Original Article

Towards defining shopping centres and their management systems

Received (in revised form): 30th October 2008

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ABSTRACT Today, the subject of shopping centres is more complex than ever. In many ways, their complexities are in terms of size, type and characteristics. Consequently, the formats of shopping centre have often been confused with their identities. This is due to the fact that the industry has grown and evolved so much that the existing classifications are no longer adequate. In today's world, the roles of shopping centres can be seen from different perspectives, that is, as a place of business, as a property and as an investment. Shopping centre managers need to understand these perspectives before developing their own objectives and policies in managing their shopping centres. Having an excellent management team is no longer enough if the management systems are not effective. This will raise further issues in the areas of managing properties and facilities or in managing tenant mix within the shopping centres. Shopping centre managers should, however, take these issues as a challenge in order to improve the existing systems. This paper attempts to provide an overview of shopping centres and their management systems to gain a general understanding of the background of shopping centres.

Journal of Retail & Leisure Property (2009) 8, 39–55.

doi:10.1057/rlp.2008.25; published online 14 January 2009

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Keywords: shopping centre; shopping centre formats; shopping centre management; management systems; property and facilities; tenant mix

INTRODUCTION

Since the 1960s, both the number and type of managed shopping centres have increased considerably in the United Kingdom. This sector is identified as a major contributor to the UK economy and is becoming more complex in terms of size, type and characteristics. The past 58 years of growth in shopping centres have created important roles and challenges for the management of shopping centres. The challenges have been to identify, understand and meet the ongoing needs of consumers, retailers and owners. In spite of this, retailing is not the business of shopping centres: this is a retailer's core business. Shopping centres more likely provide a business place that includes retail space/units, facilities and services to the potential retailers. The core business of shopping centres is leasing retail space for profit.

The non-core business of shopping centres is as a supporting function to the core business and its tenants/occupiers. This non-core business is not aimed at generating income, but at incurring cost to ensure the effectiveness of the supporting function. This aspect of the non-core business of shopping centres is identified as managing the property and facilities. In order to maximise the income stream, the centre manager needs to optimise the operational costs. This is the main challenge to centre managers today.

What is a shopping centre?

The term 'shopping centre' has been evolving since the early 1950s. A range of definitions have been developed for shopping centres, which often tend to reflect the fact that industry was evolving. In simple terms, a shopping centre can be defined as a building that contains many units of shops but is managed as a single property. Shopping centres today are more complex in terms of size, type and characteristics. This situation has contributed to the confusion as to shopping centre identities.

Delisle (2007) shows that over the years, shopping centre formats have taken on a confusing array of identities, with names that include such descriptors as centres, commons, crossings, hybrids, lifestyle centres, malls, markets, marts, mega-malls, mixed-use, outlets, parkways, places, plazas, promenades, shops, strips, squares, super centres, town centres, urban retail, vertical and villages. The reason behind the existence of these descriptors is that, because of the maturity of the industry, there are currently numerous types of centres that go beyond the standard definitions. The shopping centre industry originally offered four basic terms: neighbourhood, community, regional and super-regional centres. As the industry has grown and changed, however, more types of centres have evolved, and these four classifications are no longer adequate.

The International Council of Shopping Centres (2004) has defined a shopping centre as a group of retail and other commercial establishments that is planned, developed, owned and managed as a single property, with on-site parking provided. The market generally determines the centre's size, orientation, and characteristics of the trade area served by the centre. The three main physical configurations of shopping centres are malls, open-air centres and hybrid centres. Within these configurations, eight

principal shopping centres types have been identified according to the US market (see Table 1). This definition is meant to provide guidelines for understanding major differences between the basic types of shopping centres.

Basic configuration

According to the International Council of Shopping Centres (2004), the basic design configurations of shopping centres are as follows.

Mall

The most common design mode for regional and super-regional centres is often referred to as a 'shopping mall'. The walkway or 'mall' is typically enclosed, climate-controlled and lighted, flanked on one or both sides by storefronts and entrances. On-site parking, usually provided around the perimeter of the centre, may be surface or structured.

Open-air centre

An attached row of stores or service outlets managed as a unit, with on-site parking usually located in front of the stores, with common areas that are not enclosed, is often referred to as an 'open-air centre'. Open canopies may connect the storefronts, but an open-air centre does not have enclosed walkways linking the stores. The most common variations of this configuration are linear, L-shaped, U-shaped, Z-shaped or cluster. The linear form is often used in neighbourhood and community centres. The cluster form and its variations have lent themselves to the emergence of new classes of centres such as the lifestyle centre, in which the physical layout and open feel are differentiating features. Historically, the open-air configuration has been referred to as a 'strip centre', although the strip centre got its name from the linear form, where stores sit side by side in a long and narrow row of stores.

Hybrid centre

This is a centre that combines elements from two or more of the main shopping centre types. Common hybrids include value-oriented mega-malls (combining mall, power centre and outlet elements), power-lifestyle centres (combining power centre and lifestyle centre elements) and entertainment-retail centres (combining retail uses with megaplex movie theatres, theme restaurants and other entertainment uses).

Types of shopping centres

Within the basic configurations, there are eight major types: neighbourhood centres, community centres, regional centres, super-regional centres, fashion/speciality centres, power centres, themes/festival centres and outlet centres.

The neighbourhood centre includes between 15 and 20 stores and is designed to provide convenience shopping for customers within a 1.5-mile radius. This type of centre generally has a 50 000-square foot gross leasable area (GLA), although actual size may range from 30 000 to 100 000 square feet (Kyle, 2000).

Table 1: ICSC shopping center definitions – United States

Type of shopping centre	Concept	Square feet (including anchors)	Acreage	Typical anchor(s)		Anchor ratio ^a	Primary trade areas ^b
				Number	Type		
Malls							
Regional centre	General merchandise; fashion (mall, typically enclosed)	400 000–800 000	40–100	2 or more	Full-line department store; jr. department store; mass merchant; discount department store; fashion apparel	50–70%	5–15 miles
Super-regional centre	Similar to regional centre but has more variety and assortment	800 000+	60–120	3 or more	Full-line department store; jr. department store; mass merchant; fashion apparel	50–70%	5–25 miles
Open-air centres							
Neighbourhood centre	Convenience	30 000–150 000	3–15	1 or more	Supermarket	30–50%	3 miles
Community centre	General merchandise; convenience	100 000–350 000	10–40	2 or more	Discount department store; supermarket; drug; home improvement; large specialty/discount apparel	40–60%	3–6 miles
Lifestyle centre	Upscale national chain specialty stores; dining and entertainment in outdoor setting	Typically 150 000–500 000, but can be smaller or larger	10–40	0–2	Not usually anchored in the traditional sense but may include book store; other large-format specialty retailers; multiplex cinema; small department store	0–50%	8–12 miles
Power centre	Category-dominant anchors; few small tenants	250 000–600 000	25–80	3 or more	Category killer; home improvement; discount department store; warehouse club; off-price	75–90%	5–10 miles
Theme/festival centre	Leisure; tourist-oriented; retail and service	800 000–250 000	5–20	NA	Restaurants; entertainment	NA	NA
Outlet centre	Manufacturers' outlet stores	500 000–40 000	10–50	NA	Manufacturers' outlet stores	NA	25–75 miles

^aThe share of a centre's total square footage that is attributable to its anchors.^bThe area from which 60–80 per cent of the centre's sales originate.

Source: International Council of Shopping Centres (2004).

A community centre includes between 20 and 70 stores, usually has a junior department store plus other convenience outlets, and draws customers from a 5-mile radius. Ranging from 100 000 to 450 000 square feet of GLA, it is usually about 150 000 square feet (Graham and Bible, 1992).

Regional centres can vary greatly in size (from 70 to 225 stores), but all have at least one major department store as their anchor tenant. Customers typically come from 10 to 50 miles to take advantage of the full range of merchandise and services offered by the major stores. These centres typically contain 450 000 gross square feet of leasable area and range from 300 000 to 850 000 square feet (Graham and Bible, 1992; Kyle, 2000).

A super-regional centre provides an extensive variety of general merchandise, apparel, furniture and home furnishings. To be considered a super-regional centre, however, it must contain three or more department stores of 100 000 square feet or greater. The GLA is typically 800 000 square feet, but can range from 600 000 to 1 500 000 square feet (Graham and Bible, 1992).

The fashion/speciality centre is composed mainly of upscale apparel shops, boutiques and craft shops carrying selected fashion or unique merchandise of high quality and price. These centres need not be anchored, although sometimes restaurants or entertainment can provide the draw of anchors. The physical design of the centre is very sophisticated, emphasising a rich décor and high-quality landscaping. These centres are usually found in trade areas with high income levels (The International Council of Shopping Centres, 2004).

Power centres are usually dominated by several large anchors, including discount department stores, off-price stores, warehouse clubs or stores that offer tremendous selection in a particular merchandise category at low prices. Some of these anchors can be freestanding (unconnected). These centres have only a minimum number of small speciality tenants (The International Council of Shopping Centres, 2004).

A theme or festival centre typically employs a unifying theme that is carried out by the individual shops in their architectural design and, to an extent, in their merchandise. This centre has the greatest appeal for tourists; it can be anchored by restaurants and entertainment facilities. This type of centre is generally located in an urban area, tends to be adapted from an older, sometimes historic, building and can be part of a mixed-use project (The International Council of Shopping Centres, 2004).

The outlet centre is usually located in a rural area or occasionally in a tourist area. An outlet centre consists mostly of manufacturers' outlet stores selling their own brands at a discount. Typically, an outlet centre is not anchored. A strip configuration is most common, although some are enclosed malls, and others can be arranged in a village cluster (The International Council of Shopping Centres, 2004).

THE ROLES OF SHOPPING CENTRES

Shopping centres as places of business

Shopping centres have been developed to provide a business place that includes retail spaces, facilities and services to the retailers. As a business

place, the location factor is very important. This is because the location factor is typically what first attracts successful retailers. Aside from a good location, accessibility also creates the desire to visit and shop at shopping centres. The National Retail Planning Forum (2000) reports that most shopping centres in the United Kingdom have been developed in town centres. This shows that suitable sites in town centres seem to offer the best opportunities for a business.

From another perspective, the sound design of a shopping centre is crucial in portraying its image as a business place. The attractiveness of the design is considered a pull factor that attracts retailers and patrons. Shopping centre design is a synthesis of many demands, including physical constraints, market forces, management needs and local authority requirements, out of which is created the physical form to support the shopping activity. The design embraces the mechanics of vehicle manoeuvring, the skills of image-making and an understanding of the centre's construction. Above all these, however, is the creation of a sense of place, of somewhere where people want to be, and the transformation of the everyday experience of shopping into one of enjoyment and fulfilment (Morgan and Walker, 1988).

Almost all shopping centres consist of a site that comprises land that it occupies and some types of buildings. These house tenants or retailers offering goods and/or services. The space occupied and leased by tenants is measured in square feet or square meters, and a shopping centre's total leasable space is known as its GLA (London, 1999). Retailers in shopping centres usually include a range of tenants (see Table 2). Department stores, supermarkets, apparel stores, and entertainment and leisure facilities are considered fairly standard tenants in a shopping centre (Abratt *et al*, 1985; McGoldrick and Thomson, 1992).

Traditionally, department stores, supermarkets and variety stores have dominated the tenant mix of the larger shopping centres (Oosthuizen, 1981; Urban Land Institute, 1983; Carlson, 1991). The largest stores within shopping centres are usually known as anchors tenants. The anchor tenant of the shopping centre is typically a department store that occupies space with a size range of 50 000–300 000 square feet. One of the underlying principles of shopping centre is the idea that anchors are the main attraction for shoppers (London, 1999).

The role of the shopping centre as a business place is to provide a better place for retailers in terms of attractiveness of the location, its catchments of population, accessibility, parking facilities and the quality of the shopping environment as a whole (The National Retail Planning Forum, 2000).

Shopping centre as a property

A shopping centre as a property is seen as a building that contains physical structures, spaces and facilities, and is managed as a single property. As a property, it needs to be managed and maintained to ensure that its value is increased. Howard (1997) has pointed out that the excellence of performance or the worth of a shopping centre is generally assessed in terms of its value in the property market. In order to achieve this, the management effort should be directed to the maintenance and improvement of this value.

Table 2: Example of retailers in UK shopping centre

<i>Department stores</i>		<i>Cards and gifts</i>	
Selfridges	23 225 m ²	Clinton Cards	1079 m ²
Debenhams	19 230 m ²	Birthdays	278 m ²
<i>Fashion</i>		<i>Health and beauty</i>	
Next	4273 m ²	Superdrug	1765 m ²
H&M	3065 m ²	Boots	974 m ²
<i>Footwear</i>		<i>Audio visual</i>	
Clarks	650 m ²	Phones 4U	260 m ²
Schuh	400 m ²	Vodafone	185 m ²
<i>Jewellers</i>		<i>Services</i>	
Goldsmiths	325 m ²	Halifax	519 m ²
Swarovski	256 m ²		
<i>Toys and games</i>		<i>Catering</i>	
The Entertainer	1283 m ²	Pizza Hut	438 m ²
		Burger King	370 m ²
<i>Children's wear and accessories</i>			
Mamas and Papas	901 m ²		
Petit Patapon	50 m ²		
<i>Leisure and entertainment</i>		<i>Books and music</i>	
Dixons	2787 m ²	Borders Books	2600 m ²
Sports Soccer	2090 m ²	HMV	1060 m ²

Source: Press Pack: Bullring Shopping Centre, Birmingham.

As a property, it is an unavoidable fact that the building housing a shopping centre will deteriorate. It will show signs of physical deterioration. Physical deterioration is a deterioration of the physical fabric of the building as a function of use and the action of the elements. Depreciation is considered to be a loss in the real existing use value of property (Baum, 1994). To overcome this problem, a strategic maintenance operation is needed (see Figure 1). Needless to say, maintenance is a necessary part of the shopping centre business.

Maintenance in shopping centres is more than just repairing equipment, fixing roof leaks and checking broken tiles. It is about securing the future of the asset through a planned maintenance programme. Paul (1999) suggests that a well-run maintenance programme is needed for the following purposes:

1. to provide cross-training of maintenance employees to provide more flexibility in responding to centre problems;
2. to emphasise constant communication among all centre operations, management and marketing departments, as well as ownership;
3. to constantly strive to identify areas in which greater efficiency and productivity can be achieved;
4. to develop a crisis maintenance management plan to be implemented in conjunction with the overall scope of the shopping centre's master plan.

The role of shopping centres as a property in terms of maintenance is to ensure that the shopping centre's infrastructure is effectively run. This should ensure the enhancement of the customer and tenant surroundings while not forgetting the preservation of the investor's investment. By

Figure 1: Maintenance strategies.

Source: Van de Water, 2000.

disregarding the significance of the role of maintenance will affect the ultimate income and value of the shopping centres and the overall success of the business.

Shopping centre as an investment

Shopping centres have been built by developers, often managed by the same or specialised organisations, and have been sold to the institutional investment community. Most of the institutions are life insurance and multinational corporations (Okubo, 1999). According to London (1999), historically, the ownership of most shopping centres has traditionally passed to pension funds and insurance companies. Howard (1997) added that local authorities and property companies are also prominent owners. The aim of the owners is typically to secure a future stream of income in return for their capital investment. Martin (1982) states that the owner's objectives are a requirement for immediate income, an emphasis on future income, enhancement of the centre's capital value and realisation of capital. According to BOMI (2001), the income streams of shopping centres are as follows.

- Typically, the largest income stream is percentage rent. Such leases generally provide for payment of a fixed minimum rental computed against a percentage of sales. Generally the percentage of sales is negotiated as part of the original leasing process.
- Common area maintenance charges pass on to each tenant a pro-rata share for exterior maintenance, certain utility costs and other related to areas used by tenants' retail customers.
- Advertising funds and merchants associations, often controlled by the tenants of major retail centres, active merchants associations and advertising funds, provide a benefit to the retail centre through

customer recognition and increased traffic flow. The presence of these entities may provide both revenue and expenses to the property manager.

- Income derived from seasonal or temporary activities might include kiosk rental, gift-wrapping or sidewalk sales during warm weather.
- A retail pad is a freestanding parcel of property generally within the confines of a larger project parcel. It is commonly developed for use by such businesses as banks and restaurants.

Howard (1997) identified that the retail and other property investment does offers long-term security and a reliable income stream to investors. This is because of the nature of the most common form of leasing of the retail unit. Shopping centre leases generally follow the pattern of all other landlord and tenant leases. These leases tend to be long term, 20 or 25 years, or even up to 99 years (larger tenants are those who have sought very long-term leases) (Howard, 1997).

The shopping centre lease covenants are subject to length of term, rent reviews, rental payments, user clauses, assignments, sale notices, projecting signs and shop fronts (Northen, 1984).

The recent growth of Real Estate Investment Trusts (REIT) has changed the shopping centre's nature as an investment. The majority of historical investors appear to favour investment through the REITs rather than direct ownership. The secondary effects of these current trends are reducing the long-standing emphasis on value enhancement in favour of cash flow to serve the needs of the public markets. The REIT era has also brought a significant focus on redevelopment of existing centres (London, 1999).

Shopping centres as an investment show the ability of the property to generate a future income stream that may attract investors. The quality of management in the shopping centre is, however, an important factor that can affect the success or failure of the centre (Morgan and Walker, 1988). This shows the importance of the role of shopping centre management in securing a future stream of income as a return from the owner's capital investment. It does not make sense to spend tens of millions of pounds designing and building shopping centres only to hand them over to inadequate management.

THE ESTABLISHMENT OF MANAGEMENT SYSTEMS IN SHOPPING CENTRES

During the development of shopping centres, the owners have to plan on how to market the space and manage the building later on. Typically, the owners of shopping centres will be appointing letting agents and managing agents to carry out the tasks (see Figure 2). Letting agents and managing agents are usually appointed from one property company that offers both services. The role of the letting agent is important in marketing the space or leasing a vacant space, and in searching for the potential tenants to be part of tenant mix in shopping centres. The managing agent is responsible for setting up the management systems and recruiting the management teams for the shopping centre on behalf of the owner. In some cases there is an in-house managing agent

Figure 2: Establishment of management system in shopping centres.

appointed by the owner of the shopping centre from their subsidiary company. An example of this is Bluewater in Canterbury, United Kingdom, where the owner is Lend Lease plc and their subsidiary company is Lend Lease Real Estate Investment, which manages the shopping centres.

The roles of the shopping centre management team includes a thorough development of decision-making, managerial creativity and the art of management. Management functions such as planning, organising, staffing, directing and controlling are treated as basic guides to effective management. Shopping centre management teams include the general manager, centre manager, marketing and public relations manager, human resource and administration manager, operational manager, information technology manager, event manager, retail liaison manager, customer service manager and so on. Management teams in shopping centres may vary from one shopping centre to another.

This is because they seek and attempt to establish the right teams to face the challenges in managing shopping centres in today's environment.

One of the most consistent challenges in shopping centre management has been to identify, understand and meet the ongoing needs of consumers, retailers and owners (London, 1999). Without a proper approach, shopping centres cannot be managed to their full potential.

Nevertheless, for a centre to be described as excellent, it needs to be well designed and superbly finished, with an unrivalled tenant mix. It also needs management of exceptional quality if the realisation of that excellence is to be achieved (Kaye, 1989a). One of the most important reasons to employ a centre manager is to achieve the shopping centre owner's goals and objectives (Okubo, 1999). The shopping centre manager has to be capable of assembling a team who will be able to produce a first-class standard in the basics of housekeeping, maintenance and security, at acceptable cost (Kaye, 1989a). Cowper (1992) suggests that an effective and experienced centre manager should be able to make the task of the shopping centre management more efficient.

The centre manager has a duty to ensure the success of the shopping centre. Martin (1982) states that the manager's duties include public relations; responsibility for rent review; redecorations; lease renewals and the follow-up action thereon; custody of and responsibility for original documents, particularly leases, service contracts, records drawings, guarantees, recruitment and discharge of staff; and power to engage contractors for cleaning, refuse disposal, security and so on. Once the centre manager has made the commitment to manage a shopping centre, he has committed himself to perform the duties in accordance with the owner's expectations (Okubo, 1999). According to Kaye (1989b), a first-class manager can work wonders with an indifferent centre, but a mediocre manager cannot achieve excellence however good the centre he is given to manage.

The operation and management of shopping centres encompasses three main aspects. These are property, facilities and tenant mix. The management of shopping centre property and facilities is very important for the management teams to maintain and organise, especially the image and the physical aspects. Aside from this, it is also important to retain the value of the property and optimise the operational cost. When managing the tenant mix of a retail property such as a shopping centre, managers need to develop an effective business model for tenant location, tenant selection and the structure of lease agreements so as to create value, increase the brand value of the property rentals and achieve long-term stability in the value of discounted cash flows given various uncertainties (McGoldrick and Thomson, 1992).

The operational and management systems of shopping centres are different from one shopping centre to another, due to variance in the structure of the organisation, size of the centres, management strategy either in-house or outsourced and facilities provided. Therefore, it is important to establish how the system would be from the beginning to ensure the quality and effectiveness at the end of the day.

OPERATIONAL AND MANAGEMENT ISSUES IN SHOPPING CENTRES

Problems often arise from unsatisfactory tenants' needs and expectations, a weakness in the management system, changes in policies and regulations and so on. The issues that arise in the operation and management of shopping centres can be discussed in two main areas, the management of property and facilities and the management of tenant mix.

(1) Issues in managing property and facilities

The management of property and facilities involves the total physical aspects of shopping centres. Centre manager and management teams have their own management system in managing these physical aspects. Whether the management system is effective or not depends, however, on several issues that relate to the property and facilities of shopping centres:

Signposting

Signposting is very important, particularly in larger shopping centres. The design and direction must be clear and unambiguous, to help people find

their destination. Over-designing, unclear signage, confusing and inconsistent information between directories and signposting and outdated signage are among the issues that can hinder the effective use of signposting (Cowper, 1992). Although this is not a critical issue that needs immediate action from management teams, it could affect shopping centre performance if it is not taken care of. It is therefore the duty of the management teams to ensure that the signposting system for the centre, both operational and directional, is effective (Cowper, 1992).

Safety and security

Safety and security issues have become the main concern for both shopping centre tenants and consumers. As shopping centres have evolved into town centres in many cities, they have become public gathering places for people of all types and ages. Shopping centre managers and management teams must balance the need for their facilities to be easily accessible public places with the need to keep out the dangerous elements that such places sometimes attract. Almost every shopping centre attracts some homeless people, juveniles and gangs that can disrupt ordinary operations. In many localities, shopping centres have become the hub of teenage social activities – raising the potential for increased security problems. Violent crime has become an even more frequent occurrence at some shopping centres. The worst case was the 1996 bombing at The Arndale Shopping Centre, Manchester, United Kingdom. Even though gunplay is not common, the potential exists, as evidenced by a gun battle between rival gangs in a shopping mall outside Los Angeles (Overstreet and Clodfelter, 1995). Shopping centre managers will need to determine the impact of such activities on customers' feelings of safety, and on their shopping behaviour.

Violent crime at shopping centres receives a lot of attention, but a previous research study shows that the types of crimes receiving the most attention – carjacking, kidnapping, arson, rape and other serious crimes – are the least likely to occur. The results of this study indicated that by far the greatest security problem for shopping centres was shoplifting. Incidents of disorderly conduct were the second most frequently reported problem, followed by trespassing, vagrancy and panhandling, which together made up the third most reported problems. Vandalism was the fourth most reported crime, followed by automobile break-ins (Overstreet and Clodfelter, 1995).

Every shopping centre has developed its own approach to handling security problems, ranging from the passive to the preventive. Most shopping centres have their own security officers, whether they are in-house staff or outsourced, to ensure the safety environment of the centre. In addition, closed-circuit television technology (CCTV) is a popular tool used in many shopping centres. The purpose of using CCTV is to identify and record incidents. Overstreet and Clodfelter (1995), however, suggest that shopping centre managers and management teams should also include the outer vicinity of the shopping centres in addressing the security concern of patrons to the shopping centres, on appropriate levels of visible security, and on investigating the possibility that actual incidents are more frequent than previously thought.

Mechanical and electrical equipment

Energy use and installation of mechanical and electrical equipment are also becoming a main concern for shopping centre management. In the United Kingdom, the environmental criteria for an efficient shopping centre air-handling system should be mainly directed towards producing efficient ventilation and cooling systems. It is important to ensure, therefore, that the mechanical and electrical specification is no more or less than is required to provide a comfortable environment for shopping centre customers. This is because mechanical and electrical running and maintenance costs can become an issue for the service charge.

According to the Department of the Environment, Transport and the Regions (1997) report, shopping centres pay, on average, GBP 13/m² per year for the energy they use in common areas. In many centres, this is more than 10 per cent of the service charge. Whatever the figure is, this issue becomes a continual challenge to the centre manager and management teams when optimising the energy costs. Whatever the approaches used, it is worthwhile for them to consider the guidelines for energy efficiency in shopping centres published by the Department of the Environment, Transport and the Regions. These guidelines are very useful for centre management teams in developing or improving their own energy efficiency systems, and were designed as a starting point to help managers of shopping centres reduce their energy costs. In addition, they suggest ways to achieve immediate energy-use savings in shopping centres without incurring major costs. Most of the measures will, in fact, cost nothing, and some of them will cut maintenance costs as well.

Car parking

Parking spaces are important to the car-borne shopper, but not essential to the success of the scheme. Most of the shopping centres in the United Kingdom have car-park facilities, but the number of spaces provided is limited. This is because most of the shopping centres were developed in the town centre, and have a limited area to provide more spaces, or because the developer/owner wants to fulfil at least the minimum requirement from the planning consent. Nevertheless, the public transportation networks in the town centres are perceived as good and reliable by many shoppers. Moreover, some of the town centres have provided multi-storey parking spaces to the public, managed by the Local Authority.

Typically, the main issues with regard to car-park facilities are safety and security. Therefore, the car park management must have as its paramount objective the comfort and security of the car-borne shopper, particularly security. To tackle these issues, the car park should be maintained by the centre management either as part of its in-house operation or through a management agreement with a car-park operator, so that it can control opening hours, security, cleaning, maintenance and tariffs (Morgan and Walker, 1988). Parking tariffs need to be considered carefully and must be reasonable. Morgan and Walker (1988) suggest that the pricing policy adopted by centre management should be compatible with the needs and requirements of the centre, the number of available spaces and the rates applicable in other car parks in the town. Therefore,

the first priority should be to provide a service to the centre and the second to make a profit.

Waste

Shopping centre waste is varied, and is mostly produced by retail businesses. Envirowise (2002) has identified the waste generated from the retail sector as follows:

- damaged or obsolete stock;
- discarded packaging;
- the time and effort spent handling waste, for example, crushing and moving single-use packaging;
- the time and effort spent managing waste, for example, storing and processing damaged goods;
- excessive or inefficient use of water and energy.

Although the retail sector is a major contributor to the UK economy, with sales of £225 billion in 2001, it also produces large amounts of waste – an estimated 12 million tonnes/year at a cost of over £360 million/year (Envirowise, 2002). Moreover, shopping centre management in the United Kingdom currently spend about £15 million/year on waste disposal, and this cost is expected to rise to £18 million/year by 2004 (Envirowise, 2002). With regard to the figures, there is a strong business case for taking action to prevent and reduce waste. This apparently shows the weakness of shopping centre management in managing waste and establishing waste minimisation systems.

Today, many UK shopping centres are attempting to achieve significant cost and other benefits through waste minimisation, while maintaining high levels of service. Although concerns about increasing waste disposal costs are expressed by managers, what may be lacking is an innovative and proactive response to waste and waste contract management. Therefore, the application of new multiple-contract management practices that drive innovative solutions, creativity in contract delivery and service, and general good service is badly needed in this industry (Pitt, 2005).

(2) Issues in managing tenant mix

Tenants in shopping centres are a mixture of different types of retailers. The term that is commonly used to describe the mixture of retailers in shopping centres is tenant mix. Abratt *et al* (1985) provide probably the most comprehensive list of the objectives and principles of tenant mix available. They rely on the definition provided by Kaylin (1973):

Tenant mix refers to the combination of business establishments occupying space in a shopping centre to form an assemblage that produces optimum sales, rents, service to the community and financiability of the shopping centre venture.

Taken from the perspective of a leasing manager, a good tenant mix is described as a variety of stores that work together to enhance the centre's performance, and operate successfully as individual businesses. These

descriptions of tenant mix stress the underlying objective of maximising shopping centre profitability, and are therefore investor-orientated. They identify the key to maximising profitability, which is maximisation of sales through provision of the optimum service to the community (Greenspan, 1987).

Greenspan further suggests that a successful tenant mix needs to respond to such changes, requiring 'continuous monitoring, evaluation and action on the part of the manager'. Kirkup and Rafiq (1994) provide three reasons for the increased difficulty in maintaining a successful tenant mix:

1. Heightened competition between centres, arising from their proliferation and consumers greater mobility, has created pressures for differentiation between centres by means of tenant mix.
2. A difficult retail market, such as that suffered in the United Kingdom in the early 1990s and again in middle-market fashion in 1999/2000, will result in falls in retailers space needs and a reduction in landlords' flexibility in managing tenant mix.
3. Ever-changing demographics, fashion and consumer demand, which lead to the decline of some older retailers and the brisk expansion of new ones, often with different space requirements.

Kirkup and Rafiq (1999) found more complex management structures operating for UK shopping centres. The UK model has up to three layers of management involved in tenant-mix policy: the investor/developer may engage an asset manager, who in turn may appoint an on-site centre manager, who is the day-to-day point of contact for the retail occupiers. One or more letting agents may also be involved. All three management layers, and potentially others, are involved to a greater or lesser extent in the management of tenant mix.

The prerequisite for successful management of retail tenant mix in any centre is monitoring its performance – that is, the level of profit achieved by its retailers and the implications for the centre's rental income and capital value. Greenspan (1987) advocated the constant monitoring of sales performance, competition and demographics for this purpose. She also suggested continual manager–tenant communication to allow managers to understand tenants' business needs.

In addition, Greenspan (1987) advocated proactive management of tenant mix, rather than relying on changes instigated by retailers. This can involve negotiations for surrender of leases, possibly involving a payment to the retailer. More radically, a centre may be wholly or partially refurbished, and the tenant mix repositioned towards a changed demographic or competitive environment.

CHALLENGES IN MANAGING SHOPPING CENTRES

Generally, it must be remembered that the shopping centre industry has moved fast since the early 1950s, as mentioned earlier. In fact, in the past 58 years of growth, shopping centres have created important roles and challenges for shopping centre management. Since the nineteenth century, one of the most consistent challenges in shopping centre management has

been to identify, understand and meet the ongoing needs of consumers, retailers and owners. These key parties are fundamental to any shopping centre in the world.

Today shopping centres are becoming more complex in terms of its size, type and characteristics and this depicts the challenging role the management team face. It is important for the owner/developer to establish excellent management teams in order to face the challenges. The British Council of Shopping Centres has taken the step of funding diploma courses in shopping centre management to provide managers with the appropriate education and skills (Kaye, 1989a). In the United States, the *University of Shopping Centres* has been established to offer all shopping centre professionals continuing education training in specialised fields relating to the shopping centre industry.

The quality of management in a shopping centre is identified as the third most important factor that can affect the success or failure of shopping centre (Morgan and Walker, 1988). This statistic shows the importance of shopping centre management.

The reality is that all shopping centres have to compete with others shopping centres in town or a new development coming up. Today, the competition comes from the new and changing format of shopping centres: power centres, hypermarkets, outlet centres, lifestyle centres and so on. Another challenge is the impact of internet shopping services on how shoppers behave. In addition, an environmental agenda has become a new challenge, and demands the participation of shopping centres. Therefore, it is critical to understand how shopping centre management works today, and how they are managing the challenges for tomorrow while maintaining the success of the centres.

CONCLUSION

Shopping centres are unique as a real estate format because they typically evolve and change more rapidly than other properties. Furthermore, they serve a variety of special viewers, in addition to consumers, retailers and owners. Often such viewers include the communities in which shopping centres are located.

Traditionally, major retail shopping centres have been managed via in-house management teams, in a relatively static and standard fashion. Many are managed on behalf of investors through a combination of centre management teams and managing agents. They generally provide the primary focal point for managing the building asset and retaining relationships within the community and with retailers, with substantive support from consultants and contractors on a centre-by-centre basis.

As a result of all this, a confusing range of relationships exist, ranging from retailers' service contracts to centre IT infrastructure, promotions, mechanical, electrical and fabric maintenance, cleaning, lifts and security, and a host of other arrangements. Historically, these relationships have tended to be managed in a fragmented fashion between the on-site operational team and numerous third-party suppliers. This limits the extent to which shopping centre management seem to seek innovation that can add value to the centre and its stakeholders.

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