

Food Stores on the Move – Town Center or Out-of-Town Locations

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The processes of market transformation in the transitional countries brought a big spectrum of changes in retailing. The novelties include bigger store selling surface, better store equipment, more complex assortment, new ownership structures and relationships, and many new stores. These changes, primarily the store size growth, influenced the change in store locations, and stores moved further away from the city center. Such trends had as an outcome the transformation of the spatial structures of urban centers and neighborhoods. In extreme situations, that led to devastation of urban areas. By applying an extensive overview of available literature, this paper analyzes the movements of food stores in the past on selected markets, explores what influenced the location changes, what were the consequences, and aims to guess where food stores will relocate next.

Introduction

The process of transition from centrally planned to market economy has brought fundamental changes in society that have also affected the retail industry. Similar to other social activities, retailing adjusted to the new market situation and that triggered a new spectrum of other changes. The changes were reflected in multiple retailing dimensions. Selling surface of stores increased, stores were better equipped, structure of the products and services assortment changed, processes of privatization yield new ownership structures and relationships, and many new stores were opened. Additional characteristics of retail environment in the transitional countries were privatization processes and appearance of new locally owned companies, with simultaneous deterioration of leading retail formats, like department store chains (i.e. NAMA), and opening markets to foreign and international retail chains (Lukić, 2002., in Jakovčić and Spevec, 2004). Majority of listed changes, primarily the store size growth, influenced the change in store locations, and stores moved further away from the city center. Such trends had as an outcome the transformation of the spatial structures of urban centers and neighborhoods. In extreme situations, that led to devastation of urban areas.

The purpose of this paper is to analyze the movements of food stores in the past, comment on what influenced the changes, with what outcomes and, to present a scenario of where the stores might go next, with a particular focus on Croatian market. In order to gather information and arguments for scenario development, an extensive overview of available relevant publications was performed, focusing on the most characteristic geographic areas and examples.

The following paragraphs will include an analysis of food store movements on the U.S. market and selected European markets. Next, the path of food stores in Croatia is studied and compared to that of western economies. The paper ends with a discussion of findings, research limitations and suggestions for further scholar activity.

Food Store Locations in Town Centre and Out-of-Town in the World

Unlike the countries that have passed transition in late 20th and early 21st century, markets in developed countries experienced food store relocations much earlier. The first example is the market in the United States of America. The subtitle "The creatively destructive nature of the spatial switching of retail capital" in the book

Reading Retail, by Wrigley and Lowe (2002, 132) describes well the changes related to the location of stores in the U.S. and the consequences of these alterations. Investments in retail are constantly on the move. They create, leave and then re-discover places for creating profit, alongside transferring town centers, moving retail establishments into suburbs, reducing the value and polarizing retail in town centers, then returning to some of the most destroyed areas and actively participating in their rehabilitation and revival (Wrigley and Lowe, 2002).

Described events can be explained by the accordion theory. The accordion theory is commonly used to explain the development of retailing through changes in depth and width of the store assortment. These assortment alterations start from a mixed assortment, transforming into a specialized and returning to a re-mixed assortment (Segetlija and Lamza-Maronić, 1999). Changes in location of stores in the U.S. have similar cyclical characteristics. The turning points in time are preferences for locations in town centers and then for out of town locations, in the suburbs. Hence, in the second half of the 19th century, trend was to bring stores as close as possible to city centers. After 100 years, the course changed and stores moved from the center to out-of-town locations (period 1950 - 1970). It took only 20 to 25 years

for the next change of direction. In the mid 1970s, stores started returning to town centers. A new change occurred after the subsequent 20-25 years. This time it was directed towards formatting shopping centers in the suburbs to look just like the town center shopping streets (Wrigley and Lowe, 2002). Hence, these changes could be interpreted as a strong cyclical or an accordion set of occurrences.

Outside the U.S., especially in Europe, national and local governments, as well as the urban planning institutions, observed with fear changes and their effects in the U.S. retail sector. They often reached for regulatory apparatus to prevent the same processes and events, at least those extreme with negative consequences and particularly those who might threaten the vitality and viability of retail in their town centers (Wrigley and Lowe, 2002).

The United Kingdom lagged behind the U.S. and many European countries in the development of retail activities in the secondary locations. This was due to a restrictive land use planning framework which bans out-of-town retail development (Alzubaidi et al., 1997). The situation was further supported by the retailers' dilemma. On one side, the retailers tried to protect and ensure sustainability of their retail capacities on the city locations, where they intensely invested during the years. On the other side, retailers were pressured by consumers, who wanted to use cars to go shopping, to open stores on out-of-town locations too (Schiller, 1994).

The research conducted in the U.K. by the Department of Environment warned that further retail location decentralization could cause closure of workplaces, the deterioration of buildings and outlets, and increased crime rates (Alzubaidi et al., 1997). Because of that, at the end of the 20th century the regulation was further tightened, and despite certain positive effects of opening retail stores outside the city, most of the requirements for such projects were declined (Alzubaidi et al., 1997). In addition, the tendency of consumers to buy everyday consumption goods in stores close to home in a certain way protects individual and small stores in residential neighborhoods from the pressure of competition and market trends (Dunkley, Helling and Sawicki, 2004).

However, the focus on out-of-town locations brought about socio-economic problems in the form of change in structure, content and general deterioration of certain neighborhoods, caused by withdrawal of retail capital, that is, closure of stores in already poor urban areas. In the 1990s emerged city areas with under-capacitated and socially isolated retail markets, named *food deserts* (Wrigley and Lowe, 2002).

The next phase in retail location changes has turned the direction and preferred locations once again became those in the city centers. Inspired by the negative effects of departure of retail from the town centers, local authorities have launched revival projects for some deteriorated

neighborhoods. Retailers joined the revival projects, encouraged by the possibility to open large stores in locations where, due to the limitations of urban planning, it otherwise would not be allowed.

Among the first projects where retailers participated in revitalizing city neighborhoods was the one in Southampton, U.K. (Lowe, 2007). In the heart of the historic shopping area in the center of Southampton in 2000 the West Quay shopping center was opened (Lowe, 2005). Guy (2006, in Lowe, 2007) warned that such forms of reviving cities are usually in accordance with regulations and urban planning guidelines related to retail, but, issues related to type and size of such objects, and their general economic effects, yet have to be tested. Nonetheless, the studied changes in the U.K. retailing also followed the cyclical pattern.

In the Republic of Ireland according to O'Callaghan and O'Riordan (2003), the opening of new large stores in the city center and outside the city changed the retail sector. Nevertheless, consumer habits also changed. Consumers used a car for shopping, they bought less frequently, the value of individual purchases increased, and they expected a safe and cheap or free parking to be provided. Liberal system of urban planning from 1960s has enabled the development of significant retail capacity at the edges of cities. Once again, the accordion theory could be applied to explain the changes in food retail locations in the Republic of Ireland.

The Netherlands is an example of a country with a long tradition of urban planning and planned layout of retail locations. The spatial distribution of retail capacities is planned and there is a hierarchy of retail locations, with complementary consumer services, based on the principles of the theory of centrality (Christaller 1933/1966.) (Spierings, 2006). The hierarchy of retail locations contains a city center and centers of districts and neighborhoods. City center has played a leading role in offering exclusive products, which second-level centers cannot offer because of too small attraction zone. According to Spierings (2006), the main goal of the hierarchy of retail locations is to enable customers with provision of everyday consumption goods on locations accessible by foot, therefore, close to home, while other products can be purchased at more distant locations. With a plan for balanced store representation and availability, the Netherlands did not experience the cyclical effect in the food store location movements

Slovenia went through a similar process of transition like Croatia, so the changes in the retail sector were very alike. The most prominent trend in Slovenian retailing was opening of large shopping centers, mostly on the out-of-town locations, and a gradual weakening of retail activities in downtowns (Drozg and Pak, 2000, in Rebernik and Jakovčić, 2006; Rebernik and Jakovčić, 2006). This indicates that Slovenia is another example of cyclical dynamics of food store locations.

Food Store Locations in Town Centre and Out-of-Town in Croatia

The Path of Food Store Locations

Already mentioned changes within the process of transition happened on Croatian retail market as well. One of the most significant changes relates to changes of spatial structure in city centers, which occurred parallel to changes in locations of retail stores. Along with changes in location preferences, retailers opened a number of new stores, in new formats and with large shopping areas. These are, among others, hypermarkets, specialized hypermarkets and shopping centers that are appearing on the city outskirts (more often), but also in the city center (rarely) (Sić, 2007).

Decentralization of retail locations has changed the roles of certain parts of the city, as new shopping centers, hypermarkets and other large store formats were opened on out-of-center and out-of-town locations. This trend has influenced the relative decline in number of retail stores in the Zagreb city center (Jakovčić, 2006). Between 1994 and 2004 in Zagreb were opened 31 shopping centers and hypermarkets (Lukić and Jakovčić, 2004), while in the first five years of the 21st century nearly 50 stores were closed in the narrowest city center, in Illica Street (Jakovčić, 2006). Since 2004, Zagreb got eight new shopping centers and only one was in the city center (Euromonitor International, 2013).

Newly opened shopping centers are located on one of three location types: in the city center, at the junction of major city roads, and near the road junctions on the outskirts of the city (Jakovčić and Spevec, 2004). Transferred on a map, concentration of shopping centers is visible on three sites. The first site is the Zagrebačka Avenue, then eastern part of town along the Slavenska, Vukovarska, Branimirova and City of Gospić streets, while the third group of stores is located near the highway junctions (Jakovčić and Spevec, 2004).

Locations of new shopping centers that are planned or under construction can be placed to three sites already mentioned, but the spatial distribution suggests additional decentralization and locations even further away from the city center.

In early 2000's only few shopping centers were opened in the city center, primarily because of limited space. They are incorporated into the city structure and along many specialized stores, shopping centers offer catering facilities, variety of services and entertainment programs (Sić, 2007). These centers relatively fast became not only shopping areas, but also a place for socializing and leisure activities (Jakovčić and Spevec, 2004). However, in terms of food stores, shopping centers in the city center do not have hypermarkets, they all offer only supermarkets (Jakovčić and Spevec, 2004; Lukić and Jakovčić, 2004; Sić, 2007).

The industry overview by Euromonitor International (2013) confirmed that city center locations are less attractive to retailers who move their stores to the shopping centers on the city outskirts. In addition, even the luxury retailers are slowly leaving their high street locations and moving to shopping centers (Euromonitor International, 2013).

The data gathered in this study indicate the presence of cyclical dynamics of food store location preferences on Croatian market too.

The Effects of Food Store Relocations

The effects of retail location decentralization and opening of large surface stores on environment are numerous. They can be seen in the form of higher land prices in the area, opening of new businesses and also in the dynamics of traffic (Sić, 2007). The closure of numerous stores in the center of Zagreb is one of the gravest.

Martina Jakovčić (2006) in late 2005 conducted a study on entrepreneurial activity in one of Zagreb's main streets, Ilica Street. The structure of retail offer is dominated by clothing and footwear stores, followed by everyday consumer goods stores (11.5%). In the 1st zone of the Ilica Street only nine everyday consumer goods stores were found. Jakovčić explained this situation as caused by the process of retail decentralization and relocation of everyday consumer goods stores from the city center. Already in the 2nd zone of Ilica, from the Britanski square to Sveti Duh Street, everyday consumer goods stores are the dominant retail facilities (30.4%). Reason for such a large number of everyday consumer goods stores is a residential function of this part of the Ilica Street (Jakovčić, 2006).

Dimension that Jakovčić also studied was the closure of business offices. Overall, in Ilica there were 161 closed businesses out of which 46% were stores. The largest number of closed stores was clothing and footwear stores,

together with the everyday consumer goods stores. The projections by Euromonitor International (2013) suggest that additional 1000 stores will be closed in Croatia till 2017.

Reasons for closing stores are multiple. Next to the already mentioned retail location decentralization and opening of large retail stores, primarily hypermarkets outside the city center, to such trends greatly contribute the unresolved issues of property ownership for stores in the city center, the absence of urban planning (Kulka, 1997, in Jakovčić 2006) and unfinished process of denationalization (Jakovčić, 2006).

More than half of businesses from Ilica Street analyzed in Martina Jakovčić's study (2006) are renting business spaces from the City of Zagreb. Most of these facilities are located in the center of Zagreb, where 83,3% of respondents operate from the city owned offices.

The following problem is also from the domain of responsibility of state institutions and local governments, and it is the fact that the Zagreb City urban plan does not recognize the negative effects in the spatial structure of the city and gives only general guidelines as to the spatial development of the city, which needs to be further elaborated, as well as detailed (Jakovčić, 2006).

Discussion

The elaborated results of this study indicated that on all analyzed markets, with the exception of the Netherlands, a clear cyclical or accordion dynamics occurred. Such findings support the thesis that since early days, retail had a multiple effect on the development of urban areas, particularly due to locations retailers chose for their stores. However, it is difficult to establish whether food stores follow the migration of urban citizens, or citizens follow the stores. Nevertheless, based on current trends described in this paper, the process of food

store relocation continues. Big stores are opened on outskirts and more smaller stores within city center and residential neighborhoods are being closed. Considering a strong trend of aging populations in developed economies, particularly Europe, it is to expect that the next cycle of food store relocations will be to come closer to customers and city centers. The only question is if food stores would return in time. Authors who are researching the impact of retail on urban geography in general (e.g. Lukić and Jakovčić, 2004) are warning about the serious negative effects of food store out-of-town migrations and they expect reactions from institutions of urban planning and development, because dynamic and chaotic changes in retail sales could have serious negative effects on geographical environment and society which we live in.

Limitations and Future Research

This paper has several limitations. It draws conclusions from the secondary data collected, but that is appropriate for a study that is exploratory in its nature. Expanding the research to primary data might enable researchers to explain the mechanism of food store migrations in more details.

Also, examples used are limited to certain markets, which should be expanded to include other geographical areas and markets. Despite increasing globalization of cultures, most markets still maintain specifics that would be useful to include in the future research projects. A more comprehensive research project with stronger arguments should be designed and executed in order to provide stronger support for the future preferred food stores locations. It is also inevitable to educate all relevant stakeholders about potential effects of food store location decentralization in order to encourage them to lure stores to return to city centers and neighborhoods, before the lack of aforementioned destroys already deprived neighborhoods.

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