



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

↓ Work in progress. Please, do not quote without permission from the author. ↓

NRWC 2014

Retailing and market accessibility

—

"Bridging infrastructure projects" "What happens when the road is closed?"

Martin Öberg

CENTRE FOR RETAILING

School of Business, Economics and Law, University of Gothenburg

P.O. Box 610, SE-405 30 Gothenburg, Sweden

Tel: + 46 31 786 15 58 Fax: + 46 31 786 52 44 E-mail: martin.oberg@handels.gu.se

Abstract

The Gothenburg region in general and the Gothenburg city centre in particular is facing significant investments and infrastructure development from now until the year 2030. This could have significant effects on many of the local retail marketplaces in the region. Some of these will be directly affected by the changes in the surrounding area with regard to accessibility. Car traffic will be prohibited during certain periods, public transport will be affected etc. In addition visitors walking and cycling will also be affected by limitations in accessibility, which in turn will affect these local marketplaces.

The Urban planning department at the City Council has many local issues to consider. Within the next fifteen years therefor a number of local shopping centres will be facing changes in the local market physical environment. There are also changes of political directives in favour of extended use of public transportation among the inhabitants.

When a marketplace is to be planned, different operators (i.e. city council offices, consultants, retailers and property owners) normally use location and site selection models in order to estimate regional and local abilities. Models that deal with the establishment, location and commerce. Levy and Weitz (2001), notes that

"The classic response to the question 'What are the three most important things in retailing?' is 'location, location and location'. Location is the critical factor in consumer selection of a store. It is overpriced a competitive Advantage That is not the moonrise duplicated. "

Levy and Weitz also notes that "Information, Communications and Decision support systems are playing an Increasing role in the management of the retail business."

The planned and on-going infrastructural projects changes the market conditions and has to be managed to minimize the possible effects.

To communicate urban development by the City council is an important task in order to minimize negative effects at a local level and to solve immediate (but temporary) logistical problems that may appear.

If the operators at a local shopping centre were notified in advance about the coming changes they could be able to prepare actions in order to bridge the effects caused by the infrastructural projects at a narrow distance from the marketplace.

Purpose and research questions

The purpose of this paper is to identify the short-term effects that major changes in the infrastructure has on retail businesses located at a minor local shopping centre within the city of Gothenburg. One hypothesis is that there at a local small shopping centre will be found retailers that are more depending on a larger catchment area and therefore has to be more concerned by changes in the narrow local infrastructure conditions.

This will be followed by a discussion how to bridge these eventual effects with reactions from the retail businesses and centre management organisation.

In this paper the following research questions will be discussed;

- How is information carried on ahead of and on-going a project that affects a local marketplace?
- How are transports arranged to the area and to its various kinds of businesses?
- What are the effects on the turnover of the retail businesses? Are there certain retailers that are effected more because they are more dependent on larger geographical trading areas?
- How can the negative effects be limited, bridged and managed?

Theoretical framework

The theoretical framework is mainly found in urban planning processes and retail location models dealing with accessibility (e.g. Hernández, Bennison (2000), Messinger, Narasimhan (1997), Drezner (1994) and Brown (1989, 1994)). The models that are available can be divided into three different categories.

- Analogue models which are the simplest models to analyze market areas. Based on comparisons with existing businesses in the area, competition, assumptions about the market and the size and population density in a primary catchment area.
- Regression models which uses a series of mathematical equations that are looking for a business' potential sales from a number of dependent variables for individual localization sites.
- Gravity models based on the assumption that visitors are drawn to places that are bigger than others.

But also consumer behaviour theories dealing with different kinds of visitors and shopping habits will be taken in consideration. All models used at a micro scaled level.

Methodology

The local shopping centre Landala torg will be followed during a period from March 2014 until the infra structural changes will be finished in December 2014. Landala represents a kind of a marketplace that could be found in many Swedish cities. Marketplaces established during the period between 1950 and 1975 and located in local markets.

Landala torg is presented at its website (<http://www.landalatorg.se>) as follows ” *In the historical environment, you will find this cozy marketplace. Landala Square is a centre in the city centre, here you can find most of what you seek. Grocery store and a mix of specialty shops, counter services and liquor. From Landala is it close to everything. The central Avenue and Gotaplatsen with its cultural and commercial range is only a few minutes walk. Chalmers University of Technology within easy reach. Landala can also boast sport facilities as squash and a large gym. The square was built in 1973 and designed by GAKO Architects AB. In 2003, the Center was reactivated and refurnished*”.

Data will be collected from a survey study with the retail businesses, by a mapping of all the different businesses operating in the local shopping centre and within its close geographical area, Websites, Interviews with representatives of the management organisation, Interviews with the Traffic office and the Urban planning office at the Gothenburg City Council, Statistics and sales documentation.

Outcomes (Aim)

The outcome of this paper is to develop a model that aims to bridge the impact of infrastructure changes to local retailers. The model should state a possible method that includes communication ahead of the project, during the project and a re-start when the project is finished. A specific aim is also to discuss possible reactions to minimize the affect of different business. Activities managed by the businesses at a local shopping centre

References

Michael Levy, Barton A. Weitz, "Retailing Management", McGraw-Hill International Edition, Fourth edition, 2001.

Tony Hernández , David Bennison, "The art and science of retail location decisions", International Journal of Retail and Distribution Management, Vol 28, No 28, 2000, pp357-367

Paul R. Messinger; Chakravarthi Narasimhan "A Model of retail Formats Based on Consumer's Economizing on Shopping Time", Marketing Science, Volume 16, Issue 1 (1997) 1 - 23

Tammy Drezner "Optimal Continuous Location of a Retail Facility, Facility Attractiveness, and Market Share: An Interactive Model" Journal of Retailing, Volume 70, Number 1, 49 - 64 (1994)

Stephen Brown "Retail location theory: the legacy of Harold Hotelling", Journal of Retailing, Winter 1989, vol 65 no 4 pp 450-

Stephen Brown "Retail location theory at the Micro-Scale; Inventory and Prospect", The Service Industries Journal of Retailing, October 1994, vol 14 no 4 pp 542-576

Key words; Urban planning, Infra structural changes, Accessibility, Site selection, City logistics, Local shopping centre management