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## LOCATION OF LARGE-AREA SHOPPING FACILITIES IN THE CONTEXT OF THE RESPONSIBILITIES OF THE LOCAL GOVERNMENT – CRACOW CASE STUDY

As a sector of economy, trade tends to provide the strongest and quickest response to an economic change at the national, regional or local level. It is mainly reflected in the ownership structure and location of trading outlets. In Polish cities, large-area shopping projects, such as department stores, supermarkets and hypermarkets have expanded at a particularly fast rate. This expansion can be broken down into four distinctive phases: 1) 1989–1993, when the new form of retail trade grew by adapting the existing shopping space, including international players (German, Austrian, Swedish), mainly in city centers; 2) 1994–1996, with the erection of the first hypermarkets and a strong wave of French investment; 3) 1997–1998, with a vigorous expansion of large-area shops, often with shopping malls; 4) 1999–2005, when the hypermarket networks grew probably close to the point of a relative market saturation [Więclawowicz, 2002]. J. Dawson and J. Henley [1999] adopt similar breakdown of trade expansion in the form of a *pioneer phase* of the early 1990s (first projects; brands: IKEA, Billa, Yves Rocher, Macro), *colonisation* during 1995–1997 (extensive growth of large-scale shopping with French Leclerc, Auchan, Dock de France, Portuguese Jeronimo Martins, as well as Tesco, Metro, Tengelmann and others) and a *consolidation phase* after 1997, when the various players merged with each other, also with Polish partners.

Cracow has nearly 30 operating hypermarkets (as defined after GUS/Central Statistical Office<sup>1</sup>) with various areas, and retail and stocking programs (Table 1; Figure 1). While their shopping areas range from 2500 m<sup>2</sup> to 15000 m<sup>2</sup>, there is even more diversity in their overall sizes varying from 3500 m<sup>2</sup> to more

<sup>1</sup> Hypermarkets, according to GUS, have an area of more than 2500 m<sup>2</sup> and offer several dozens of thousands of item types (mostly non-food) and have large car parks.

than ten thousand, to the maximum of 25000 m<sup>2</sup> at Carrefour, 26000 m<sup>2</sup> at Geant, and nearly 50000 m<sup>2</sup> at the *Zakopianka* shopping centre (consisting of a number of hypermarkets), one of the largest in Poland. Overall, large-area shops account for ca. 30% of the Cracow's shopping area [Więclaw, 2003].

Table 1. Hypermarkets in Cracow in 2006

Number	Name	Total area	Shopping area	Year of opening
1	Alma	4 000	3 429	1995
2	Carrefour	•	7 800	2002
3	Castorama	•	5 995	2004
4	Castorama	•	5 497	2005
5	Centrum Zakopianka of which	50 000		1998
5a	Abra	3 800	2 600	1998
5b	Carrefour	25 000	11 074	1998
5c	Castorama	10 900	9 000	1998
6	Elea-Mozart	7 770	1 937	1996
7	Galeria Kazimierz	•	36 000	2005
8	Géant	26 000	10 155	1997
9	Hypernova	12 122	5 500	1997
10	Ikea	11 800	9 986	1996
11	Kaufland	•	4 200	•
12	Kraków-Plaza of which	59 000	30 500	2002
12a	Bricomarche	•	2 500	2002
13	Macro	17 248	10 316	1994
14	Mix-Meble	•	4 850	•
15	M1 of which	•	42 466	2001
15a	Media Markt		5 000	2001
15b	Praktiker		11 000	2001
15c	Real		13 000	2001
16	OBI	•	8 300	1995
17	OBI	•	9 995	1999
18	Office-Depot	3 500	3 000	•
19	Selgros	•	10 225	2002
20	Tesco	•	12 250	2000
21	Tesco	14 492	9 995	1997
22	Wnętrze Plus	•	4 254	•

Source: Więclaw 2003; *Raport o stanie...* 2005.

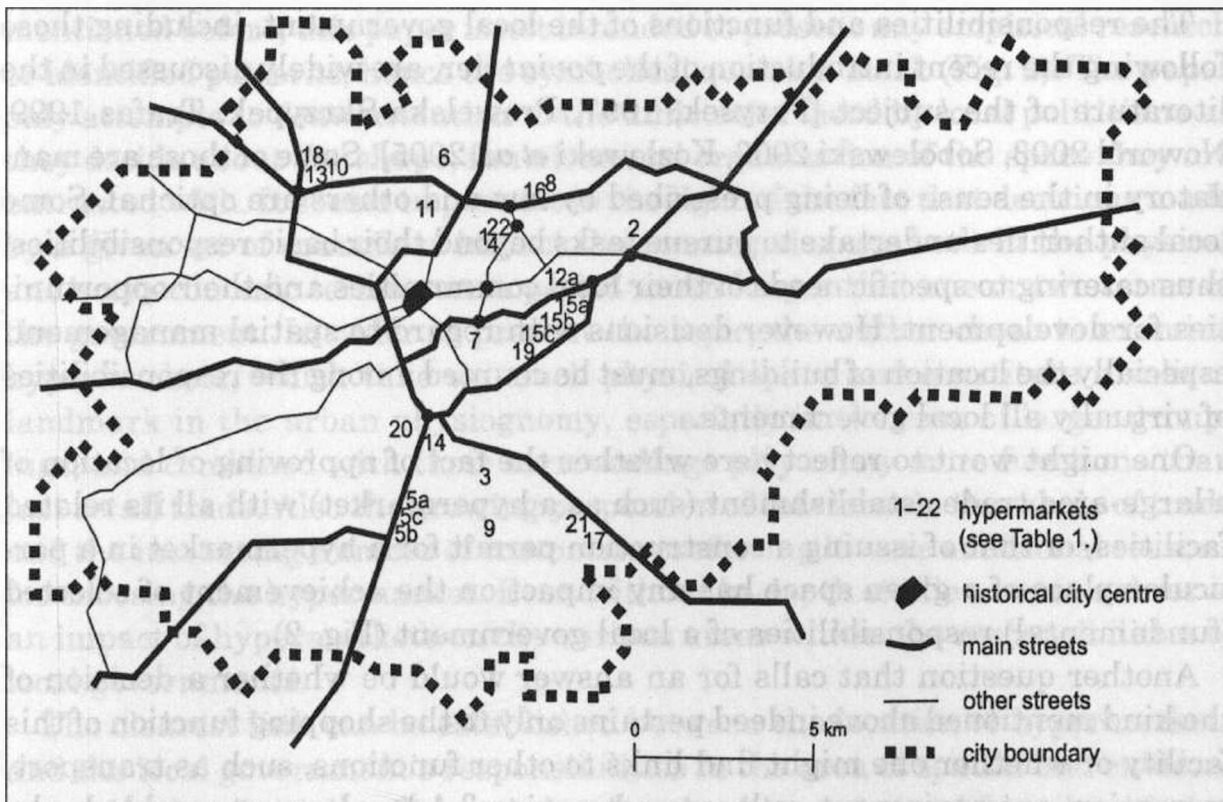


Fig. 1. Location of hypermarkets in Cracow in 2006

Source: author's own elaboration.

Since the Polish transformation of 1989, the reinstatement of local self-government has been the strongest factor influencing the social and political life of Polish cities, including their spatial order. Local government's economic decision making is the most effective if a town or a city is defined as an organization of the local administration [Markowski 1999]. The current Polish local government model has three non-hierarchical tiers, whose overall aim is to promote local social and economic development [Pawlusiński, 2005]. At their individual levels, the local authorities pursue their statutory responsibilities according to the subsidiarity principle that rules the mutual relationships between the various tiers of the local government. At the local level the broadest scope of responsibilities has been assigned to the *gmina* (or commune/municipality), with the *powiat* (or county) playing a complementary role. The two tiers, however, should be seen in the same context: they are bodies with a decisive influence on the shape of their territory, its organization and the functioning in it of various entities. This is one of the two fundamental reference points of a theoretical reflection on activity of the local government proposed in this paper. The second reference point is the fact that the local government is a body of a representational democracy and as such it is both the local authority and a representation of the local community's views, needs, demands and aspirations.

The responsibilities and functions of the local government, including those following the recent introduction of the *poviat* tier, are widely discussed in the literature of the subject [Parysek, 1997, Prawelska-Skrzypek, Trafas 1999, Noworól 2003, Sobolewski 2003, Kozłowski *et al.* 2005]. Some of those are mandatory in the sense of being prescribed by law and others are optional. Some local authorities undertake to pursue tasks beyond their basic responsibilities, thus catering to specific needs of their local communities and their opportunities for development. However decisions with regard to spatial management, especially the location of buildings, must be counted among the responsibilities of virtually all local governments.

One might want to reflect here whether the fact of approving of location of a large-area trade establishment (such as a hypermarket) with all its related facilities, or that of issuing a construction permit for a hypermarket in a particular place of a given space has any impact on the achievement of selected (fundamental) responsibilities of a local government (Fig. 2).

Another question that calls for an answer would be whether a decision of the kind mentioned above indeed pertains only to the shopping function of this facility or whether one might find links to other functions, such as transport, recreation, entertainment, culture and services? A legal aspect would also be relevant and, taking the form of applicable laws, would play a decisive role. As

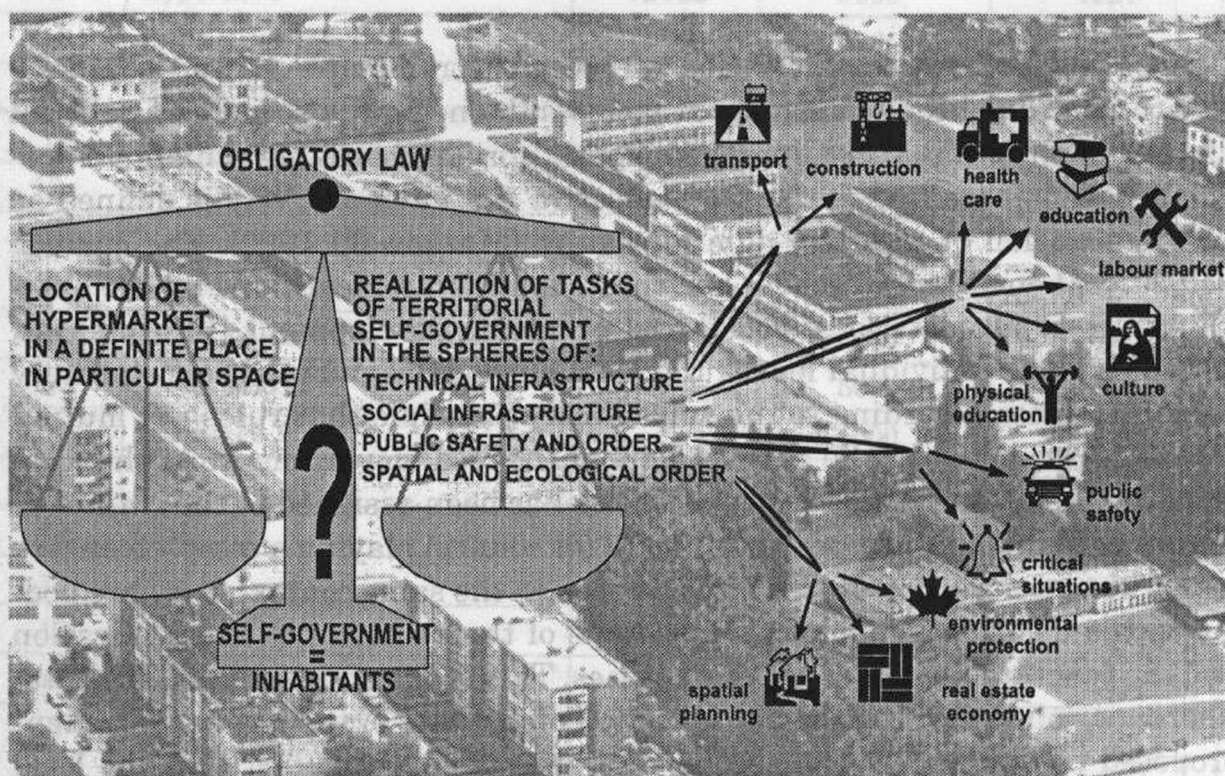


Fig. 2. Location of a hypermarket versus realization of some tasks of the territorial self-government

Source: author's own elaboration.

mentioned before, this paper is not intended to present any empirical research or identified patterns, hence the symbolical question mark (Fig. 2). The paper only attempts to draw attention to the difficulties faced by local politicians as they decide about the shape, functions and organization of the space they are entrusted with. It seems important in the light of the fact that decisions made by a given set of councilors impact the municipal space both in the physical and socioeconomic terms over a period much longer than one or two terms of the government. In order to present the topic, the author chose to examine hypermarkets, which take up much physical space and constitute a salient landmark in the urban physiognomy, especially in the case of larger groupings, and combined with their surroundings play many more functions than just retail trade. Also the growing proportion of this form in the whole of trade and the increasing number of customers preferring it were additional reasons for choosing the hypermarket. Even without in-depth studies one can observe an impact of hypermarkets on the various areas within the responsibilities of local governments.

The clearest link can be established between the location of hypermarkets and the local government's responsibilities in the area of spatial and environmental order. Initially, Cracow's local authorities refrained from interfering in the choice of hypermarket location until a Ministerial decision required investors to obtain local government's approval for the erection of trading facilities larger than 1000 m<sup>2</sup> in large cities. The City Board and the City's Architect resolved then not to approve of new locations for hypermarkets in certain areas. In 2000, the Cracow's authorities decided that no new hypermarkets could be built within a number of defined zones, *i.e.* strict city zone, nature system development zone, protected urban silhouette zone, landscape protection and development zone (except the specific area of Bronowice Wielkie Wschód) and in the public activity belts [Więclaw, 2003]. This left available only the outskirts south of the motorway, eastern areas between the Tarnów and Warsaw railway lines and the northern outskirts with the exception of river parks. The new regulation excepted those hypermarket projects that had already received the construction permit. The intention was to implement spatial order and to protect small retailers, as well as promote a different type of facility: the shopping mall combining retail trade with other functions thus delivering a better quality of land use. By issuing well-thought-out hypermarket location decisions and taking into account the municipal land resources, the local government can pursue an active real estate management policy and generate relative large areas with a certain type of use. However, shopping malls have already started forming clusters in several areas of the city, *i.e.* in the north, with closely located pairs of outlets of OBI and Geant and of Macro C&C and Ikea; in the south – the complex with Carrefour and Castorama with Abra, Office-Depot, and one with OBI and Tesco; and – finally – in the

east – a concentration of a number of hypermarkets close to the Centrum M1. Hypermarkets constitute city landmarks with their architecture and size, especially when considered together with their parking lots and other accompanying facilities. Their architectural design is rather similar and its common depiction as “colorful barracks” may not be very flattering, but is close to the reality. Among the Cracow’s hypermarkets perhaps the ones that stand out are Carrefour’s establishments while the others, probably because of their similar function, do not differ one from another, but are clearly visible from a distance, attracting people’s attention with numerous advertising components.

Social infrastructure is another area, where a link is visible between the location of hypermarkets and the responsibilities of the local government. Here, labor market comes to the fore. There are numerous examples of new large-area retail projects raising strong objection from small retailers mostly because of the risk of job losses. To address the issue, a hypermarket committee appointed by the Cracow City Council produced a report on the impact of hypermarkets on the development of retail trade. The report concluded that there were no adverse impacts of large-area shopping projects on the number of small retail shops within one kilometer of a hypermarket [*Raport w...* 2000]. Indeed, the number of new shops opened within the hypermarket impact area was greater than the number of shops that closed down. This outcome was different in other cities, but hypermarkets offered an opportunity to raise the overall number of jobs in an area, as they tended to be accompanied by malls with their plethora of small outlets, including shops and services, banks, entertainment centers and restaurants. A similar situation was observed in East Germany, where a new direction in the development of retail trade involved modern shopping centers, two to three stories high with an area of between 12500 and 40000 m<sup>2</sup>, erected within existing “traditional” shopping areas, often near city centers of Neubrandenburg, Schwerin, Magdeburg and Berlin [Coles, 1999]. These efforts were aimed to revive trade, services and entertainment in old city areas. Large shopping centers are also linked to the ways of spending leisure time and the matters of culture, which – even if negatively evaluated – should also be taken into account in the face of the great popularity of shopping centers.

In terms of technical infrastructure the main task is related to transport, and especially to the provision of comfortable car access by the mostly motorized customers. Hypermarket management, however, has taken note of the lower car ownership in Poland as compared to western European countries and provided free delivery of large electronic goods and house appliances (Géant, Carrefour) and free bus services (Géant, Hypernova, Tesco; the Géant’s buses run every five minutes and Hypernova has three different bus routes to choose from). As new shopping centers generate additional traffic in the area their owners have been willing to build and finance road junctions, access roads and tunnels, helping improve traffic solutions near their hypermarkets.

Yet another aspect linking the location of hypermarkets and activities of the local government is taking into account disparities between the interests of various users within the same space. The local authorities, as representatives of the local community, should cater to their needs and demands, but must also take care of the overall urban development, which implies taking into account the interests of other types of users, especially investors and entrepreneurs, including internationals (Fig. 3).

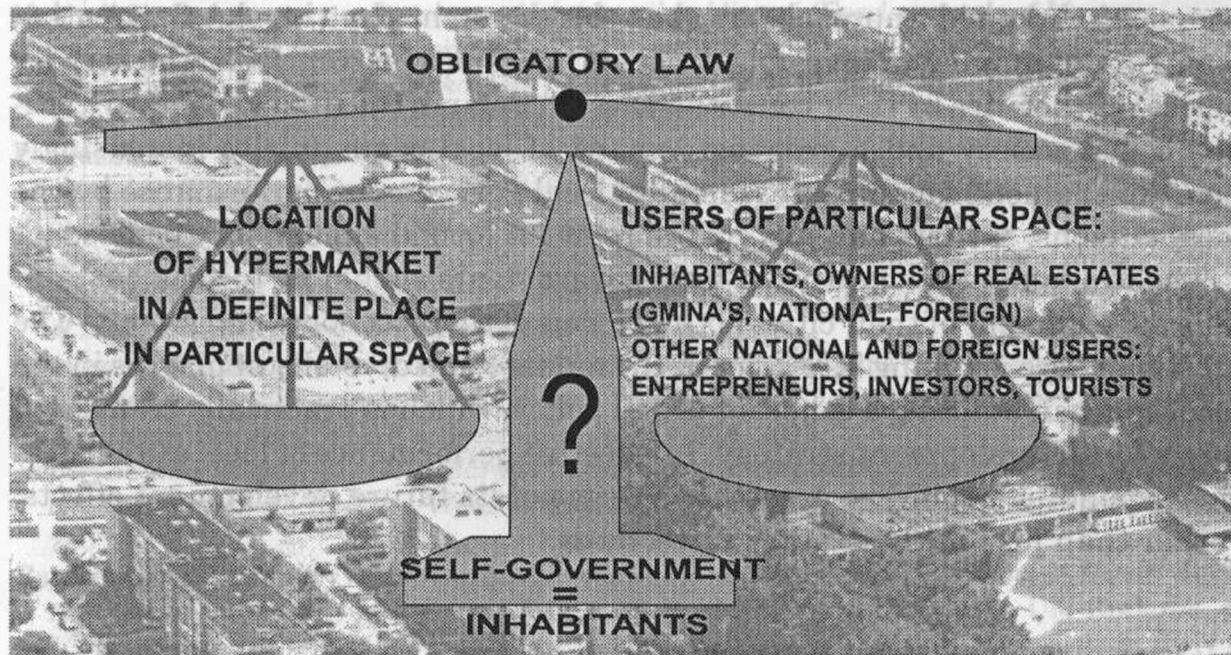


Fig. 3. Location of hypermarket in the space *versus* users of that space

Source: author's own elaboration.

It is typically the differing interests of various users that causes conflicts in the case of planned new projects [Nowak, 2001]. Ownership is one field of difficulty. Most of the Cracow's hypermarkets were built by international companies, as foreign ownership in this category of facilities is typical of the whole of Poland. At the end of 2000, 105 large-area shops were owned by international companies and only ten by the Polish capital [Michalak, 2001]. In other countries, such as Greece, after 1991, the structure and organization of retail trade also went through changes as a result of market opening and liberalization with international investment having played a catalyst role [Boutsouki, Bennison, 1999]. Still, international capital often raises protests, especially among local retailers who are wary of excess competition.

The local government faces a difficult task of choosing between the interests of various groups which to protect. Classical examples of the dilemma are protests of local residents against the location of a hypermarket that causes traffic problems and noise [Bogdanov, 2002]. This situation can be particularly diffi-

cult in big cities, where the conflict of interests commonly means also a conflict of spatial function. Studies have found that residents of cities perceive their urban space as their immediate vicinity and this is what they are concerned with, while benefits to cities as a whole are normally overlooked [Bukowski, Marmuszewski, 1996]. The local government, however, must consider a particular location in relation to the overall vision of urban development, rather than that of a given neighborhood or property. These disparities often mean problems in the management of urban space, especially in the face of the commonly adopted approach to urban development that involves attracting a maximum number of investors. There is an issue of perception of the activity of local authorities by their constituencies. In Poland, the need to develop a citizen-based society and a growing demand of local communities increasingly point to the need for the assessment of local government performance by the local citizens, rather than just by the relevant formal supervisory bodies.

The fundamental objective of local governments should be to seek sustainable development of their cities both in terms of their economy and society. The key issue here is taking into account the number and diversity of players in the local space in building a coherent urban policy, which is practically translated into a local development strategy. In effective performance of local authorities their spending should be assessed in terms of its future development effects, rather than just the budgetary correctness.

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