

MK 322 Retail Management

Chapter 7: Retail Locations

By Ajarn Suwalya K.

What we will cover today

- **Types of Retail Locations – Unplanned & Planned**
- **Non Traditional Locations**
- **Locations and Retail Strategies**

Types of Retail Locations





Best Ten Shopping Malls & Markets in Bangkok - Top Places to shop in Ban...

Live Love Thailand · 33K views · 1 year ago



Types of Retail Locations

- Many types of locations are available for retail stores, each type with its benefits and limitations
- Two basic types of location **are unplanned (free standing and urban sites) and planned (shopping centers)**
- Unplanned locations **do not have centralized management** that determines what stores will be in a development
- In planned locations, the shopping developer and/or manager makes and enforces policies that govern store operations such as the hours that a store must be opened

Types of Retail Locations

- The shopping center management also maintains the common facility such as parking area- an arrangement referred to as **common area maintenance (CAM)**
- And responsible for providing security, parking lot lighting, outdoor signage for the center, advertising, special events to attract consumers and so on.

Types of Retail Locations

UNPLANNED

- Freestanding Sites
- Urban Location -Central Business District, Inner City, Gentrified Residential Areas, & Main Street

SHOPPING CENTERS & PLANNED

- Neighborhood, Community Centers
- Power Centers
- Enclosed Malls
- Lifestyle Center
- Mix- Use Development
- Fashion/Specialty Centers
- Outlet Centers
- Theme/Festival Centers
- Omnicenters

Characteristics of Different Types of Retail Locations

Types of Locations



Exhibit 7-1

	Size (000 sq. ft.)	Trading Area (Miles)	Annual Occupancy Cost (\$ per sq. ft.)	Shopping Convenience	Pedestrian Traffic	Vehicular Traffic	Restrictions on Operations	Typical Tenants
UNPLANNED AREAS								
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SHOPPING CENTERS								
Neighborhood and Community shopping centers	30-350	3-7	8-20	High	Low	High	Medium	Supermarkets, discount stores
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Enclosed malls	400-1,000	5-25	10-70	Low	High	Low	High	Department and specialty apparel stores
Lifestyle centers	500+	5-15	15-35	Medium	Medium	Medium	Medium to high	Specialty apparel and home stores, restaurants
Fashion/specialty centers	80-250	5-15	10-70	Medium	High	Low	High	High-end fashion-oriented specialty stores
Outlet centers	400+	25-75	8-15	Low	High	High	Limited	Off-price retailers and factory outlets
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Source: Personal communications with industry executives; "North American Retail Highlights 2006," http://www.colliers.com/Content/Repositories/Base/Corporate/English/Market_Report_Corporate/PDFs/RetailNAHighlights2006.pdf.

Unplanned Locations



Types of Unplanned Retail Locations

- The three types of unplanned retail locations are freestanding sites, urban locations, mainstreet locations



Freestanding Sites

- Freestanding sites are retail locations for an individual isolated store unconnected to other stores
- Advantages are convenience for customers(easy access and parking); visibility to attract customers while driving; fewer restrictions on sign, and hours
- Disadvantages are limited trade area; higher occupancy cost than shopping centers, do not share CAM costs; little pedestrian traffic

Freestanding Sites

- Outparcels are freestanding stores that are not connected to other stores in the shopping area, but located on the premises of a shopping center typically in the shopping area
- Advantages compared to other freestanding location is **convenience of a drive through window, extensive parking and clear visibility from the street.**
- Popular for fast foods restaurants and banks

Freestanding Sites



Drugstore chains use freestanding locations for their stores with drive-through windows to make it easy for customers to pick up prescription pharmaceuticals





Urban Locations

- **Urban areas in large cities offer three types of locations: the central business district, inner city, and gentrified residential sites**



Urban Locations - Central Business District

- The central business district (CBD) is traditionally downtown financial and business area in a city or town
- Due to its daily activities, it draws many people and employees in the area during business hours
- High level of pedestrian traffic, but shopping flow on evenings and weekends is slow
- Vehicle traffic is limited, parking problems
- Evening and weekdays special events to attract pedestrian traffic

Urban Locations - Central Business District



Cleveland's East Fourth Street development attracts consumers to the CBD.

FIGURE 10-2

The Central Business District and Pedestrian Traffic

One of the main advantages of the central business district—such as the Japanese CBD shown here—is the massive amount of pedestrian traffic that passes by retailers. This includes tourists, residents, and commuters who work in the CBD.

Source: Spencer Hoo/
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Urban Locations - Central Business District



Rodeo Drive is an CBD location that is one of the most highly regarded locations by retailers of high-fashion merchandise.





Beverly Hills | Rodeo Drive | Luxury Shopping Street | Los Angeles Tour 【4...

ActionAndy TV · 1.7K views · 1 month ago

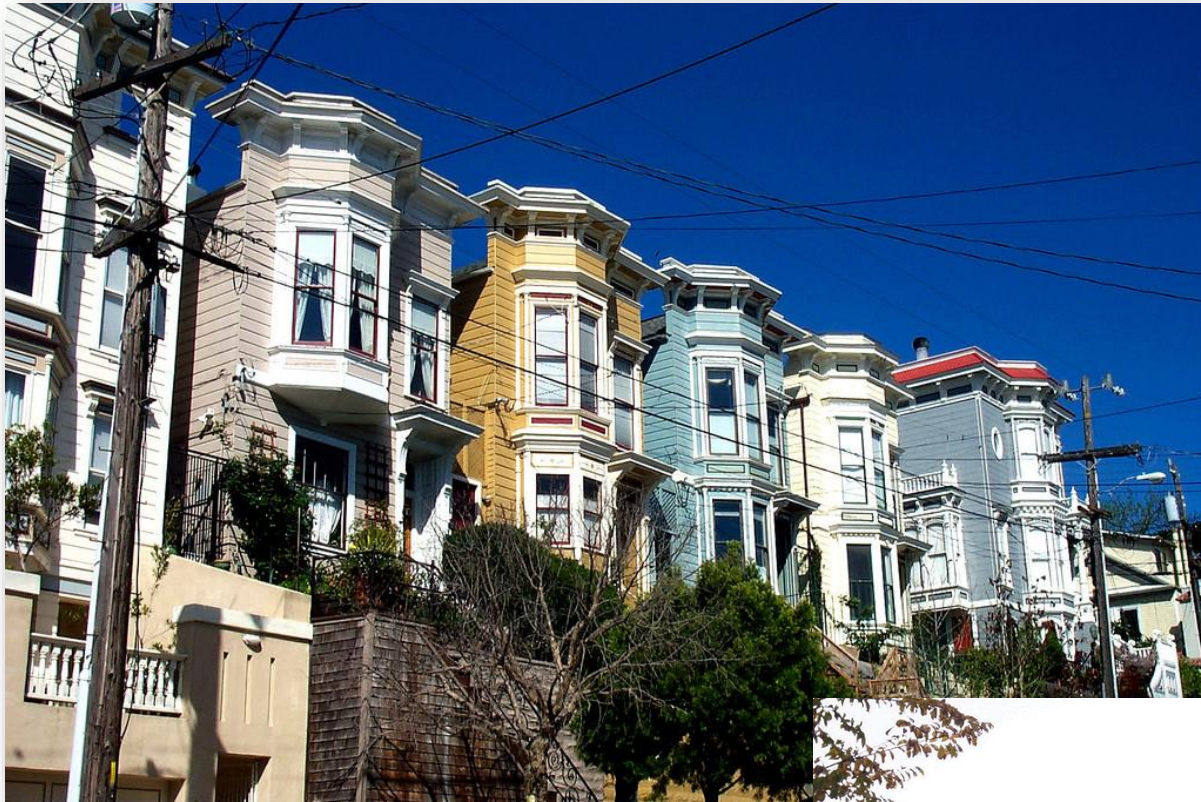


Urban Locations – Inner City

- During 1970s and 1980s, many U.S. And some European cities experienced urban decay.
- Urban decay is a process of a previously functioning city, or part of the city
- The inner city is a low income residential area within a large city
- Retailing can play an important role in inner-city development activities by providing needed services and jobs for the residents

Urban Locations – Gentrified Residential Areas

- Many inner-city areas are going through a process of gentrification- the renewal and rebuilding of offices, housing, and retailers in deteriorating areas
- **Young professionals and retired empty noisers** are moving into these areas to enjoy the convenience of shopping, restaurants, and entertainment near where they live
- **Big-box retailers** like Target, Walmart, Office Depot, Home Depot and Costco are opening outlets in cities, typically with smaller stores





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Main Street

- **Main Street refers to the traditional downtown shopping area in smaller towns** and secondary shopping areas in large cities and their suburbs
- To attract consumers and retailers, Main Street development efforts focus on providing better shopping experience than big box retailers
- They develop pedestrian walkways, i.e.. Receive grants for new signage, attractive entrances
- Town administration work to improve downtown aesthetics with landscaping, repaved sidewalks, updated street lights, etc.

Main Street







Thailand



Shopping Centers and Planned Retail Locations



Shopping Center

- Shopping Center is a group of retail and other commercial establishments that are planned, developed, owned, and managed as a single property
- Attract customers due to many stores
- Shopping center management carefully select a set of retailers that are complementary to provide consumers with a comprehensive shopping experience at one, convenient location

Shopping Center

- Lease agreements require retailers to pay for CAM, according to size of their store space and/or sales volume and a retail fee based on sales

CENTRAL RETAIL



Shopping Center

- Most shopping centers have at least one or two major retailers, referred to as anchors such as Macy's, Walmart or Kroger
- Managed by shopping center property management firm.



Shopping Center

Number, Sales per Square Foot, and Growth Rate of Shopping Centers **EXHIBIT 7-2**

	Number	Total GLA (millions of square feet)	Percentage of Overall Shopping Center GLA	Growth in Number of Centers 2008-2011	Anchor GLA Percentage of Total Center GLA	Sales per Square Foot (\$)	Growth Rate in Sales per Square Foot 2009-2011
Community, neighborhood, and convenience	101,630	4,981	67.8%	1.3%	30-60%	12.68	5.7%
Regional and super- regional enclosed malls	1,505	1,321	18.0	1.1%	40-70	21.20	1.7
Power centers	2,023	822	11.2	2.8%	N/A	10.85	4.1
Lifestyle center	396	126	1.7	6.9%	0-50	N/A	N/A
Outlet centers	334	71	1.0	1.9%	N/A	N/A	N/A
Theme/festival centers	201	27	0.4	1.2%	N/A	N/A	N/A

Source: eData, International Council of Shopping Centers.

Convenience, Neighborhood, and Community Shopping Centers

- Convenience, Neighborhood, and Community Shopping Centers also called strip shopping centers are attached rows of open-air stores with onsite parking usually located in front of the stores
- Usually smaller centers are 10,000 to 60,000 sq.feet
- They offer customers convenient locations and easy parking
- They lack limited trade area, lack of entertainment and restaurants due to their size



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RESTUARANTS



SHOPPING STORES



BEAUTY STORES



BANKS





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Power Centers

- Power centers are shopping centers that consist primarily of collections of big box retailers, such as full-line discount stores (Target), off-line price stores (Marshalls), warehouse clubs(Costco), category specialist (Toys"R" Us)
- Power center offers low occupancy cost, modest levels of consumer convenience, and vehicular and pedestrian traffic



Enclosed Shopping Malls

- Shopping malls are enclosed, climate controlled, lighted shopping centers with retail stores on one or both sides of the enclosed walkway
- Parking is provided within the perimeter
- Shopping malls are classified as either regional malls(less than 800,000 sq. Feet) or super-regional malls (more than 800,000 sq. Feet)

Enclosed Shopping Malls

- **Advantage over several locations**
- **Large trade area**
- **In expensive form of Entertainment**
- **Hang out with friends, older citizens exercise**
- **Generate pedestrian traffic within mall**
- **No need to worry about weather**
- **Uniform open and closing hours**

- **Disadvantage: high occupancy costs, retailer selling similar merchandise, parking in front not feasible**





Enclosed Shopping Malls



An increasing number of malls are using exciting stores like Zara to attract younger customers

Lifestyle Centers

- Lifestyle centers are shopping centers that have an open-air configuration of specialty stores, entertainment, restaurants, with design, ambience and amenities such as fountains and street furniture, ice cream carts, events, concerts
- People enjoy the ambience, shops
- Occupancy cost lower than enclosed mall
- Ease of parking, very convenient for shoppers

Lifestyle Centers

- Located near high income areas, part of mixed-use development
- Disadvantage: bad weather



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Mixed-Use Developments

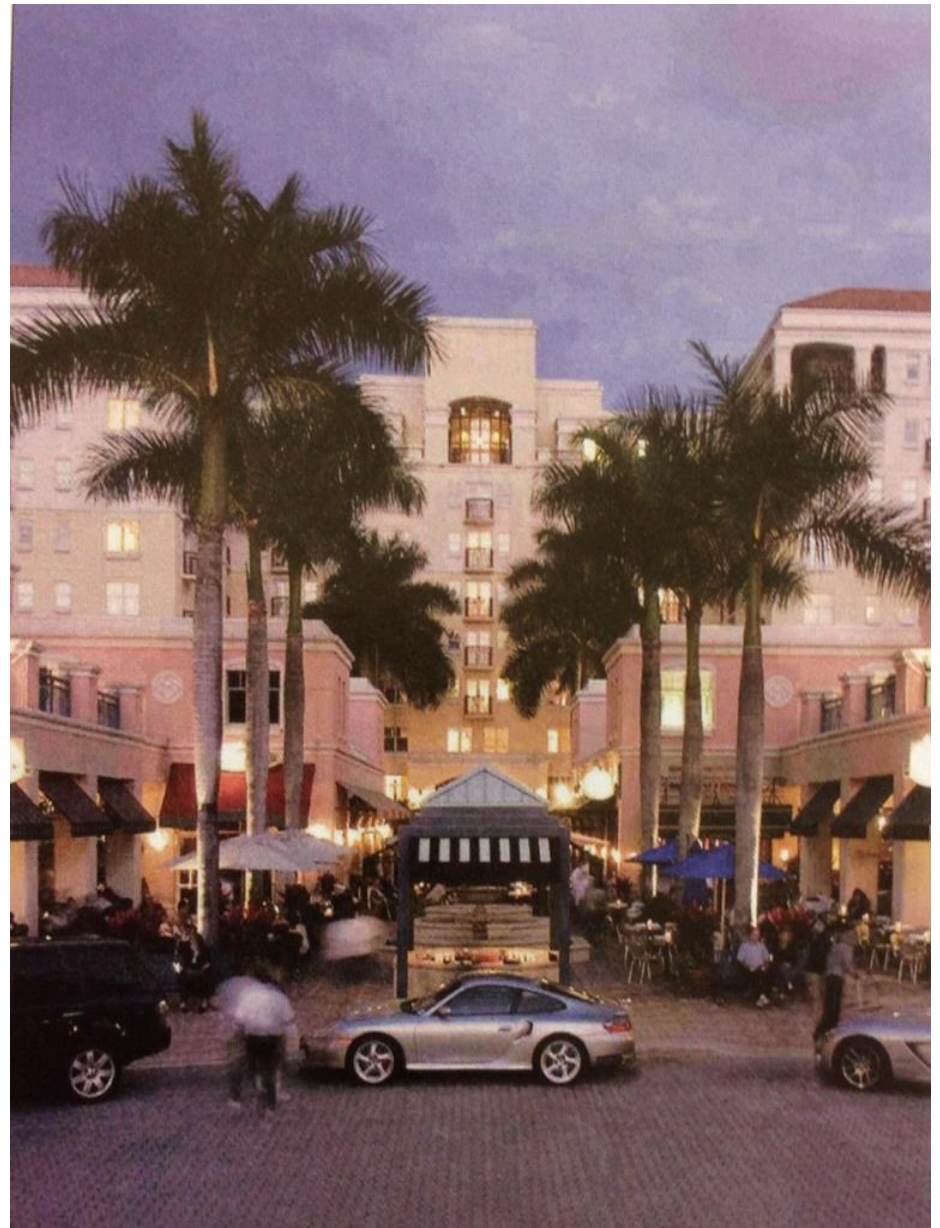
- Mixed-use developments(MXD's) combine several different uses into one complex including retail, office, residential, hotel, recreation, or other function
- They are pedestrian oriented and therefore facilitate live-work-play environment
- They appeal to people who have enough of long commutes to work and looking for a lifestyle that gives them more time for things they enjoy

Mixed-Use Developments

- MXDs are popular with retailers since they attract additional shoppers to their stores
- And popular with urban planners, developers and environmentalists because they provide a pleasant, pedestrian environment and efficient use of space

Mixed-Use Developments

Mizner Park in Boca Raton, Florida, combines retail, residential, and entertainment offerings in one location with unique boutiques, eateries, music, movies, and art galleries conveniently located close to ocean-front apartments and condos



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Multifunctional retail and property developments, already popular in many other countries, are starting to catch on in Thailand



Central Plaza Nakornratchasima in Nakhon Ratchasima is the latest mixed-use project of Central Group.



Boca Raton Luxury Neighborhood Tours: Mizner Park



Rochelle.TV · 2.8K views · 10 months ago



Fashion/Specialty Center

- **A center composed mainly of upscale apparel shops, boutiques and craft shops carrying selected fashion or unique merchandise of high quality and price.** These centers need not be anchored, although sometimes restaurants or entertainment can provide the draw of anchors.



Fashion/Specialty Centers



- High end, fashion oriented centers
- Catering to customers with high income
- Approximate retail area between 80,000 and 2,50,000 sq. ft.
- Serves an area of 5 to 15 miles

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Outlet Centers

- Outlet centers are shopping centers that contain mostly manufacturers' and retailers' outlet stores.
- Some outlet centers have a strong entertainment component, including movie theaters and restaurants to keep customers on the premises longer.
- Typically outlet centers are in remote locations. These remote locations offer lower costs and reduce competition between outlet stores and department and specialty stores offering branded merchandise at full price.

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Outlet Centers



Themes/Festival Centers

- In theme/festival centers, a unifying theme is generally reflected in each individual store, both in their architecture and merchandise they sell,





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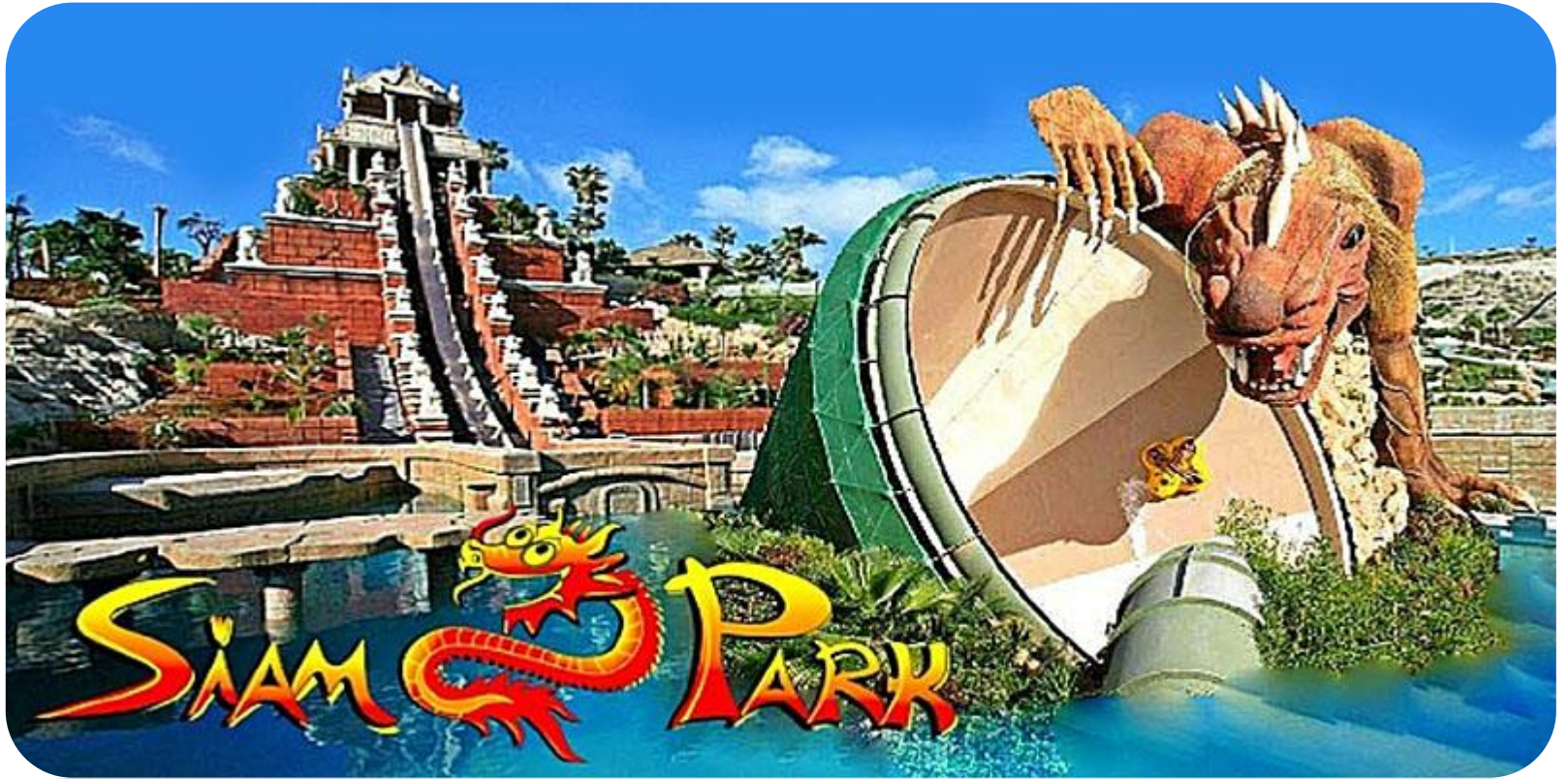


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10 Most Incredible Water Parks In The World

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TheWacky · 446K views · 4 years ago



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CHINA



Themes/Festival Centers

CHINA



The Florentia Village outlet center in China draws young and evidently wealthy customer from around the country.

CHINA





Christmas shopping at Italian Luxury Outlet - Florentia Village Shanghai China



KaYa Everything · 248 views · 2 months ago



Larger, Multiformat Developments- Omnicenseters

- Omnicenseters are new shopping center developments are combining enclosed malls, lifestyle centers, and power centers.
- They reflect the growing tendency of consumers to cross-shop, which is a pattern of buying both premium and low-priced merchandise.





Thailand

MEGA BANGNA





Thailand



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Nontraditional Locations



Nontraditional Locations

- Pop-up Stores and Other Temporary Locations
- Store-within-a-Store
- Merchandising Kiosks
- Airports

Pop-Up Stores and Other Temporary Locations

- Pop-up stores are temporary locations that focus on new products or limited group of products
- Pop-up stores are particularly attractive to retailers with high seasonal sales such as Toys "R" Us.
- In 2009, Toys "R" Us had 90 "Express "pop-up store and in 2010 increase dramatically to 600

Pop-Up Stores and Other Temporary Locations



This Kate Spade pop-up store is an attractive temporary location for the high-fashion retailer/designer.





bookacorner.com



BOOK A CORNER



STAN SMITH 2

ORIGINALS	US 8
ORIGINALS	UK 7.5
ORIGINALS	D 26.5
ORIGINALS	E 41.5
ORIGINALS	J 260
ORIGINALS	CHN 255

617000



Pop-ups are popping up all over



CBS Sunday Morning · 19K views · 2 years ago



Store-within-a-Store

- Store-within-a-store locations involve an agreement in which a retailer rents a part of the retail space in a store operated by another independent retailer
- The host retailer sublets the space
- The store-within retailer manages the assortment, inventory, personnel, and systems and delivers a percentage of sales or profits to the host
- For example-Department stores, in China the Modern Plaza
- Benefits include enhancing brand image in high traffic areas like JC Penny and Sephora

Store-within-a-Store



JCPenny has partnership with Sephora using a store-within-a-store strategy.

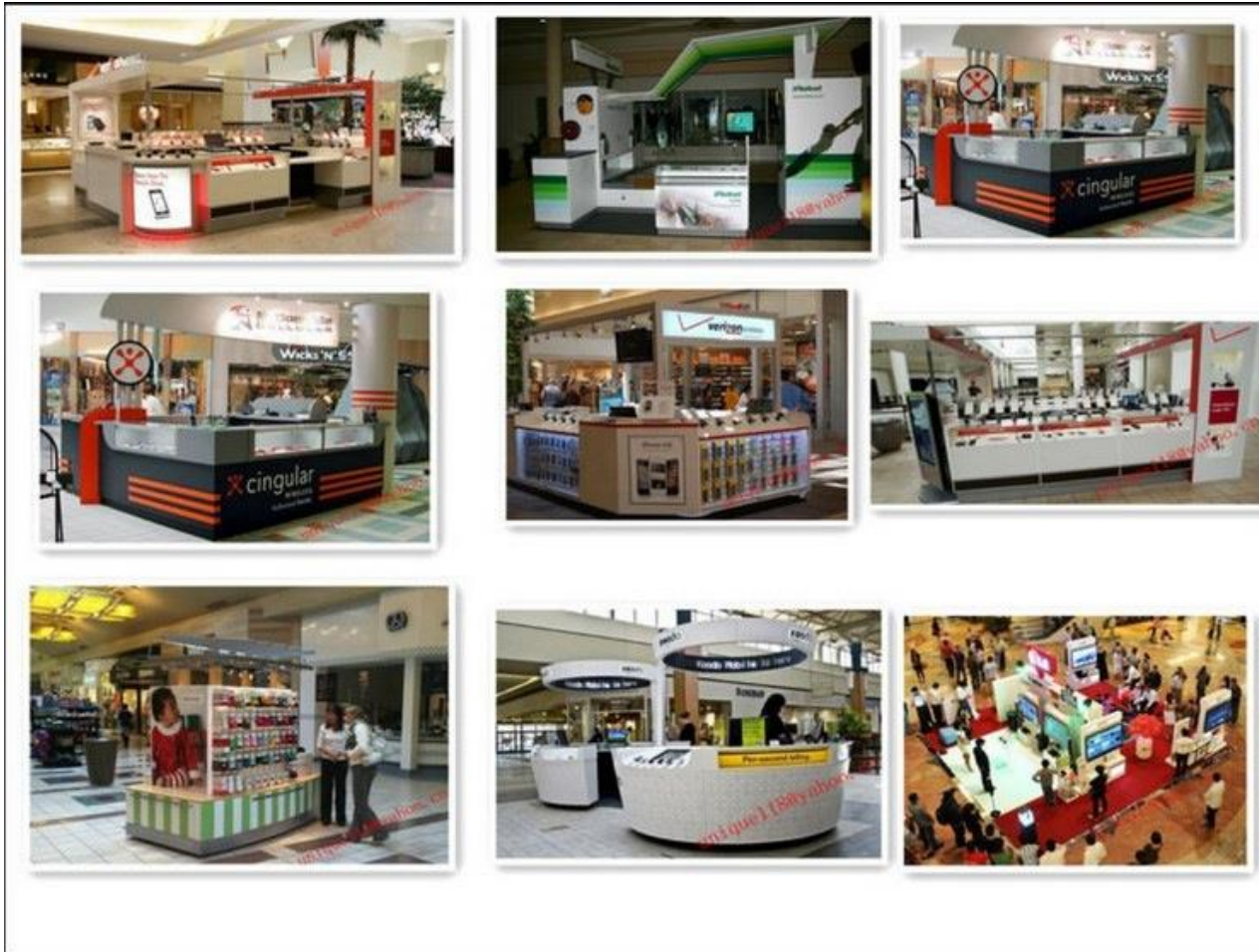
HONG KONG



Merchandise Kiosks

- Merchandise kiosks are small selling spaces, typically located in the walkways of enclosed malls, airports, college campuses, or office buildings
- For example, Apple kiosks sell iPods and other high volume Apple products

Merchandise Kiosks





Airports

- A high-Pedestrian area has become very popular with national chains
- Passengers waiting time to shop and enjoy a quick meal at the restaurant
- The best-selling products are those that make good gifts, necessities and easy-to-pack items
- Duty-free for international airports, for example King Power

Airports



Locations and Retail Strategy



Shopping Behavior of Consumers in Retailer's Target Market

- A first and critical factor affecting the type of location that consumers select to visit is the shopping situation in which they are involved
- **Three types of shopping situations are**
 - 1. convenience shopping,**
 - 2. comparison shopping and**
 - 3. specialty shopping**

Convenience Shopping

Consumers engaged in convenience shopping are

1. Concerned about minimizing effort to get the product and service they want
2. Insensitive about price and indifferent about brands they buy
3. Not spending time evaluating different brands or retailers
4. Examples include, cup of coffee during work break, buying gas for a car, or buying milk for breakfast in the morning

Convenience Shopping

- Retailers targeting customers involved in convenience shopping such as quick service restaurants, convenience stores, and gas stations, usually locate their stores close to where their customers and are easily accessible
- Convenience stores, drugstores, fast-food restaurants, full-line discount stores are located in neighborhood strip centers and freestanding locations

Convenience Shopping



GERMANY







Comparison Shopping

Consumers involved in comparison shopping are

1. More involved in the purchase decision
2. They have a general idea about the type of product or service they want, but do not have a well-developed preference for brand or model
3. They seek information and are willing to spend effort to compare alternatives
4. Examples are buying furniture, appliances, apparel, consumer electronics and hand tools

Comparison Shopping

- Furniture retailers locate next to one another to create a "furniture row"
- Enclosed malls offer the same benefits to consumers interested in comparison shopping for fashion apparel
- Category specialists offer the same benefit of comparison shopping as a collection of co-located specialty stores





Comparison Shopping

- **Category specialists are destination stores**, places where consumers will go even if it is inconvenient
- Just like enclosed malls are destination locations for fashionable-apparel comparison shopping
- Category specialists locate in power centers, primarily to reduce costs and create awareness of their location, and secondarily to benefit from multiple retailers that attract more consumers and the resulting potential for cross-shopping
- Power centers, are a collection of destination stores



Comparison Shopping



Speciality Shopping

Consumers who go specialty shopping

1. Know what they want and will not accept a substitute
2. Are brand and/or retailer loyal and will pay a premium and spend extra effort, if necessary get exactly what they want
3. Examples include buying organic vegetables, a luxury automobile, or high-end road or mountain bike

Lemon Farm

organic and natural foods



Lemon Farm
Organic Cafe & Meal
สาทรธานี

Lemon Farm Organic Cafe & Meal
เป็นแคเฟ่ที่เป็นมิตรกับสิ่งแวดล้อม

เพราะเราใส่ใจสิ่งแวดล้อม...ทุกวันนี้คนเราต้องดูแลสุขภาพให้ดี...Lemon Farm Organic Cafe & Meal เราใส่ใจสิ่งแวดล้อมทุกด้าน เราใช้พลังงานที่เป็นมิตรกับสิ่งแวดล้อม...
Wellness Menu อาหารสุขภาพที่มีส่วนผสมจากธรรมชาติ
รสชาติอร่อย และปลอดภัย
- 30% ไขมันอิ่มตัว < 10% ไขมันอิ่มตัว
- ไขมันอิ่มตัว < 30%
- ใยอาหาร 40g หรือใกล้เคียง NDC

we proud to serve you with the best healthy ingredients.

- ✓ Organic brown rice 100%
- ✓ Organic vegetable 100%
- ✓ Free range egg 100%
- ✓ Low salt chicken 100%
- ✓ Wild fish & shrimp 100%

เราภูมิใจที่จะให้บริการคุณด้วยส่วนผสมที่ดีที่สุด...
Lemon Farm Organic Cafe & Meal

Specialty Shopping

- Thus consumers are willing to travel to inconvenient location
- Having location is not as important for retailers selling unique merchandise or services



Density of Target Market

- A second factor affecting retailer's choice of location is the density of the retailer's target market in relation to the location
- A good location has many people in the target market who are drawn to it
- For example, a convenience store located near a CBD can be sustained by customers living or working close

AUSTRIA



Uniqueness of Retail Offering

- The last factor is uniqueness of offering
- Convenience of locations are less important for retailers with unique, differentiated offerings
- For example **Brass Pro Shops** provide unique merchandise assortment and store atmosphere
- Customers will travel to wherever the store is located and its location will become a destination





The Story of Bass Pro Shops



Bass Pro Shops · 92K views · 3 years ago





That's All Folks