns, encouraging to use the offer of centres.** Also legal and political factors are of certain importance.

The increasing competition of shopping malls is complicated and has complex consequences. On the one hand, (it is) a decrease of the number of small shops, active businesses and possibly the related increase of unemployment. However, stronger competition undoubtedly has also positive sides which cannot be overlooked. It is conducive to lowering of the price level, improvement of assortment and to other facilitations, such *e.g.* possibility of returning products, or availability of free-of-charge car parks. Also entrepreneurs benefit from such situation, especially those not operating in commerce.

According to studies conducted in the USA, opening of a Wal-Mart store (the biggest commercial concern in terms of global turnover) causes a reduction of employment on the retail sales market by 2.7% (which means that a Wal-Mart employee replaces 1.4 employees in the other part of the retail sector) [Neumark *et al.* 2008]. Reduction of employment results in other consequences, in the form of a decrease in tax inflows or a necessity to pay out unemployment allowances. However, the authors point out that poorer customers benefit from decrease in prices not only in Wal-Mart, but also in other shops.

Shopping malls significantly influence their surroundings. Changes stemming from this influence concern many aspects of life and economy. They may include changes on the labour market, in local entrepreneurship and competition, infrastructure, and especially transportation and environment. They may be negative or positive. A question arises what are these particular effects and their range, especially in the outer metropolitan zones, and whether they influence the development processes.

In Poland, there is a prevailing opinion that shopping malls have negative influence on the entrepreneurship, and thus also for the workplaces.

To sum up, shopping malls may have significant and not fully examined influence on commerce. They also induce transformations in the scope of consumption, labour markets and business activity itself.

## 2. Entrepreneurs in the outer metropolitan zone *vs.* competition of shopping malls

Entrepreneurs include natural persons, legal persons and organisational units (*i.a.* of the State Treasury) that conduct business or professional activity on their own behalf [on the basis of art 33 of the *Act* 1964]. According to art. 4 of the *Act on the Freedom of Business Activity* [2004], an entrepreneur is a natural person, legal person, and organisational entity not being a legal person, having legal capacity under a separate act – who performs business activity on their own behalf, as well as the partners of a civil-law partnership in the scope of business activity conducted by them. Companies of entrepreneurs (hereinafter enterprises) conducting business activity may have various forms, sizes, and turnover. In Poland, the basic division criterion is the number of workers, turnover, and assets. This division is quite important, as small and medium-sized enterprises (hereinafter *sme*) play a significant role in social and economic life. Also, they are favoured in distribution of EU funds.

In reference to the Classification of Business Activities in Poland (PKD 2007), business entities that conduct core activity classified under section G [*Klucze*... 2004] "sale; maintenance and repair of motor vehicles, excluding motocycles" shall hereinafter be referred to as trade units (entities).

The structure of business entities in terms of the type of conducted activity in the Silesian Voivodeship is highly diversified. The account of social and economic activities according to sections[49] of PKD [*Klucze*… 2004] is presented in Fig. 49. In

Table 19

Division of small and medium-sized enterprises

| Enterprise category | Number of employees | Yearly turnover | or | Total annual balance-sheet |
|---|---|---|---|---|
| Medium-sized | < 250 | ≤ 50 mln euro | | ≤ 43 mln euro |
| Small | < 50 | ≤ 10 mln euro | | ≤ 10 mln euro |
| Micro | < 10 | ≤ 2 mln euro | | ≤ 2 mln euro |

Source: *The New definition of SME…*

[49] Sections are the first level of division of PKD, they represent large groupings of activity types, connected with one another in terms of the traditional, general division of work.

quantitative terms (130 thousand) trade units *i.e.* business entities from section G are the dominating group, as they constitute nearly 30% of total business entities. Then there are entities preoccupying themselves with construction 12% (section F), then industrial processing (C) – below 10%. What is worth attention here is professional, scientific, and technical activity (M) – 8% and (H) transport and warehousing 7%. Other types do not exceed 5% of the total number of active business entities.

When analysing quantitative changes of trade entities in the Silesian Voivodeship (Fig. 50), it may be stated that since 2004 they have been developing intensely, as they grew in number up to the maximum amount of 153 thousand entities. Next years, with the exception of 2010, witnessed a downward trend until 2011 (with this year included).

Growing volatility among trade entities is also an unfavourable phenomenon. The number of deregistered entities is growing, similarly as in the case of newly registered entities when compared to the general number of trade units, whereby a lot more entities are deregistered, than registered.

Section G of PKF classification is diversified, as it covers wholesale, retail sale, and repair of motor vehicles. A more detailed division in terms of likeness degree is

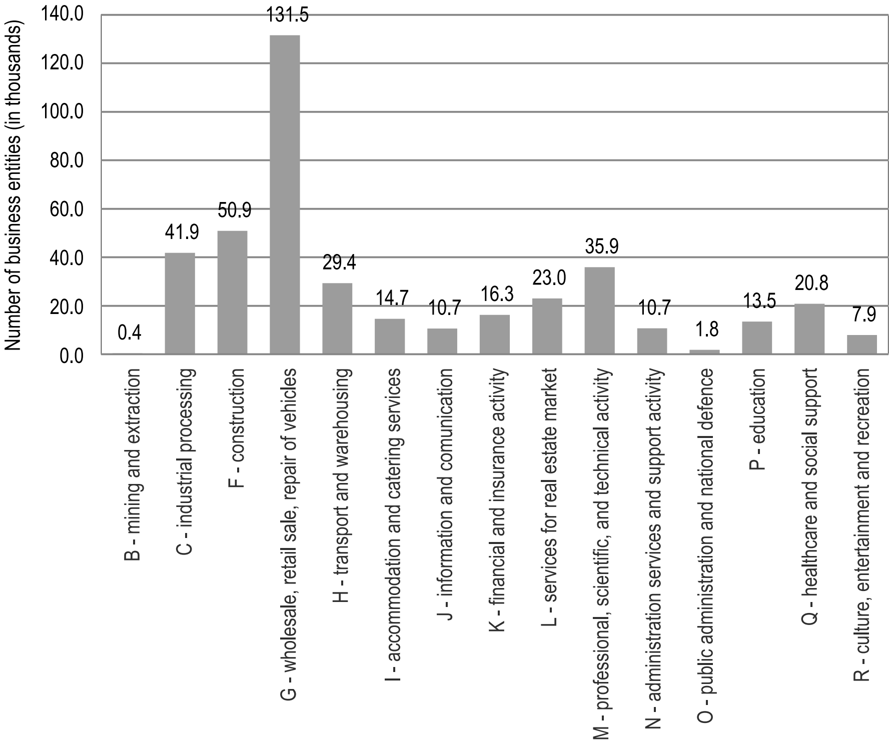


Figure 49. Number of registered business entities in the Silesian Voivodeship according to sections of PKD /2007/, as at 31.01.2012

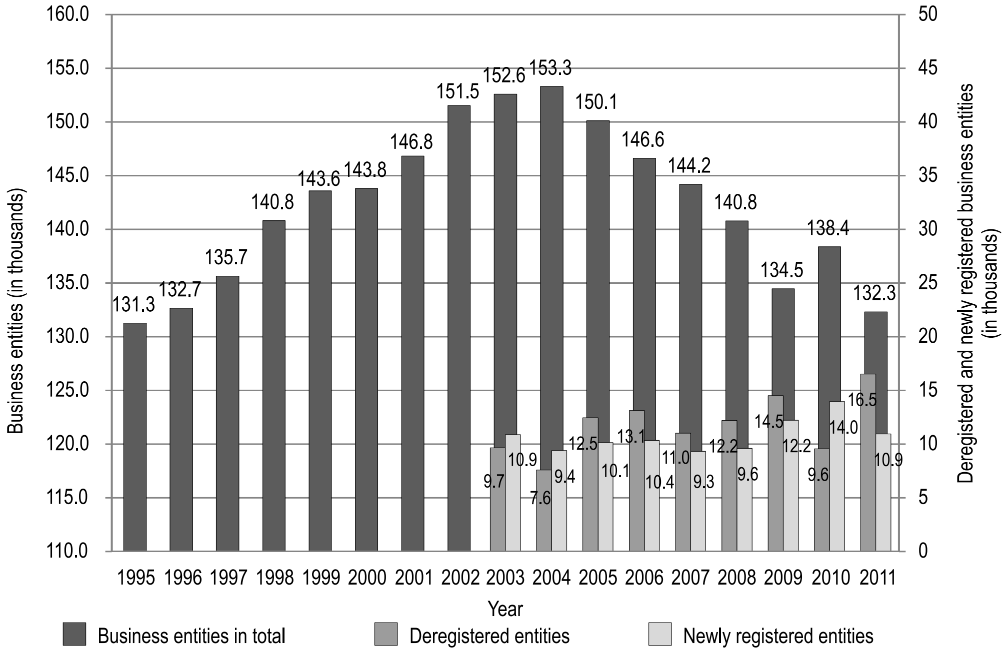


Figure 50. Number of trade entities in the Silesian Voivodeship (section G, according to PKD 2004, 2007), years 1995-2011

Source: Own work based on: *Rynek wewnętrzny, year's issues 2003-2011, CSI* www.stat.gov.pl (Fig. 50, 51).

available at the second level – heading. Fig. 51 shows details of quantitative changes of trade entities within section G[50], in split into headings, in the period of downward trend (*i.e.* years 2005-2011). The most significant quantitative changes are related to wholesale (heading 52/47); the number of entities dropped nearly by 20 thousand. The number of entities classified under wholesale (heading 51/46) remains at a similar level as before.

There is lack of detailed data related to reasons of liquidation (discontinuation) of enterprises, especially small ones[51]. Entrepreneurs who deregister their activity in the prior and in the present business registry system are not obligated to state reasons for discontinuation. Such reasons may be diverse, such us: drop in turnover, health condition (which is important in the case of small, one- or a couple-person companies), growth of competition, change of the place of residence, and crisis.

Business entities (apart from one-person entities) create and maintain work places. Fig. 52 shows the employment level in 2010 in the Silesian Voivodeship, divided into PKD sections. Majority of the employed, for as many as over 300 thousand, work in industrial processing (section C). Next 160 thousand people is employed in

[50] Data used according to PKD 2004 and 2007.

[51] It mainly stems from the fact that there is no obligation to conduct such statistics by communal authorities and CSO.

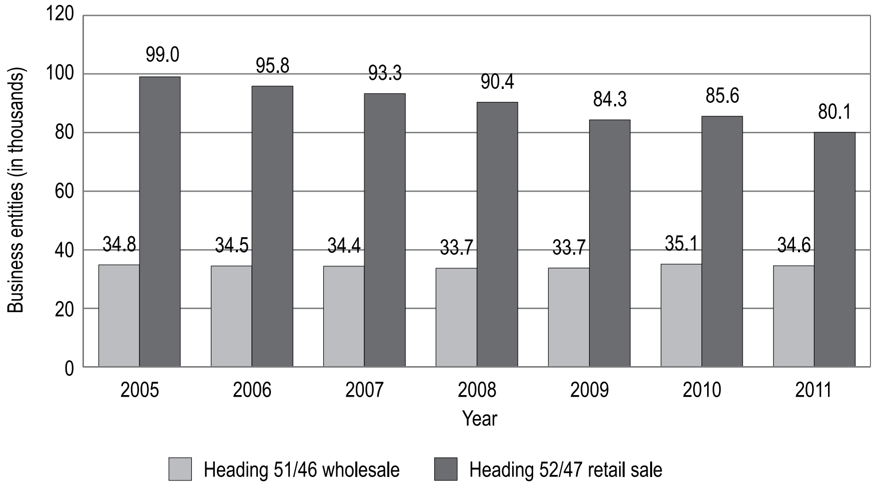


Figure 51. Number of business entities in the Silesian Voivodeship in the commercial sector (section G, according to PKD 2004, 2007), years 2005-2011

sales, and a little more than 100 thousand – in mining and extraction industry. A leading role as regards employment in industrial processing and extraction industry is played by large business entities employing more than 49 workers. **In the account of employment by micro- and small companies (*i.e.* those employing up to 49 people), a key role is played by trade companies, employing 120 thousand people in total.** It confirms the important role of these entities and their influence of the shape of local labour markets.

Trade companies (section G) in the Silesian Voivodeship generate a substantial added value (which is a GDP constituent) – PLN 251 billion. This value exceeds the added values in other activity groups. Unfortunately, more detailed data is not available.

Trade enterprises, especially small ones, are significant local employers. From among all activities, sale has the greatest impact on GDP in the Silesian Voivodeship.

The studies accomplished as part of the project titled *Impact of shopping malls on the outer metropolitan zones* were conducted among entrepreneurs in selected communes. For the purposes of the study, the interview method was employed (a technique – direct interview with the use of a measurement tool-direct interview questionnaire). To the features that characterise enterprises run by the respondents, the following features were included:

- activity profile,
- range of operation,
- number of employees,
- subjective assessment of market standing,
- company location,
- distance to the nearest shopping centre.

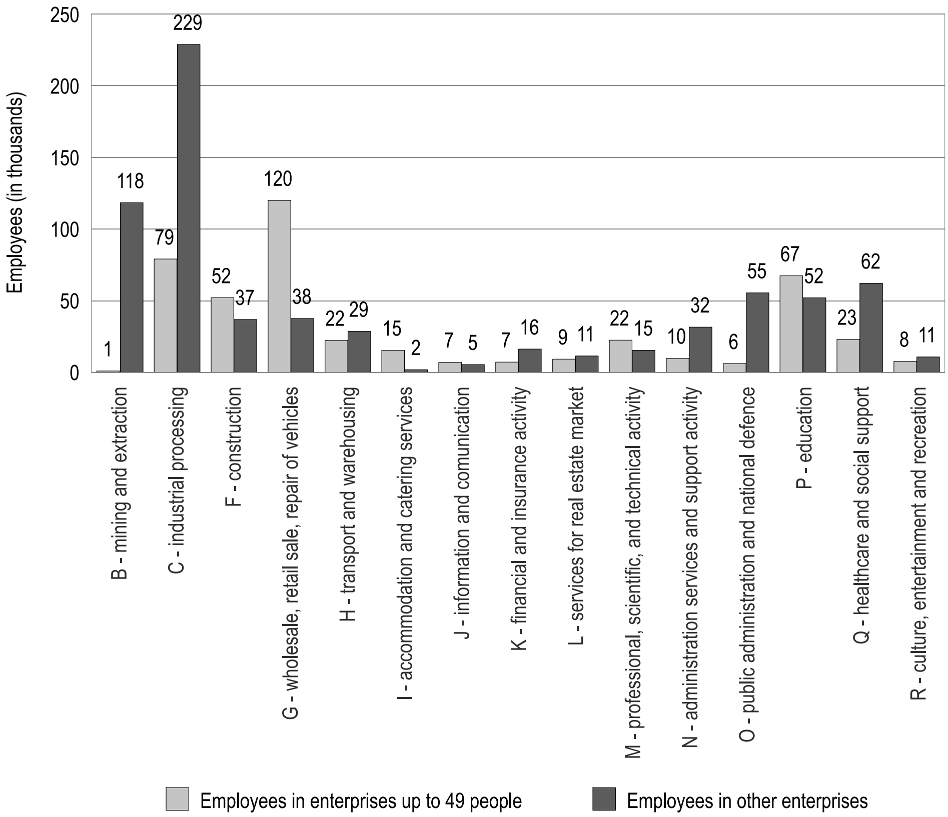


Figure 52. The number of people employed in enterprises up to 49 people and other enterprises in the Silesian Voivodeship per sections of PKD 2007, in 2010.

Source: Own work based on [*Local Data Bank* and REGON, www.stat.gov.pl] (Fig. 52, 53).

The surveyed entrepreneurs operate mainly in trade sector (Fig. 54) – 131 people, that is 52% of the surveyed (hereinafter referred to as "traders") and in services (39%). The least numerous group of owners is constituted by persons conducting production activity. The above figures determine to a significant extent the quantitative structure of entrepreneurs in the Silesian Voivodeship, presented in accordance with the PKD code list in Fig. 49. No interviews with representatives of large shopping malls were conducted.

The highest number of entrepreneurs, for more than a half, operate on a local market (Fig. 55) – a range declared by 54% of entrepreneurs. A relatively high number, for nearly 10% of companies, have a global range of operations. The range presented corresponds to a significant degree with the employment structure. "Micro" enterprises[52] are the dominating group (Fig. 56), including the smallest ones (59%), employing 2-5

[52] This notion is defined in the preceding chapter.

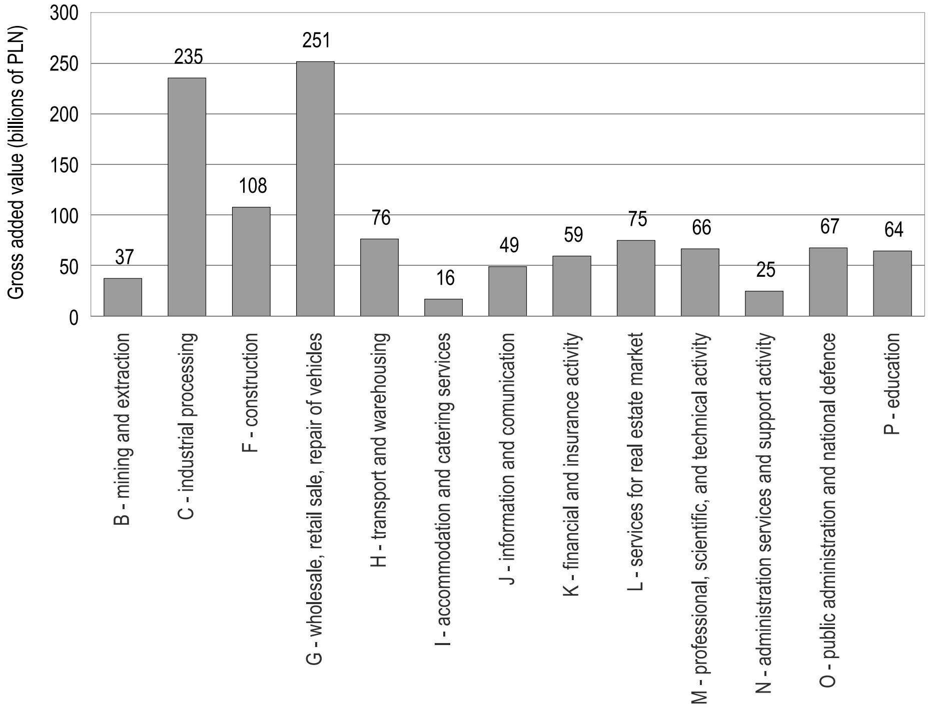


Figure 53. Gross added value per sections of PKD 2007 the Silesian Voivodeship, in 2011

workers, and other enterprises (13%) employing from 6 to 10 people. Large enterprises that employ more than 100 workers constitute only 8% of the total count. The bigger an enterprise is in terms of employment, the bigger is its range of operations.

Registered offices of most entrepreneurs (Fig. 57) are located near shopping malls, as the maximum distance from the closest mall does not exceed 5 km. Only 12% of companies are considerably remote (from 21 to 50 km) from shopping malls. The closeness of shopping malls mentioned above is reflected in relatively short time of reaching them, which for 60% of respondents does not exceed 15 minutes. 27% of respondents need between 15 and 30 minutes to reach a shopping mall, and for 7% it takes more than 30 minutes (Fig. 58). The above may be also an evidence of good road infrastructure which contributes to such a short time of reaching a mall. Distance is no longer an obstacle in reaching a shopping mall, both for entrepreneurs as well as possible customers.

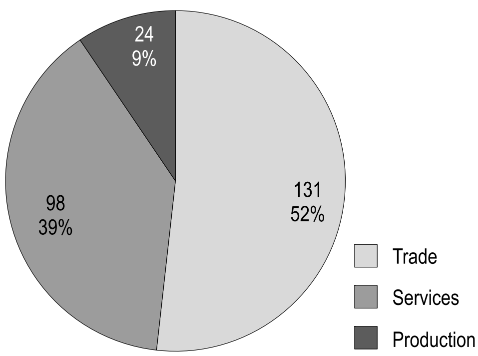


Figure 54. Profile of activity of entrepreneurs
Source: Own work (Fig. 54-76).

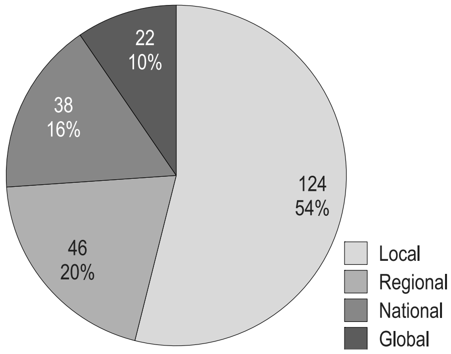


Figure 55. Range of operations of entrepreneurs

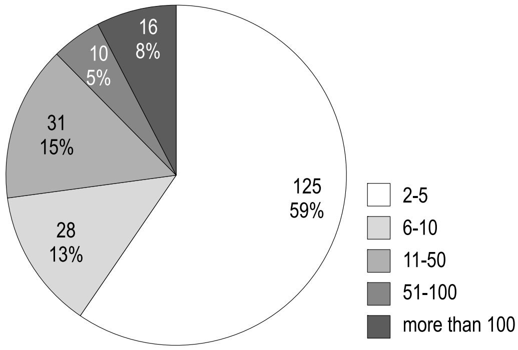


Figure 56. Number of employees

Answers to the question on the assessment of activity are very interesting (Fig. 59). The highest number of entrepreneurs, *i.e.* 54%, assess the situation as good, and 34% as difficult. 8% of the entrepreneurs are in very difficult situation. 4% of all respondents declared that their situation was very good.

Summing it up, a typical respondent is a "micro" entrepreneur (72% of the surveyed employs from 2 to 10 workers), conducting activity with a trade profile on a local market. It employs from two to five workers and assesses the situation as good. With no doubt, shopping mall constitutes a close competition to them, as the distance does not exceed 5 km, and to travel such a distance, 15 minutes are sufficient.

Good location, including operating shopping malls and other neighbouring competition, constitute important factors influencing business activity. For the entrepreneurs with a trade profile, key competition will be constituted by all trade establishments operating in the vicinity, *i.e.* small district stores, retail chain shops, and specialist stores. "Trade" entrepreneurs in the Silesian Voivodeship are of the opinion that the market is already saturated, as both small stores (more than 70% of opinions) as well as domestic and foreign retail chains are present in a sufficient

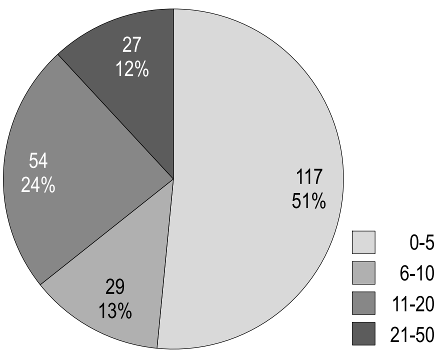


Figure 57. Distance to the nearest shopping centre (km)

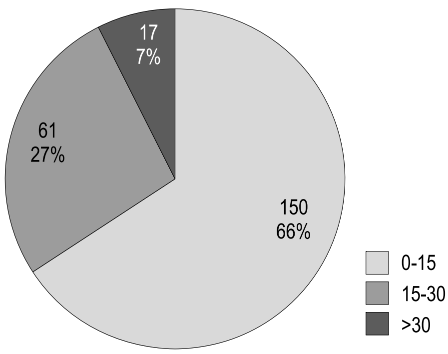


Figure 58. Time needed for reaching the nearest shopping centre (min)

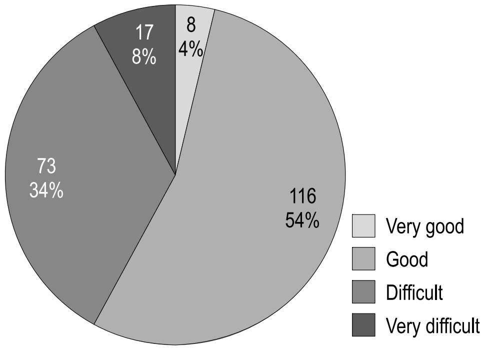


Figure 59. Subjective assessment of activity by the entrepreneurs

number (Fig. 60). **The strongest competition seems to be on the part of foreign retail chains, as additionally 34% of respondents is of the opinion that there are too many such stores.** The number of specialist stores is assessed quite differently. Majority of the surveyed believes that there are too little such stores, and slightly less numerous group of the surveyed assess their number as sufficient.

As regards the sufficient number of both small as well as retail chain stores (whether domestic or foreign), opinions of other entrepreneurs (Fig. 61) are consistent with the opinions of "traders". The biggest differences are visible in the assessment of the number of specialist stores. A significant majority, *i.e.* 65%, are of the opinion that there are too little such stores.

A visible difference in distribution of other assessments ("too many" or "too little"), depending on the specificity of activity of an entrepreneur, should not be surprising. Both district stores as well as retail chains constitute serious competition for small commerce, but for services and production – not necessarily. Specialist stores

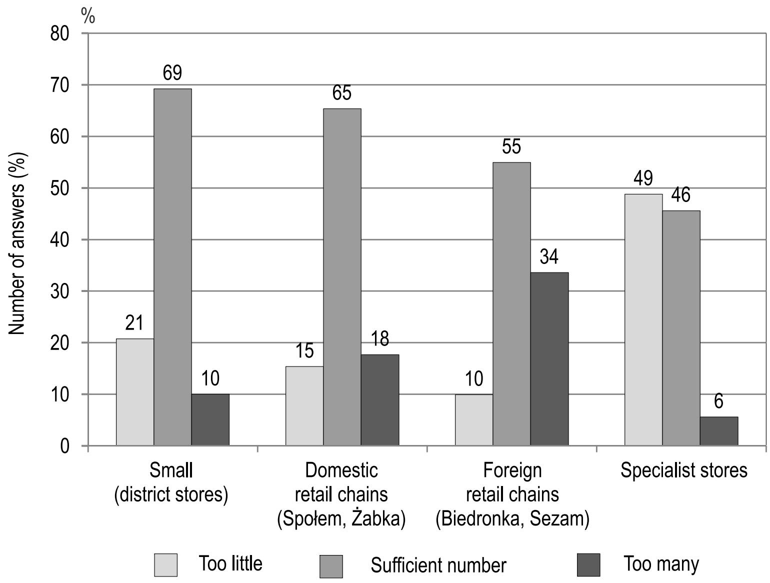


Figure 60. Assessment of the number of trade establishments by entrepreneurs with trade profile

Table 20

Assessment of the number of individual trade establishments
by the respondents in total (%)

| Description | Too little | Enough number | Too many |
|---|---|---|---|
| Small (district stores). | 19 | 73 | 8 |
| Domestic retail chains (Społem, Żabka) | 21 | 65 | 14 |
| Foreign retail chains (Biedronka, Sezam) | 16 | 60 | 24 |
| Specialist stores | 55 | 40 | 5 |

Source: Own work (Tables 20-22).

(some offering assortment unavailable in other stores[53]) often supply only industry and craft and probably for this reason they are not necessarily perceived as competition, and even to the contrary – there is a visible deficit of them.

Apart from the number of competitive stores, what is important is widely-understood quality of services provided by them. The trade activity conducted should be adjusted to expectations of customers. It may comprise many factors, such as *e.g.*: quality and broad range of products, level of prices, opening hours of the store, as well as level and competences of service staff. As part of the survey among entrepreneurs, they were asked to assess the existing trade-and-service network in the analysed lo-

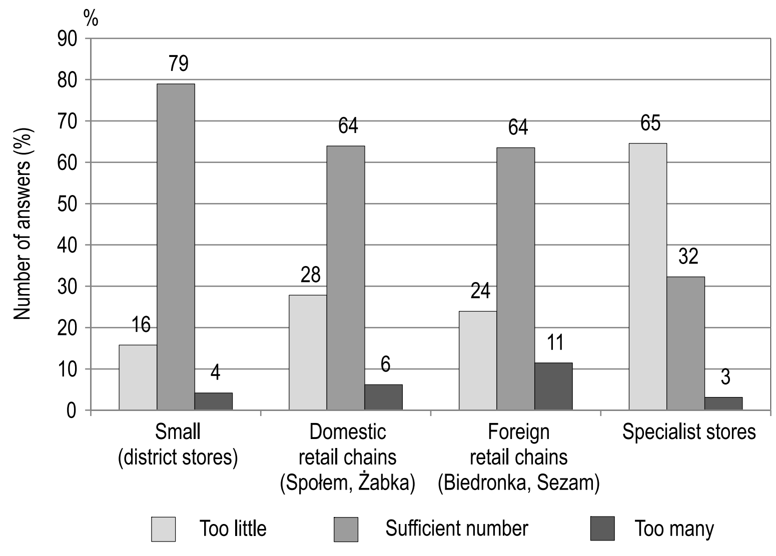


Figure 61. Assessment of the number of trade establishments by other entrepreneurs

[53] For example: professional lines of electro-tools and appliances thereof, specialised cleaning agents, *etc*.

calities. So, entrepreneurs have a “dual role” here. Trade establishments that are assessed probably constitute competition for the surveyed entrepreneurs, which may however often be also customers of the assessed trade establishments, especially if they are “no-traders”. The assessments are presented in Tab. 21.

Table 21

Assessment of the quality of individual trade establishments by the respondents (%)

| assessment | 5 | 4 | 3 | 2 | 1 | assessment |
|---|---|---|---|---|---|---|
| very broad choice of products | 13 | 30 | 32 | 20 | 5 | very narrow choice of products |
| low prices | 4 | 22 | 45 | 23 | 5 | high prices |
| convenient opening hours | 22 | 31 | 28 | 16 | 4 | inconvenient opening hours |
| high quality of products | 8 | 33 | 40 | 17 | 2 | low quality of products |
| high quality of service | 12 | 31 | 39 | 15 | 4 | low quality of service |
| sufficient number of specialist stores | 5 | 17 | 31 | 30 | 17 | to little specialist stores |

Where: very broad choice of products -5, very narrow choice of products - 1, *etc.*
Source: Own work.

The assessment of quality of trade establishments has been started from the products offered by stores in terms of their choice and quality. The choice of products in stores located in the outer metropolitan zones on the scale from 1 to 5 is assessed by the entrepreneurs at a medium level, most of the scores are “3” or “4” (Fig. 62). Only 20% of the respondents deems the choice of goods to be too narrow, and 13% of them regards it as very wide. Quality of products (Fig. 63) was also assessed as over-average, 40% considered it average, while 33% – as good. Relatively large number of respondents, for as many as 17% consider the quality of goods to be low (score 2).

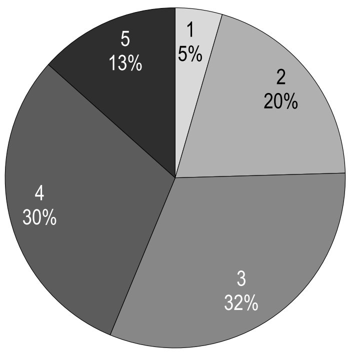


Figure 62. Assessment of product choice by entrepreneurs, where: 5 – very broad choice, 1 – very narrow choice of products

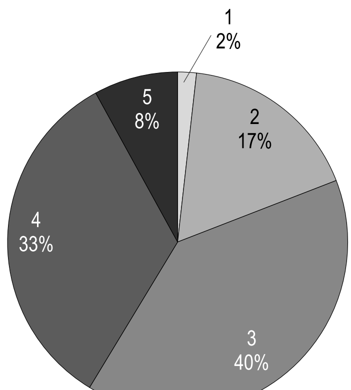


Figure 63. Assessment of product quality, where: 5 – high quality, 1 – low quality

Therefore, it may be said that both quality as well as availability of products are assessed above average.

Availability and quality of products constitute an important criterion of assessment of retail chains (maybe even a basic one as lack of products makes their purchase impossible), however the decisive factor are the prices. The respondents are not satisfied with the level of prices, but they accept them, as most of them describe it as "3", which means moderate (Fig. 64). Other opinions include more than 22% for averagely low and high prices, and 5% for each of other price levels.

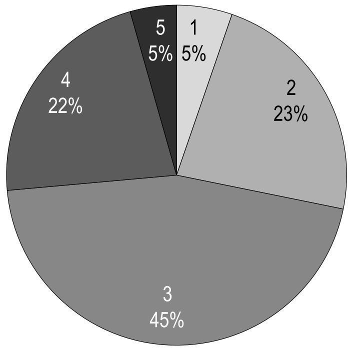


Figure 64. Assessment of the level of prices by entrepreneurs, where: 5 – low price, 1 – high price

Other factors that may prove helpful when choosing and assessing a trade establishment are opening hours of shops and level of service. Most respondents (Fig. 65), *i.e.* 32% and 22% are of the opinion that the opening hours are convenient or very convenient (score "4" and "5"), while 28% think that they are acceptable (score "3"). From among all the assessed aspects the highest scores were awarded in relation to opening hours. Competences (level of service) are assessed slightly above average (Fig. 66).

The last of the analysed aspects relating to stores was the number of specialist stores. Results of the study (Fig. 67) confirm the answers provided before, indicating that there is a deficit of such stores (presented *inter alia* on Fig. 60 and 61). Without a doubt, the respondents are of the opinion that the number of specialist stores is insufficient. 17% and 30% of the respondents are convinced about that. While, 31% of the respondents deem the number of such stores to be acceptable (score "3").

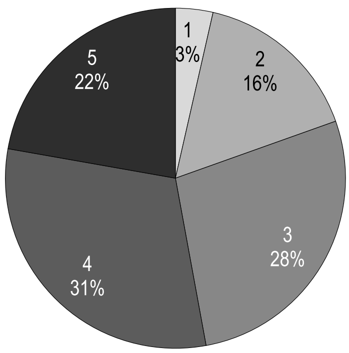


Figure 65. Assessment of opening hours, where: 5 – convenient, 1 – inconvenient

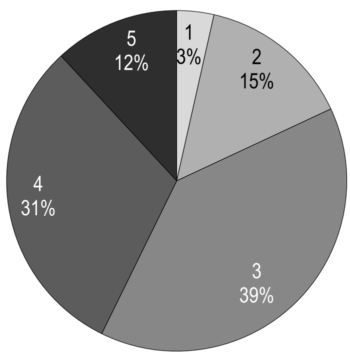


Figure 66. Service level assessment, where: 5 – high level, 1 – low level of service

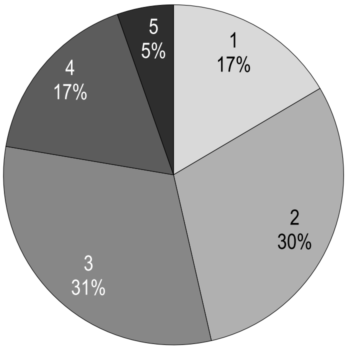


Figure 67. Assessment of the number of specialist stores, where: 5-sufficient,1-to low

Shopping malls, due to their specificity[54] may constitute a competition also for some service establishments in given localities, and thus, to influence their operations. The assessment of the number of service establishments in localities selected for the study constituted the next stage of the study. Consolidated results are presented in Tab. 22.

The study indicates that service establishments may be generally divided into two large groups. The first group (Fig. 68 – coloured insert, p. 14) comprises establishments which, in the opinion of most respondents (results between 60% and 70%) are present in a sufficient number. "Sufficient number" is a prevailing answer, while for "too little" or "too many" there are similar results. The said group is comprised of hairdresser, beauty, catering, and motor car services. Sartorial services are most lacking ones in this group. Thus, it may be said that service establishments from the presented group are developing well and are not threatened by competition of services located at SMs. Which is quite puzzling, as the types of service establishments listed above are most commonly found in shopping malls or their vicinity (hairdresser, motor car services, *e.g.* NORAUTO), while catering establishments are located in virtually all shopping malls.

Table 22

Assessment of the number of individual service establishments in a locality (%)

| Description | Too little | Sufficient number | Too many | Other |
|---|---|---|---|---|
| Hairdresser | 13 | 72 | 15 | 0 |
| Beauty | 23 | 65 | 12 | 0 |
| Sartorial | 44 | 48 | 4 | 4 |
| Shoemaker | 58 | 35 | 5 | 2 |
| Dry cleaner | 57 | 35 | 3 | 5 |
| Catering establishments | 27 | 61 | 12 | 0 |
| Household appliances repair shops | 59 | 34 | 5 | 2 |
| RTV repair shops | 57 | 36 | 5 | 2 |
| Car services | 31 | 59 | 10 | 0 |
| Cultural establishments | 26 | 21 | 2 | 0 |
| Sport centres | 56 | 41 | 2 | 1 |
| Fitness clubs | 27 | 17 | 4 | 5 |
| Other (please indicate) | 0 | 0 | 0 | 0 |

[54] Many various stores and service points under "one roof".

The second group (Fig. 69 – coloured insert, p. 14) comprises services which are present in insufficient number and may be deemed scarce. The predominance of "too little" assessments – at a level of 60%, may evidence this. It relates to shoemakers', dry laundries, and RTV and household appliances repair shops, and sport centres.

It should be highlighted that some of them are services that are in decline, the so-called decadent professions such as *e.g.* tailors, which may explain their absence. Higher availability of cheap, often "disposable"[55] electric and electronic equipment causes services such RTV and household appliances repair to be unprofitable. However, the entrepreneurs consider such services necessary and notice lack thereof. Cultural establishments and fitness clubs obtained ambiguous results – a large number of answers is "other". Taking into account the above results, it seems justified to say that shopping malls do not significantly influence the services in the outer metropolitan zones.

## 3. Identification of main economic influence of shopping malls on cities and rural areas in the outer metropolitan zone

Shopping malls that constitute a competition for local trade cause various positive and negative changes in the localities being the subject of the study. Changes in a locality in result of creation and operation of nearby shopping malls, noticed by entrepreneurs, were presented in Fig. 70. No positive changes ("no changes" answer) were noticed by 43% of entrepreneurs (of which 29% had trade profile), and no negative ones by 37%. Modern forms of shopping are considered positive aspects by 27% of the respondents, whereby they are more appreciated by other entrepreneurs (15%). Shopping malls offer low, attractive prices only according to 11% of entrepreneurs, and do not contribute to creation of new work places (only 2% of answers). **But, they negatively influence trade (33% of entrepreneurs' opinions) and lead to its decay.** Entrepreneurs are aware of ineffective infrastructure which does not keep pace with emerging shopping malls and causes, *i.a.*, traffic jams, lack of parking places *etc.* Paradoxically, infrastructure shortages may be to the benefit of local entrepreneurs, as they discourage to use the offer of shopping malls. Inflow of foreigners, especially Czech citizens, is perceived as a positive phenomenon.

Emergence and operation of shopping malls undoubtedly influenced in both positive as well as negative terms the neighbouring enterprises (Fig. 71). However, their impact is not as significant as it seems at a first glance. No positive changes were noticed by 78% and no negative ones by 54% of the respondents, which is also quite a significant group of the surveyed. **Shopping malls contributed to reduction of turnover and number of orders of 31% of entrepreneurs** in opposition to 13% who recorded

[55] No economic justification for repair of equipment due to prices of replacement parts and servicing. It is more cost-effective to buy a new product.

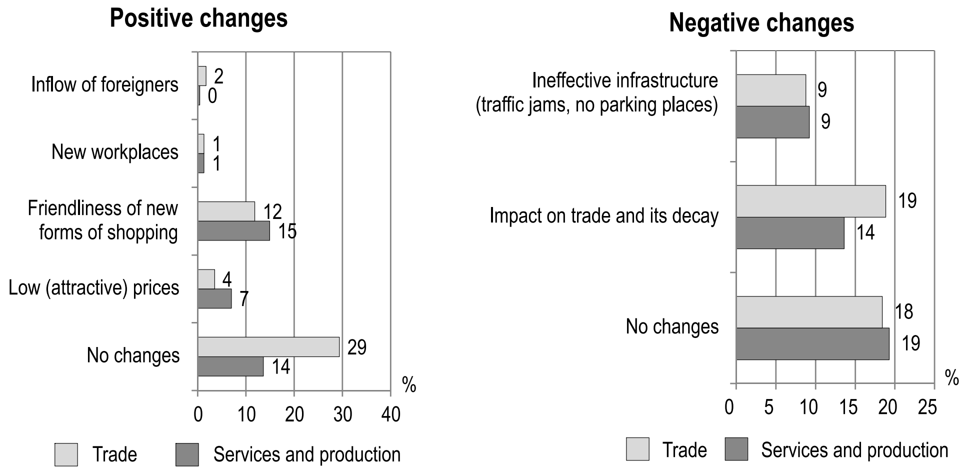


Figure 70. Positive and negative changes in a city/locality in result of creation and operation of nearby Shopping Malls (most important changes presented)

increase in turnover and the number of orders. It is understandable that competition on the part of SMs has been most painful for traders (22% of answers). Improvement of the quality of service and choice of products has been noticed by 8% of the respondents. The increase of competition within the activity conducted is usually perceived by the entrepreneurs in negative terms, but only few entrepreneurs, for as little as 6%, are of that opinion. What is good for consumers, is not necessarily good for entrepreneurs. It

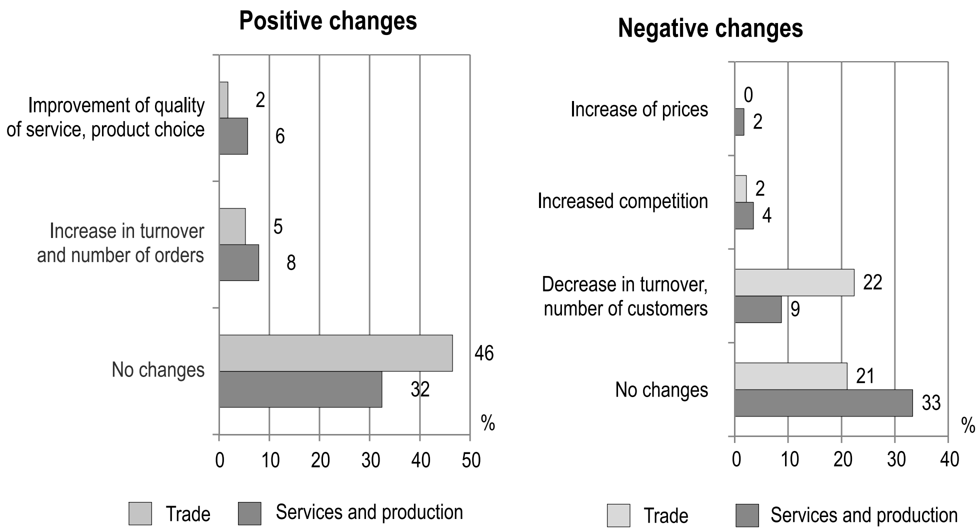


Figure 71. Positive and negative changes in activity of companies in result of creation and operation of neighbouring shopping malls

may be seen that emergence and operation of shopping centres have a more severe negative impact on entrepreneurs with trade profile. The results of the study confirm that.

The competition of SMs is one of many factors conditioning the success of business activity. Some other factors include, *e.g.*: costs of conducted activity, required technical infrastructure, red-tape barriers or policy of local authorities. The most obvious division of these factors is to those conducive and hampering business activity (Fig. 72). Large number of consumers, inhabitants in entrepreneurs' localities, is the most important factor conducive to the conducted business activity – 25% of opinions indicate so, whereby the number of consumers is of equal importance both for traders as well as other entrepreneurs. A favourable location and situation as a factor conducive to business activity is indicated by 12% of the respondents. Good will of authorities, offices and no competition were indicated by 7% of the surveyed each. Factors conducive to business activity are absent ("none" answer) for 18% of the entrepreneurs, which is the second highest result.

The most important factor obstructing the conducted business activity is widely understood competition (which should not be a surprise), occurring in 25% of the answers, **and in addition, 12% of traders and only 2% of other entrepreneurs indicate the competition of shopping malls specifically.** Other negative factors include costs of business activity and bureaucracy. Each of them generated 12% of opinions. None factors hampering business activity are perceived by 14% of the respondents. Ineffective infrastructure understood as absence of car parks and traffic jams is a barrier for business activity for 8% of the entrepreneurs.

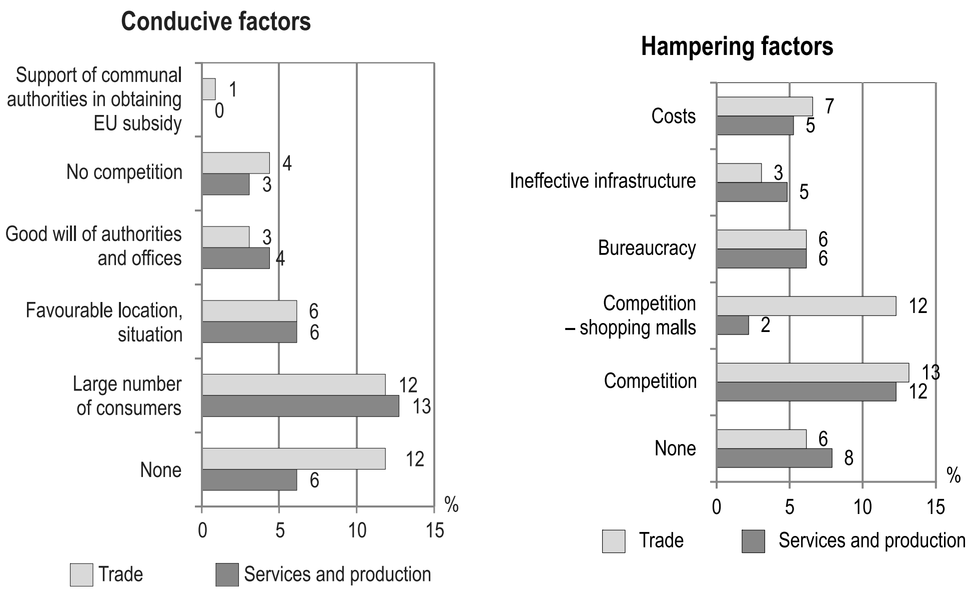


Figure 72. Factors conducive and hampering business activity

Apart from the factors influencing the business activity (both in positive as well as in negative terms), entrepreneurs may encounter various barriers stemming both from internal as well as external conditions. In addition, such barriers may be complex. The highest number of entrepreneurs see no barriers both in the locality (Fig. 73) as well as outside it. It is the opinion of 27 and 48% of respondents, respectively. Competition is a substantial barrier for 12% of entrepreneurs in their native locality and for 11% outside it. **Shopping malls are a developmental barrier mainly for entrepreneurs from trade industry, both in the locality as well as outside it (8 and 6% of answers, respectively)**. High costs of activity (according to the respondents, it should be understand as purchase prices of various components, fuel prices and various charges) constitute an equally important barrier, indicated by 13% of the respondents in a locality and 6% outside it. Bureaucracy is another obstacle for 8 and 5% of the surveyed entrepreneurs, respectively. These results seem to correspond to a certain degree with the local range of activity of the entrepreneurs who are more prone to see barriers in "their" locality than outside it, and they additionally depreciate barriers outside the locality.

Economic development may be stimulated by various types of investments. Unfortunately, nearly 30% of the surveyed entrepreneurs (Fig. 74) do not indicate such investments, whereby the answer "none" may be interpreted as a lack of trust in the possibility of development or a consequence of no opinion at all, or possibly lack of knowledge of such investments. The investments most commonly associated with development are infrastructural investments which should be understood here as economic (including technical) and social infrastructure; roads, car parks, schools *etc.* reappear in answers (20% of opinions). According to 8% of respondents, construction of flats contributes to the development. Despite intense advertising campaigns, EU subsidies are perceived as conducive to the development only in 1% of the answers.

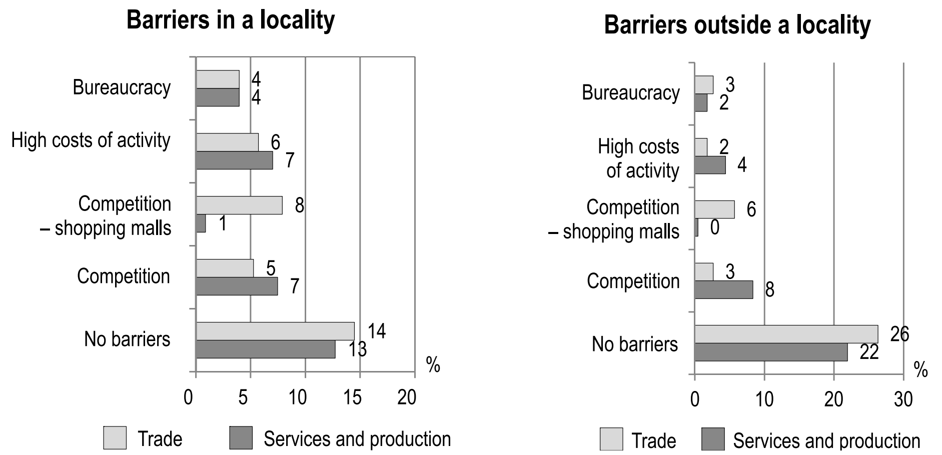


Figure 73. Barriers for development of entrepreneurship in 2012-2015
from the point of view of business activity conducted in a city/locality and outside it


Figure 74. Investments in a city/locality that may be conducive to the development

**An interesting issue is classification of "blocking the construction of large stores" to investments conducive to development by 3% of the surveyed traders.**

A some kind of summary of entrepreneurs' situation may be provided by determining the opportunities for development of entrepreneurship both in a locality as well as for expansion outside it. In answer to the question about the assessment of the present economic situation, the company survey results were mostly optimistic, which cannot be said, however, as regards the development outlooks (Fig. 75). Opportunities for development of entrepreneurship in 2012-2015 from the point of view of business activity conducted in a locality are assessed by as many as 60% of respondents as "little, absent, none" *etc.* Similar distribution may be observed as regards answers related to opportunities of successful activity outside a selected locality. Scepticism is a predominant attitude, "little, absent, none, poor" *etc.* – 62%. Optimists are a visible minority, only 11% see big opportunities in a locality, and 8% outside it.

Such perception of social and economic situation by the entrepreneurs may encourage to another solution of competitive "issues". Instead of rivalry with competing stores on the free market, it is "easier" and simpler to restrain their activity with administrative measures. This may be performed by limiting the trading hours, limitation (shortening) of payment terms, or finally – limitation of the number of selected shops in a locality.

A desire to limit competition of large trade facilities in statutory terms has for long, for since 2007, been reflected in Polish legislation. The limitations are contained in the *Act on creation and operation of large-format commercial facilities* of May 11, 2007 (Dz. U [Polish Journal of Laws], No. 127, item 880), which, according to a verdict of the Constitutional Tribunal of July 8, 2008, (File ref. K 46/07) was deemed incompliant with the art. 2, art. 20, and art. 22 of the Constitution of the Republic of Poland. At the

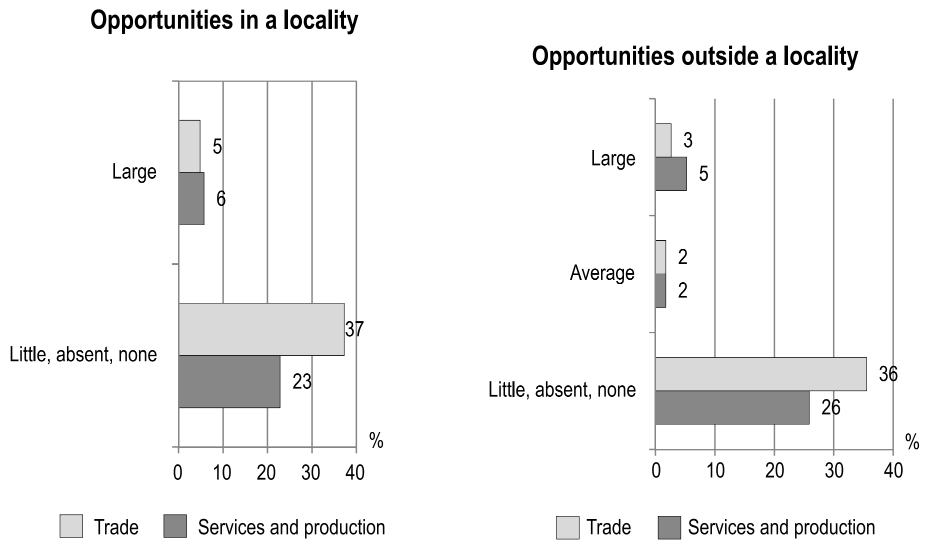


Figure 75. Prospects for development of entrepreneurship in 2012-2015 from the point of view of business activity conducted in a city/locality and outside it

present, legal grounds for limitation as regards location of such facilities are contained in the *Act on spatial planning and development* of March 27, 2003. (Dz. U. [Journal of Laws] No. 80 item 717), however court decisions in these matters are not uniform and it is difficult to expect that the entrepreneurs would know sophisticated legal conditions related to placing large-format commercial facilities. Opinions on the act regulating placing of facilities with large sales area are divided among the entrepreneurs. The answer are presented in Tab. 23, and a more detailed division is presented in Fig. 76.

A significant part, for as many as 40% of the respondents in total, neither agree nor disagree with the act or remain indifferent towards it. 8% and 27% considers the act fair or rather fair, while 14 and 11% (*rather unfair and unfair*, correspondingly) are of the opposite opinion. Therefore, supporters of the act slightly prevail. It is quite puzzling why traders dominate among the opponents of the act (*definitely unfair*) and among people who neither consider it fair nor unfair.

Table 23

Opinions on the act regulating placing of facilities with large sales area (in general)

| Answer | (%) |
|---|---|
| Definitely unfair | 11 |
| Rather unfair | 14 |
| Neither unfair, nor fair | 40 |
| Rather fair | 27 |
| Definitely fair | 8 |

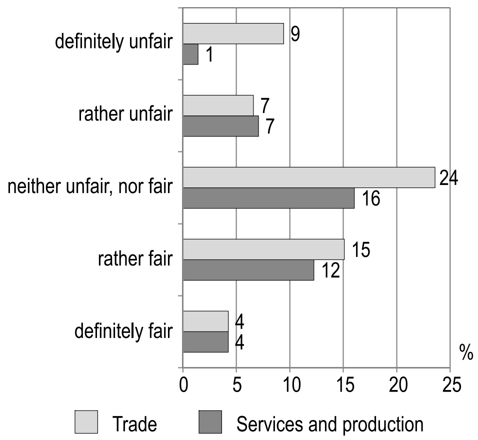


Figure 76. Opinions on the act related to placing of facilities with large sales area

In the retail trade sector in the Silesian Voivodeship, 80 thousand business entities are registered, and in the wholesale trade – nearly 34.5 thousand business entities. In the account of employment of enterprises employing up to 49 people and the account of added value, such enterprises are a leading group among other types of business activities. In fact, they deserve a name of the leading sector of economy in the Silesian Voivodeship. Unfortunately, since 2004 the number of enterprises with trade profile has been decreasing and their ownership structure has been changing – the share of foreign capital is still growing. The number of small shops (*i.e.* shops with a sales area of up to 50 $m^2$) is going down, and the number of other shops is climbing, especially as regards the large-format ones. One of reasons for such state of affairs may be the impact of shopping malls on small trade enterprises from the outer metropolitan zones.

There is a prevailing opinion among the surveyed entrepreneurs that the number of large-format stores is sufficient. Distribution of other opinions /too many or too little/ depends directly on the specificity of activity conducted by the entrepreneurs. Entrepreneurs with trade profile are of the opinion that the number of stores is too high, while other entrepreneurs – that it is too low. The only type of stores which are scarce in the opinion of all the entrepreneurs are specialist stores.

The existing retail chain is assessed by the entrepreneurs as average. The least favourable opinions concern the level of prices in stores. The choice of products, opening hours and quality of products are assessed somewhat above the average. Thus, the competition of shopping malls may contribute to enhancing the widely understood level of services.

Service providers have been divided into two large groups. The first group includes services that, in the opinion of the respondents, are present in sufficient amount, the prevailing answers is “sufficient number”, while for “too little” or “too many” there are similar results. The said providers include in particular hairdresser, beauty, catering, car, and sartorial services. For them, shopping centres seem not to be a competition. The second group is comprised of services which, in the selected localities, are considered scarce. The predominance of "too little" answers may evidence this. It relates to shoemakers', dry laundries, and RTV and household appliances repair shops, and sport centres. Their absence may be a consequence of market transformations and changes in customer behaviour.

Creation and operation of adjacent shopping malls exerts complex influence on the localities and companies of the surveyed entrepreneurs. A negative impact of the centres on small commerce and its decline is visible, as well as a reduction of turnover and number customers in companies. Ineffective infrastructure in localities becomes more and more troublesome. The friendliness of new forms of shopping is mainly appreciated. However, most entrepreneurs do not see any positive or negative changes.

The competition of shopping malls is one of the main factors making it difficult to conduct business activity, especially for entrepreneurs with trade profile. This is also pointed out as one of the barriers for development of entrepreneurship in a locality and outside it. In general, competition is the worst "pain" of the surveyed entrepreneurs. A large number of consumers and location as well as absence of competition are what they appreciate most.

As regards the opportunities of development in a locality or outside it, pessimist moods are dominating. "Little", "None" *etc.* are prevailing opinions which, however, do not correspond to the subjective assessment of activity by entrepreneurs, which is assessed by the majority of them as good. A particular answer is related with the profile of activity, and in general, entrepreneurs who did not operate in trade sector see more positive aspects of the development of large-format trade and shopping malls.

Supporters of statutory limitations of competition in trade are prevailing over opponents, however the highest number of people neither agrees, nor disagrees which such a solution or are indifferent about it. The reason for such state of affairs may be constituted by non-uniform court rulings in this field or, which seems more probable, insufficient knowledge of law.

The hypothesis: "Shopping malls located in the outer metropolitan zones cause more negative than positive boosts to the development" is confirmed in the results of the surveys conducted among the entrepreneurs. A hypothesis about washing-out the city-forming functions by shopping malls has been partially confirmed. Their negative influence on small commerce, which results in washing-out trade functions from the small cities covered with the survey, has been demonstrated. A shopping mall located in the outer metropolitan zone may change the functional structure of the discussed areas. Over time, the number of small trade establishments may be reduced due to the loss of a significant part of the customers.