

TITLE: KEY FACTORS IN SHOPPING CENTRE MANAGEMENT: EVIDENCE FROM SPAIN

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KEY FACTORS IN SHOPPING CENTRE MANAGEMENT: EVIDENCE FROM SPAIN

This paper aims to highlight the importance of adopting a strategic approach to shopping centre management as competition in the industry becomes more intense. The starting point is a reflection on the sources of competitive advantage for a shopping centre. This is complemented by an empirical investigation aimed at managers of Spanish regional shopping centres. The survey aims to know the priorities of shopping centre managers by highlighting the resources and capabilities considered more influential in shopping centre performance. Also, we analyse some variables that may affect the relevance assigned to such resources: size and age of shopping centres and the perception of the competitive environment.

***Key words:** Spain, shopping centre, strategy, marketing, resources and capabilities.*

1. Introduction

The Spanish retail sector has undergone fundamental changes during the last couple of decades. The rapid pace of the transformations in recent years has resulted in the presence of every modern retail format in Spain. Today the Spanish retail sector matches that of other European countries, where these transformations started earlier. Among the predominant modern retail formats in Spain stands out the hypermarket of French origin, which has acted as the promoter and anchor of regional shopping centres since the end of the eighties.

In Spain, regional shopping centres offering a mix of shopping and leisure have succeeded to match the new consumer shopping habits and, at the same time, have contributed to accelerating those changes. The industry's success has given rise to opposition to further development. Led primarily by independent retailers, the anti-development lobby

has pushed through numerous legislative impediments to development. However, the growth has not been slowed as expected, as 23 new shopping centres² opened in 2001, accounting for 600,000 square metres of gross leaseable area (*Spanish Council of Shopping Centres – Asociación Española de Centros Comerciales*, 2002)

Therefore, the importance of shopping centres in the Spanish retail sector is growing. According to data from the Spanish Council of Shopping Centres (*Asociación Española de Centros Comerciales*, 2002), during the year 2000, the industry invested 1,050 million euros and created 24,000 direct jobs. The retail activity carried out in shopping centres is rapidly increasing and it represents around 20% of the total retail turnover, which is a healthy percentage considering that retail space in shopping centres is around 11% of total retail space. According to the report on the state of the shopping centre industry in Europe (*International Council of Shopping Centers*, 2000), Spain plays a significant role in the European context, particularly by the rapid growth in the last years. This situation confirms Reynolds' (1992) predictions, as his study classified Spain as a "late starter" with clear development opportunities. This growth has consolidated the industry, with 11% of the total European shopping centre space is in Spain, which means 163 square metres per 1,000 inhabitants. This figure is lower than that of the United Kingdom (230 sq.m.), but higher than the European average (157 sq.m.).

As the shopping centre industry matures, competition grows in intensity and complexity while consumer demand changes and fragments. This turbulent situation has been particularly noted in the context of the United Kingdom (Howard, 1992; Howard, 1997; Warnaby and Davies, 1997; Kirkup and Rafiq, 1998;) and the United States (LeHew, 1997; LeHew and Fairhurst, 2000). In this environment, many shopping centres are suffering from the lack of a strategic approach to business and the concentration on operational management (McGoldrick and Thompson, 1992; Vernor and Rabiński, 1993). According to Howard (1997), it is imperative to abandon this property-led approach in favour of a customer-led approach.

In Spain, large hypermarket chains have played a fundamental role in shopping centre development and management from its inception, as Reynolds (1992) noted, but the

² The concept of the shopping centre referred here is that of the *Spanish Council of Shopping Centres*, which resembles the *International Council of Shopping Centres*'. It refers to a group of retail outlets jointly planned and managed. There is no restriction on size.

participation of specialised foreign companies has been increasing. The relationship between a shopping centre manager and the owner of the complex follows a principal–agent structure. Shopping centre owners and managers should try to achieve sustainable competitive advantages that produce an attractive and differentiated competitive position. Regarding this challenge, some researchers have noted the emergence of a more active management style that is market-oriented, and have suggested to apply marketing strategies such as re-positioning (LeHew and Fairhurst, 2000), branding (Dennis et al., 2000), and loyalty (LeHew et al., 2001).

In contrast to the urgent requirement for active and proactive market-orientation and competitive differentiation, there is a lack of literature on these. According to Howard (1997): “there is much less analysis of the life rather than the birth of shopping centres, particularly in Europe”. But, in the United States, LeHew et al. (2001) also highlight the dearth of discussion on marketing strategy in shopping centres. Papers studying the role of resources and capabilities in the success of shopping centres are especially rare. With this paper we attempt to partly cover this gap. The paper is structured as follows. Firstly, we specify and schematise a number of shopping centre resources and capabilities, and review the most relevant literature contributions about them. In the second part of the paper, we present the methodology and results of our empirical research. The survey targeted the managers of regional shopping centres in Spain, with the objectives of analysing which are the more influential resources and capabilities for centre performance, in the opinion of managers, as well as some variables that may influence that perception. Among these, there is the multivariate perception of the competitive environment. Finally, we draw some reflections and conclusions on this matter.

2. Shopping centre resources and capabilities

Since the mid-eighties, the resource-based view has become the predominant paradigm to explain business success. The innovation of this paradigm is the idea that the idiosyncratic resources of a firm, and not the industry structure, are the sources of competitive advantages. According to this paradigm, the firm is not a black box and the implementation of strategy acquires major relevance. It is commonly held that the contribution of Wernerfelt (1984) gave birth to the resource-based view, which has been further developed by authors

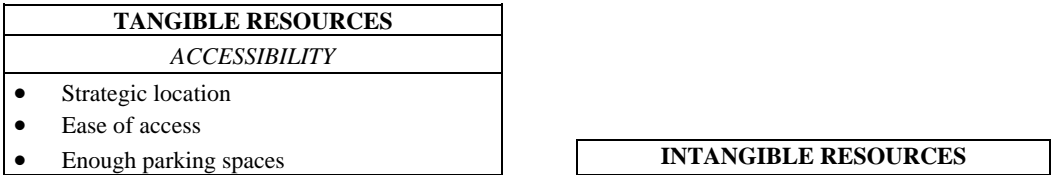
such as Barney (1986; 1991), Dierickx and Cool (1989), Hall (1992; 1993) and Peteraf (1993).

The resources of a firm are defined by Wernerfelt (1984) as “those (tangible and intangible) assets which are tied semi-permanently to the firm”. The resources consist, *inter alia*, of financial or physical assets, human resources, and know-how. Hall (1992;1993) has emphasized the role of intangible resources in providing competitive advantages. Capabilities, in contrast, refer to the way a firm deploys and combines its resources, are developed over time and are information-based (Amit and Schoemaker, 1993).

The resources of a firm can only be a source of sustainable competitive advantage when they are valuable, rare, imperfectly imitable and non-substitutable (Barney, 1991). Thus, any discussion of shopping centre resources and capabilities should start by pointing out that they have two peculiarities as sources of competitive advantage. Firstly, a large number of shopping centre resources are highly visible and thus easy to imitate. Secondly, as Kirkup and Rafiq (1998) indicate, there are two distinct phases in the construction of the competitive position of a shopping centre: the development phase and the management phase. During the development phase decisions are taken that have long-term effects, such as location, architecture, or overall tenant mix – recruiting major tenants and anchor stores that would support the centre positioning. After the opening, the manager usually takes decisions in the short-term, such as the control of the tenant mix and the management of vacant outlets, services, opening hours, or communication plans.

In order to gain a clearer understanding of shopping centre resources and capabilities, we have produced a classification that includes a variety of aspects, although it may not be exhaustive (see figure 1). The classification items were sourced in the following way: first, we produced an exhaustive list based on a literature review – image studies and development and management studies of a theoretical nature -, second, this list was evaluated by a couple of shopping centre managers during in-depth interviews.

Figure 1. Shopping centre resources and capabilities



<i>TENANT MIX AND SPECIALISATION</i>
<ul style="list-style-type: none"> • Variety in the tenant mix • Variety of styles • Quality of the retailers • Well-known tenants • Participation of chains and franchises
<ul style="list-style-type: none"> • Participation of a hypermarket • Participation of department stores • Participation of independent retailers • Reasonable prices • Attractive leisure facilities
<i>ATMOSPHERE</i>
<ul style="list-style-type: none"> • Attractive architecture and design • Attractive sales promotions • Attractive events and exhibitions
<i>TECHNOLOGICAL RESOURCES</i>
<ul style="list-style-type: none"> • Availability of technologies applied to management

<i>SERVICE</i>
<ul style="list-style-type: none"> • Free parking • Customer service • Long opening hours
<i>HUMAN RESOURCES</i>
<ul style="list-style-type: none"> • Charismatic leader in the management team • Professionalism of the management team • Personnel specialised in marketing
<i>FINANCIAL RESOURCES</i>
<ul style="list-style-type: none"> • Availability of financial resources

CAPABILITIES
<i>MARKETING</i>
<ul style="list-style-type: none"> • Interest in customer satisfaction and loyalty • Use of advertising campaigns • Use of market research • Public relations • Monitoring of competitors • Use of other marketing activities
<i>TENANT MIX CONTROL</i>
<ul style="list-style-type: none"> • Collaboration between management and tenants • Management of vacant outlets • Financial management

In the light of the contributions of Finn and Louviere (1996), Howard (1997) and Kirkup and Rafiq (1998), we deduce that tangible resources are mainly the outcome of decisions made during the development process. They are highly visible and non-transferable; therefore they are easy to imitate by potential entrants but not by actual competitors. Intangible resources are more valuable and difficult to imitate, and are bound to the people or have been obtained over a long period of time. Finally, the capabilities are strongly related to the management process, and allow the resources to be capitalised upon. They are highly idiosyncratic and very difficult to imitate.

Regarding accessibility, Howard (1992) maintains that a good location is not a valuable resource if the shopping centre lacks true ease of access. Accessibility obviously depends on the layout, condition and congestion of the access roads, but also depends on factors that are the responsibility of the centre. Thus, the accessibility of a shopping complex may be improved, and the perceived distance reduced, by actions such as effective

signposting, the provision of access maps, efficient parking operation, and efforts to improve the public transport network (Kirkup and Rafiq, 1998).

The selection of the tenant mix of regional shopping centres, as they are defined as “general-purpose centres” (Dawson, 1982), will aim to provide enough breadth and depth in the merchandise. But, as competition intensifies, differentiation in tenant mix will become particularly advantageous (Howard, 1992). Some actions capable of differentiating the tenant mix are the following:

- Reduce the presence of chains or franchises and increase the participation of local independents or small local chains, trying to balance the security and attraction provided by the chains and the differentiating potential of the independents (Dawson, 1983; Savitt, 1985; Guy, 1994;).
- Increase the entertainment provided by the shopping centre in order to promote enjoyable shopping, which is increasingly valued by consumers. (Howard, 1990; Finn, 2000). Retail entertainment is positively related to higher consumer spending and greater satisfaction (Stoel et al., 2001).

The shopping centre environment is mainly determined by the external and internal design of the centre and its atmosphere (Kirkup and Rafiq, 1998). Decisions on these aspects are difficult and costly, as they attempt to satisfy consumer preferences over a long period of time and at the same time provide a differentiated image. However, McGoldrick and Thompson (1992) question the sustainability of that differentiation, as design is easy to imitate. The latest trends in design are energy conservation and environmentally friendly operations, a more carefully designed external appearance – that also tries to be highly visible - and the surrounding of the building by green areas (Schwanke, 1994; Guy, 1994; *Chain Store Age*, 2001a; 2001b).

Technological resources become increasingly important for market-oriented shopping centres, they are the means to different ends. Apart from the more widespread computer and software resources, there are some shopping centre specific technological devices, for example those that allow keeping track of customer and car flows. Also, the environmentally friendly shopping centre needs to use very specific technology to carry a “green” operation.

The offer of services within the centre, such as customer service points, rest areas, crèche, and other services that complement the shopping process, provide for greater shopper convenience. According to McGoldrick and Thompson (1992), the importance of these services will increase with the intensification of competition. We believe that among the core services of a shopping centre, free parking and long opening hours are notable, as they are both key aspects of the new shopping habits of consumers.

The importance of the personnel of the centre is highlighted by Kirkup and Rafiq (1998). These authors distinguish four types of personnel: direct customer service staff, operational centre staff, centre security staff and store staff. All of them may influence the image that shoppers have of the centre; thus it is essential that all of them develop a customer orientation. In this sense, Whysall (1983) and Vernor and Rabianski (1993) think that managers should ensure that centre management staff and store staff acquire marketing knowledge. Due to the growing importance of the management function and the entrance in the industry of specialised firms, we assume that the professional abilities of the management staff will play a significant role in centre performance.

A constraint to shopping centre managers' decisions and for the operation of the centre itself is the availability of financial resources. The contribution of tenants to marketing activities is often scarce as retailers have different priorities and it is difficult to agree on the marketing budget (Prendergast et al., 1996).

As competition increases, more and more centres are assuming the need for the implementation of the marketing concept and an effective market orientation as a source of competitive advantage (McGoldrick and Thompson, 1992; Howard, 1997). Kirkup and Rafiq (1998) call for a strategic approach that goes far beyond marketing tactics. Effective positioning and branding of the shopping centre and customer-relationship management are included in the strategic approach. Customer loyalty emerges as a major premise as centres no longer enjoy captive markets but customers have a choice of shopping alternatives whose catchment areas overlap. The importance of developing marketing capabilities to implement efficient strategies has been noted recently by authors such as LeHew and Fairhurst (2000), Dennis et al (2000) and LeHew et al., (2001).

A peculiarity of shopping centres lies in the fact that their success is dependent on the success of the tenants (Kirkup and Rafiq, 1998). Therefore, a shopping centre can be

understood to be a joint business of retailers and developers or owners. In this regard, Prendergast et al. (1996) and Howard (1997) consider that a partnership approach among all the firms involved is key for the success of the centre, as collaboration in the relationships provides mutual benefits and synergies.

3. Objectives and methodology

With the aim of testing the theoretical approach summarised above, we designed a survey with the main objective of analysing the key resources and capabilities for shopping centre management. This general objective is specified in the following particular research questions:

1. Which are the resources and capabilities more influential in shopping centre performance in the opinion of the centre managers?
2. Does age of the centre have any influence on the resources and capabilities considered more important for shopping centre performance?
3. Does size of the centre have any influence on the resources and capabilities considered more important for shopping centre performance?
4. Does the perception of the competitive environment by managers have any influence on the resources and capabilities considered more important for shopping centre performance?

These questions were explored by collecting quantitative data through a survey directed at the managers of all Spanish regional shopping centres, that is, 53 managers of shopping centres with a gross leaseable area greater than 25,000 square metres (Annex 1 shows the distribution of the population and the sample). These are general-purpose shopping centres that satisfy a variety of shopping needs, from groceries to comparison goods as well as services.

A structured questionnaire was produced and pretested by means of in-depth interviews with two managers. The final questionnaire was mailed to all 53 shopping centre managers, as an efficient way to reach our dispersed population. The response rate was 66%,

that is, 35 centres out of 53 returned a complete and valid questionnaire³. The data provided in the annex shows a bias in the sample towards bigger centres. We think this might be due to the fact that these centres attach more importance and resources to marketing management, so they have considered more important the survey and have had the resources to answer and return it.

The importance of the resources and capabilities in shopping centre performance was measured by a five-point Likert scale⁴ anchored by “1=not at all important” and “5=extremely important”. In order to alleviate boredom due to the length of the questionnaire, the information was presented in several blocks of tangible resources, intangible resources and capabilities, as shown in figure 1. The perception of the structure and intensity of the competitive environment was inspired by Porter’s model (Porter, 1980), and assessed by five variables referring to: actual direct competition, potential direct competition, competition from shopping areas, competition from non-store shopping, and the effect of changing consumer shopping habits. All five were rated on five-point scales, the first and the second were anchored by “1=very weak” and “5=very intense”, the third and the four by “1=do not compete” and “5=compete strongly” and the last by “1=very unfavourable” and “5=very favourable”. Finally, age and size were measured objectively: age as the number of years since opening and size as the gross leaseable area in square metres.

6. Analysis of results

The importance assigned by shopping centre managers to individual resources and capabilities is shown in table 2. This table also contains the correlation coefficients of every resource or capability with the variables measuring age and size of shopping centre.

We can see that all of the resources related to accessibility are key aspects for managers, as their mean rating is close to or above 4.5. It should be highlighted that strategic location is of vital importance for 78.8% of respondents. This result confirms the much-repeated argument that a good location is the foundation on which a successful shopping centre is built.

³ Two questionnaires were not included in the sample because long parts of them were unanswered.

Table 2. Self-stated importance of resources and capabilities and correlation with age and size of the shopping centre

Resources related to accessibility	<i>Mean rating</i>	<i>Stand. deviation</i>	<i>Correl. age</i>	<i>Correl. Size</i>
Strategic location	4.70	0.68	.094	-.184
Ease of access	4.58	0.50	.268	.173
Enough parking spaces	4.45	0.75	.174	.317*
Resources related to tenant mix and specialisation				
Variety in the tenant mix	4.39	0.70	-.339*	.204
Variety of styles	3.79	0.86	-.082	.461***
Quality of the retailers	4.06	0.79	.019	.073
Well-known tenants	4.45	0.71	-.127	.263
Participation of chains and franchises	4.28	0.83	-.306*	.227
Participation of a hypermarket	4.06	0.86	.273	-.094
Participation of department stores	3.27	1.01	.476***	.402**
Participation of independent retailers	2.91	0.95	.248	.413**
Reasonable prices	3.48	0.83	.315*	.229
Attractive leisure facilities	4.36	0.70	-.157	.189
Resources related to the atmosphere				
Attractive architecture and design	4.33	0.65	.238	.040
Attractive sales promotions	3.76	0.75	.222	.356**
Attractive events and exhibitions	3.55	0.75	-.431**	-.082
Technological resources				
Availability of technologies applied to management	3.42	0.83	-.194	.104
Resources related to services				
Free parking	4.21	0.89	-.214	.316*
Customer service	4.52	0.80	.116	.130
Wide shopping hours	4.09	1.04	.173	.116
Human resources				
Charismatic leader in the management team	3.25	1.16	-.292*	-.131
Professionalism of the management team	4.79	0.42	.025	.218
Personnel specialised in marketing	4.30	0.77	.090	.340*
Financial resources				
Availability of financial resources	4.13	0.79	-.012	-.333*
Marketing capabilities				
Interest in customer satisfaction and loyalty	4.76	0.66	.070	.243
Use of advertising campaigns	4.39	0.61	-.096	.254
Use of market research	4.12	0.78	.065	.173
Public relations	3.85	0.76	-.046	-.035
Monitoring of competitors	3.48	1.00	-.105	.031
Use of other marketing activities	4.00	0.67	-.051	-.068
Capabilities related to tenant-mix control				
Co-ordination of interest between management and tenants	4.28	0.96	.219	.151
Management of vacant outlets	4.00	1.00	-.361**	-.061
Financial management	3.84	0.85	.142	-.139

*Significant at 0.1; **Significant at 0.05; ***Significant at 0.01

⁴ An approach that made the managers compare with competitors was rejected as it was felt it would be difficult for many centres in the sample to do this task. A similar five-point Likert scale technique has been used in a survey aimed to store managers by Ellis and Kelley (1992).

Among the group of resources related to the tenant mix, the higher importance ratings are assigned to the reputation of retail establishments and the variety of retailers, as well as the leisure facilities. The data shows that the presence of well-known retailers as multiples and franchises is more important than the participation of independent and local retailers. The price level and the quality of the retail outlets are even less important than the fact that they have a strong image, as the franchises and the chains usually have. Regarding the formats that may act as anchors, the hypermarket is considered rather more important than the department store. This last fact may reflect the common pattern in Spanish shopping centres, where hypermarkets act very often as anchors, while department stores have a very limited presence.

Regarding the resources related to the atmosphere, we should highlight the role of interior design as a differentiating factor, as indicated by the high percentage (90%) of managers that give a rating of 4 or 5 to this resource. On the other hand, the importance given to a couple of promotional instruments, such as events and exhibitions and sales promotions, is low in relation to the rate assigned to design. Moreover it is striking due to the frequent use of such promotional actions in Spanish shopping centres.

Technological resources are not considered among the most important resources (only 6.1% of managers gave it a 5). This may be due to the fact, commented earlier, that technology is a means to achieve higher order performance, therefore it is not considered important in itself. Or it may also reflect that the presence of technological resources is indeed not very high in the shopping centres.

In relation to the contribution of certain services to shopping centre performance, managers give high importance to all the services assessed by the questionnaire, particularly customer service. On the other hand, long opening hours is not as important as one would have expected. It might be a consequence of this being a service already offered by all shopping centres, thus with a low potential to differentiate.

Among all the resources and capabilities analysed by managers, professionalism of the management team receives the highest mean rating and almost 80% of the interviewees consider this an extremely important skill. This is interesting because professionalism of management is a valuable resource as it is difficult to imitate, it is produced over time, and it is bound to the people. On the contrary, the presence of a charismatic leader in the management team is of comparatively low importance. The importance of having personnel

specialised in marketing is extremely important for 48.5% of the sample. If we take into joint consideration the rates given to the three components, it emerges the key role of the management function in the success of a centre, and the importance of teamwork in management more than individual authority. However, we should evaluate these variables taking into account that is the general manager, or the marketing manager, who is answering the questionnaire.

The availability of financial resources is deemed very important only by 34.4% of shopping centre managers, with a mean rating of 4.13. This may have a similar explanation as in the case of technological resources: financial resources are a means for the operation of the centre, but they do not help directly to differentiate the complex. Other possible explanation is that they are not valued very highly because they are not very abundant.

It emerges from the analysis of table 2 that shopping centres are strongly customer-oriented, as the interest in customer satisfaction and loyalty is a priority for managers (84.8% consider it extremely important). The use of marketing activities, such as advertising campaigns or market research, is also a key aspect in the management process. By contrast, the monitoring of the movements of competitors is not a key aspect for centre managers. This may be due to the fact that most shopping centres in the sample do not suffer strong competition, but it could also reflect a passive attitude towards competition.

The results of our research corroborates that the collaboration approach, as suggested by Howard (1997) and Kirkup and Rafiq (1998), is a key factor for the successful operation of a shopping centre. We can see in table 10 that almost 90% of managers judge this as being quite important or extremely important. The management of vacant outlets is comparatively important, in any case more than financial management. This may reflect that most shopping centres have to cope with reallocation of tenants at some time in their life.

The data in the last two columns of table 2 allow us to answer the second and the third research questions: the influence of age and size of the centre on the importance assigned to the resources and capabilities. Table 3 shows the distribution of these two variables in the sample.

Table 3. Statistics of the distribution in the sample of the variables age and size

	Age	Size
Mean	5.6	49,261.94

Standard deviation	4.89	23,949.88
Minimum	0	25,473
Maximum	19	120,000
Percentiles		
25%	2	33,000
50%	4	41,907
75%	7	58,276

The relationship of the variable age of the shopping centre with the importance of resources and capabilities, as measured by the Pearson correlation coefficient, is significant in seven of the cases. Most of the significant relationships appear on resources related to the tenant mix. The managers of older shopping centres consider less important the variety in the tenant mix and the participation of chains and franchises, and more important the participation of department stores and offering a reasonable price level. Regarding the atmosphere of the shopping centre, age is negatively correlated with the subjective importance of the organisation of events and exhibitions. All these significant relationships, in our opinion, are indicators of a more traditional approach to managing a retail complex, at least in the Spanish context. For older shopping centres, having a charismatic leader is less important than for newer centres. One possible explanation to this is that more experienced centres have realised that a good team is more important than a leader. Finally, the management of vacant outlets is an ability that becomes less important as shopping centres grow older. This last relationship is puzzling, as one would assume that older centres had greater problems with vacant outlets.

Size of the shopping centre keeps a significant relationship with the importance of eight of the resources and capabilities, as seen in table 2. Managers of bigger shopping centres deem more important the aspects related to the vehicles: enough parking spaces and free parking. They also judge more relevant three of the resources related to tenant mix: variety of styles, participation of department stores, and participation of independent tenants. Maybe this is due to the fact that bigger shopping centres, having more space, are willing to accommodate a variety of tenants, including a couple of formats that in average are not deemed very important: independent retailers and department stores. Size of the shopping centre is positively correlated with the importance of sales promotions and personnel specialised in marketing, but negatively correlated with the relevance of the availability of financial resources. The first and second of these relationships, in our opinion, are reflecting that bigger shopping centres have acknowledged a higher priority to the marketing function.

A two-stage analysis was undertaken to answer the fourth research question, which assesses the influence of managers' perceptions of the competitive environment on the importance assigned to the resources and capabilities. As a first stage, cluster analysis was employed to determine whether distinctive groupings of shopping centres could be discerned based on their perception of the competitive environment⁵. The second stage consisted of applying an analysis of variance (ANOVA) to assess the differences among the groups on the importance assigned to the resources and capabilities.

The cluster analysis succeeded in differentiating groups of shopping centres whose values on the variables measuring the perception of the competitive environment vary appreciably. Different cluster solutions were examined by observing the dendrogram and analysing the significant differences among the groups, and finally the four-cluster solution was preferred. Table 4 shows the centroids of the four clusters, the significance level of the differences, and the number of shopping centres forming each cluster.

The first group is characterised by the perception of strong direct actual competition and potential direct competition; this group deems shopping areas as competitors, and to a greater extent than groups 3 and 4, also considers non-store shopping as competition. 26% of the centres belong to this group, which may be called *vigilants* as they represent the centres that to a higher extent consider the threat of potential competition. The second group is characterised by the perception of low direct actual competition and for being the most optimistic of the four groups on the evolution of consumer shopping habits for the shopping centre industry. We have named the components of this group *initiators* because, for them, actual direct competition is not intense yet, but potential competition is a threat. The components of the third group think actual direct competition is intense, but in contrast do not strongly consider the competition from shopping areas and non-store shopping. This group, which is the biggest (40% of the centres), may be called *traditionalist*, as their components only perceive competition from the same format. Finally, the centre managers of the fourth group perceive actual direct competition as low, the threat of potential direct competitors as medium, the importance of shopping areas and non-store shopping as competitors as low and the evolution of consumer shopping habits as favourable to the industry. This cluster is in the worst position among the four in relation to the competitive forces, as they ignore all possible

⁵ The clustering was done following the procedure suggested by Hair et al. (1998), that implies taking the final centroids produced by hierarchical clustering as seeds to obtain, by the k-means method, the final cluster solution.

competition. We have called the components of this group *carefrees*, which, luckily, is the smallest of all.

Table 4. Results of the cluster analysis

	Cluster centroids				Analysis of Variance	
	1. Vigilants	2. Initiators	3. Traditionalists	4. Carefrees	F	Sig.
Direct actual competition (1=very weak – 5=very intense)	5	2	4	1	50.191	.000
Direct potential competition (1=very weak – 5=very intense)	5	4	4	3	5.513	.005
Competition from shopping areas (1=do not compete – 5=compete strongly)	4	4	2	1	13.974	.000
Competition from non-store shopping (1=do not compete – 5=compete strongly)	2	2	1	1	.968	.423
Evolution of shopping habits (1=very unfavourable – 5=very favourable)	4	5	4	4	3.286	.037
Percentage of centres in each cluster	26%	23%	40%	11%		

The observation of the mean importance of the resources and capabilities by cluster and the analysis of the differences among the groups (see table 5), allow us to answer to the fourth research question. There are few significant differences among the groups, according to the ANOVA test, only on nine resources and capabilities: strategic location, ease of access, enough parking spaces, attractive sales promotions, customer service, availability of financial resources, use of market research, monitoring of competitors and co-ordination of interests.

Table 5. Mean importance of resources and capabilities by cluster and ANOVA

RESOURCES AND CAPABILITIES	Clusters				ANOVA	
	1	2	3	4	F	Sign.
Strategic location	5.00	4.86	4.83	3.00	17.837	.000
Ease of access	4.86	4.43	4.43	3.67	2.498	.083
Enough parking spaces	5.00	4.29	4.42	3.67	2.665	.070
Variety in the tenant mix	4.71	4.00	4.43	4.00	1.455	.251
Variety of styles	4.00	3.43	3.75	3.33	.790	.511
Quality of the retailers	4.29	4.14	4.00	3.67	.447	.721
Well-known tenants	4.71	4.43	4.25	4.67	.660	.585
Participation of chains and franchises	4.14	3.86	4.33	4.00	.484	.696
Participation of a hypermarket	3.86	3.57	4.42	4.00	1.487	.242
Participation of department stores	3.00	3.14	3.42	2.67	.535	.663
Participation of independent retailers	3.29	2.14	2.92	3.00	2.142	.120
Reasonable prices	3.43	3.00	3.58	3.33	.737	.540
Attractive leisure facilities	4.29	4.57	4.17	4.33	.452	.718
Attractive architecture and design	4.57	4.29	4.25	3.67	1.436	.256
Attractive sales promotions	4.00	3.14	3.83	3.33	2.503	.082
Attractive events and exhibitions	3.71	3.29	3.67	3.00	1.058	.384
Availability of technologies applied to management	3.29	3.29	3.67	2.67	1.208	.327
Free parking	4.86	3.71	4.83	4.00	2.231	.109
Customer service	5.00	4.57	4.25	3.67	2.587	.076
Wide shopping hours	4.14	4.14	4.08	3.33	.444	.724
Charismatic leader in the management team	3.57	3.29	3.36	2.67	.408	.749

Professionalism of the management team	4.86	4.71	4.75	4.67	.173	.914
Personnel specialised in marketing	4.43	4.00	4.50	3.67	1.307	.294
Availability of financial resources	4.67	3.71	4.33	4.00	2.300	.103
Interest in customer satisfaction and loyalty	4.86	4.71	4.83	4.00	1.283	.302
Use of advertising campaigns	4.71	4.00	4.33	4.33	1.702	.192
Use of market research	4.43	4.43	4.08	2.67	5.810	.004
Public relations	4.00	3.43	4.00	3.33	1.600	.214
Monitoring of competitors	3.57	3.00	3.75	2.33	2.503	.082
Use of other marketing activities	4.14	3.86	4.08	4.33	.416	.743
Co-ordination of interest between management and tenants	4.14	4.43	4.55	2.67	3.896	.021
Management of vacant outlets	3.86	3.86	4.25	3.67	.428	.734
Financial management	3.67	3.86	4.00	4.00	.193	.900

The first group, the *vigilants*, gives the highest importance to most of the variables, especially to the locational and accessibility variables and the services variables. By contrast, the members of the fourth group, the *carefrees*, tend to give the lowest importance to the variables, except to the attractive sales promotions and the availability of financial resources. We should note the low relative importance given by the fourth group to location and access factors, technology, market research, monitoring of competition and co-ordination of interest. Therefore, these are two groups that have dramatically opposed views that are consistent with the profiles revealed by the cluster analysis. The first group is the one that has a stronger market orientation as one may recognise in their vigilant attitude and the higher importance they assign to most resources and capabilities. The fourth group, by contrast, reflects a carefree and easygoing attitude by their low consideration of competition from new entrants or substitutes of the shopping centre, as well as the lower importance assigned to some key resources and capabilities.

Among these two opposite groups we find the second group, the *initiators*, and the third group, the *traditionalists*. The second group, the *initiators*, gives the lowest importance to variables such as sales promotions and availability of financial resources, but assigns high relevance to location, quality and well-known retailers, leisure, customer service, market research and co-ordination of interests. Therefore, this group is typically formed by shopping centres showing a differentiating attitude, which we may call modern or active, as reflected by the high importance assigned to specific resources such as leisure, or market research. The third group, the *traditionalists* differs from the rest in a higher importance assigned to the participation of stores that could act as anchors (chains and franchises, hypermarkets, and department stores), to the monitoring of competition, the co-ordination of interests and the management of vacant outlets. Also, this group gives high importance to marketing activities

such as advertising campaigns and public relations. We may associate this group with a positioning built around the strong image of specific retailers.

7. Conclusions

This paper has attempted to increase our knowledge of the way shopping centres are managed by exploring the potential sources of competitive advantage. A first contribution of this paper is the attempt to identify the perceived key resources and capabilities for shopping centre performance. The high importance assigned to tangible physical resources related to accessibility, and also to resources related to the tenant mix, confirms our expectations based on descriptive contributions on the relevance of these aspects. On the other hand, it is noteworthy the low importance assigned to the participation of independent or local retailers, which is recommended in the literature as a means of achieving differentiation, and to the level of prices, which has been suggested as being of key importance by previous empirical research.

Concerning the role in the success of a shopping centre of resources related to the atmosphere of the complex, the results highlight the strong relevance assigned to having an attractive architecture and design. On the other hand, the arrangement of events and exhibitions is deemed not to be so important. This is a result that contrasts with the frequent use of these activities as a means of attracting the public to shopping centres, with large amounts of money spent on them, and the fact that they are resources that can be manipulated in the short term.

Regarding the relevance of human resources, the results indicate that managers value the professionalism of their team and their marketing knowledge more than the charisma and authority of a particular person. Of course, one should take into account that it is the manager who is judging the management team, so they may be biased to assign high rates to their team abilities. In any case, it is positive to have in high consideration human abilities, as they are difficult to imitate and therefore sources of competitive advantage. Concerning marketing capabilities, centre managers assign high importance to customer orientation and collaboration with tenants, which are aspects that authors such as McGoldrick and Thompson (1992) and Howard (1997) have been calling for. However, it may also be concluded that centre managers do not consider very important the monitoring of competitors. Therefore,

we should say that Spanish shopping centres are more customer-oriented, than market-oriented.

The second contribution of this paper is the analysis of the variables that may determine different patterns in the importance assigned to the various resources and capabilities. Firstly, regarding the influence of structural variables, such as age and size of centres, we have observed that as shopping centres grow older they assign lower importance to the variety of the tenant mix and the presence of franchises and chains, and higher importance to having a department store and a reasonable price level. Older shopping centres also think events and exhibition and the management of vacant outlets are less important. The conclusion here may be that age is negatively correlated with the importance assigned to most resources and capabilities. On the other hand, size is positively correlated with parking space, variety of styles, department stores, independent retailers, sales promotions, free parking and personnel specialised in marketing, and only a negative relationship - with financial resources - is noted. Therefore, bigger centres are eager to accommodate a variety of retailers and assign higher importance to the marketing function.

Secondly, different profiles of shopping centres according to their perception of competitive environment have been defined: *vigilants*, *initiators*, *traditionalists* and *optimists*, that reflect the present situation of the Spanish sector. The biggest group is the one of *traditionalists* (40%), whose differentiating trait is the low perceived threat of competition from shopping areas and non-store shopping. On the other hand, the optimism of the fourth group is shared by only 11% of the sample. The first group (26% of centres) represents a vigilant position, characterised by the high consideration of the threat of potential direct and indirect competition. The participation of the cluster of *initiators* in 23% of the sample may indicate that in Spain some shopping centres still enjoy non-overlapping trade areas.

The results have shown that the four clusters identified differ significantly in the importance assigned to some resources and capabilities. This is the final contribution of this paper, as it shows that the shopping centres that hold different perceptions of the competitive environment also differ on the importance assigned to some particular resources and capabilities.

We believe the main contribution of this paper is that it deals with a scarcely researched subject. The paper has an exploratory character, thus it has many limitations and

may arise many further research questions. Among the limitations of the paper we recognise the following, which may suggest research lines. First, the list of resources and capabilities assessed may be not exhaustive and should be reassessed. Second, the measuring techniques employed may be questioned, especially the use of centre managers' perceptions. Other stakeholders may be used as informant, and some comparative measurement approach may be employed. Other future research lines could test if the maturity of the industry has some implication on the key resources and abilities, taking into account that Spain is a country where the history of the shopping centre industry is not very long. Finally, we deem particularly important to do research that associates resources and capabilities with various real measures of shopping centre performance.

ANNEX I. SHOPPING CENTRE POPULATION AND SAMPLE BY REGION, LOCATION AND SIZE

<i>Region (Comunidad Autónoma)</i>	Population		Sample	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
Andalucía	12	22.64	5	14.3
Asturias	2	3.77	1	2.9
Aragón	2	3.77	2	5.7
Baleares	1	1.89	1	2.9
Canarias	3	5.66	2	5.7
Cantabria	1	1.89	1	2.9
Castilla León	1	1.89	1	2.9
Cataluña	9	16.98	7	20
Comunidad Valenciana	5	9.43	5	14.3
Galicia	2	3.77	1	2.9
Madrid	10	18.87	7	20
País Vasco	5	9.43	2	5.7
Location	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
Urban	30	56.60	22	62.80
Suburban	23	43.40	13	37.20
Size	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
25,000<Sq.m.<40,000	27	50.94	13	37.14
40,000<Sq.m.	26	49.06	22	62.86
TOTAL	53	100	35	100

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