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This paper addresses the concept of shopping centers life cycle. The concept is considered a possible explanation for the death of certain types of shopping centers and birth of others. Of course that there are also other theories that explains this evolution, such as the wheel of retailing concept postulated by Malcolm McNair (1958); the dialectic process discussed by Maronick and Walker (1974);, the retail accordion, or the general-specific-general process of Hollander (1966); the adaptive behavior and natural selection concepts, which are in fact very similar; Christallers location theory (Christaller: 1980); or the Thiessen Polygone (Thiessen: 1911). The article discusses the adaptation of the life cycle concept as used for products and stores. It tries to provide a framework for delineating the stages of shopping center life using certain relevant attributes. The last part of the article provides some suggestions for the revitalization of the centers found in the decline stage of their life cycle.

Keywords: life cycle, commercial center, strategy

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Introduction

Since their birth, at the beginning of the 20th century, shopping centers have grown a great deal both in number and diversity of formats and the evolution process is not even nearly over. At present, there are an impressive number of projects of new shopping centers all over the world, on each continent (see table 1). The experience of developed countries, where the concept of shopping center has a significant age, may be also transferred to emerging markets, such as Romania. Therefore it is important to identify the stages of their life cycle, characteristics and appropriate strategies for each one, so that the profitable period of shopping centers can be extended as much as possible.
The concept of shopping centers life cycle, similar to that of store formats (George, 1997: 133; Ferring, 2001: 44) initially applied to goods and services. It studies and identifies the changes their characteristics suffer during the existence of a shopping center. The concept asserts the fact that shopping centers, just like store formats, goods or services, go through four different life stages, different one from the other: innovation (launch), growth (accelerated development), maturity and decline (adaptation from Berman & Evans, 2001: 148, Dunne et. al., 2002: 122, Lowry, 1997: 78). This concept is very useful since it "provides a plausible and useful explanation for the emergence and decline of the different shopping center formats" (Lowry, 1997: 78).

Table 1 Shopping Centers worldwide and in Romania (companies own site)

Name of the Center	City, State	Surface m^2	Shop nb.	Year of opening
Mall of Arabia	Dubai, United Arab Emirates	2.000.000	1000	2008
South China Mall	Dongguan, China	900.000		2005
Berjaya Times Square	Kuala Lumpur, Malaysia	700.000	1000	2003
Golden Resources	Peking, China	680.000	1000	2004
Colosseum	Bucharest, Romania	600.000		2010
Siam Paragon	Bangkok, Thailand	500.000		2005
Beijing Mall	Peking, China	440.000		2005
Grandview Mall	Guangzhou, China	420.000		2005
Cevahir S.M.	Istanbul, Turkey	412.000	328	2005
Mall of America	Minneapolis, USA	390.000	520	1992
West Edmonton Mall	Edmonton, Canada	350.000	600	1981–2004
Aricanduva Mall	Sao Paulo, Brazil	342.000		1991
Bluewater	Kent, UK	312.000		
Arkadia	Warsaw, Poland	287.000	242	2004
Shopping City Süd	Vösendorf, (Vienna) Austria	270.000	330	1976
King of Prussia Mall	Philadelphia, USA	250.000	400	
Ala Moana Center	Honolulu, USA	245.000	240	1986
Donauzentrum	Vienna, Austria	225.000	210	1975
Mall of the Emirates	Dubai, United Arab Emirates	225.000	465	2005
Iulius Mall	Cluj–Napoca, Romania	147.000	250	2007

Craiova Mall	Craiova, Romania	122.000		2009
Polus Center	Cluj–Napoca, Romania	120.000	150	2007
Militari S.C.	Bucharest, Romania	114.000		
Akropolis	Vilnius, Lithuania	108.000		2002
Sihlcity	Zürich, Switzerland	100.000	89	2007
Plaza Romania	Bucharest, Romania	100.000	150	2004
Băneasa S.C.	Bucharest, Romania	85.000		
Lotus Market	Oradea, Romania	30.000	120	2006

The concept of Shopping Center Life Cycle

As costs involved in planning, building and managing a shopping center are very high, it is important to identify the stages of shopping centers life cycle for both developers or owners and retailers in the strategic planning of their activity. The stages of the life cycle are differentiated (Lowry, 1997: 78, see table 2) by the following attributes: market factors, shopping center developer strategies and retailer-tenant strategies. *Market factors* include the number of competing shopping centers of that type and of other types, amount of shopping traffic generated by each type of center, growth rate of each type of center, and vacancy rate for the type of center. *Strategies of shopping center developers* include the control they exert, their advertising and promotional activities, renovation of their facilities, efforts to attract new retailers, rental rates, and length of lease. *Strategies of retailer-tenants* are based on advertising and sales promotion activities, store size and layout and selection of store managers.

Table 2 Shopping center life cycle

ATTRIBUTES		**STAGE OF THE LIFE CYCLE**			
	Important considerations	*Launch/ Innovation*	*Growth/ Accelerated development*	*Maturity*	*Decline*
Market factors	Number of competing centers	Very few	Rapid growth	Many of the same type of center	Many same and newer types
	Amount of shopper traffic generated	Increases rapidly	Steadily increases	Stable amount	Steadily decreases
	Rate of sales growth	Very rapid	Rapid	Moderate to slow	Slow or negative
	Vacancy rate	Low	Very low	Moderate	High
	Control exerted by developers	Extensive	Moderate	Extensive	Moderate
Shopping center developer strategies	Advertising and promotional activities	Extensive	Moderate	Extensive	Moderate
	Renovation of facilities	None	Minor modi-fications	Maintenance of existing facilities	Neglect or extensive reformatting
	Efforts to attract new retail tenants	Extensive	Moderate	Moderate	Extensive
	Rental rates	High	High	Competitive	Low
	Length of lease	Long	Long	Moderate	Short
Retailer-tenant strategies	Advertising and promotional activities	Extensive, to create awareness	Moderate, to draw greater interest	Extensive, to compete on price	Moderate, to remind of sale price
	Special sales and price discounts	Few	Moderate	Extensive	Extensive
	Merchandise offerings	Preplanned variety and assortment	Variety and assortment to the market	Stable variety and assortment	Reduced variety and assortment
	Store size and layout	Prototype model	Adjusted to meet market demand	Stable size	Scaled down
	Type of store	Entrepreneurial	Aggressive	Professional	Caretaker

Source: adapted from Lowry, J.R, The Life Cycle of Shopping Centers, *Business Horizons*, January-February 1997, pp. 79

Factors more or less controllable by shopping center management determine the move from one stage of the life cycle to the next one and may also be exploited in the favor of shopping center profitability. These factors can be classified into two large categories, following the ease of influence from shopping center management, and more exactly, their location in center's marketing environment:

-*exterior factors* (less controllable by the shopping center management);

-*situated in the micro-environment*: changes related to shopping center shareholders and stakeholders (owners, investors, builders, financial organisms, professionalism of suppliers, local community, public authorities, various organizations, mass-media); intensification of competition; consumers preferences; For example, thoroughfare improvements can affect even a young shopping center's accessibility and visibility (Carn et al., 1995: 31).

-*situated in the macro-environment*: changes in the demographic structure of the target market, changes affecting local culture, economic situation of the shoppers and of the whole country, changes in the legislation, technology, etc.

-*interior factors* (directly controllable by the shopping center management) – assortment of merchandise and services provided to shoppers, more specifically tenant mix, communication and promotion activities, location of a center, physical evidences, affected by shoppers traffic, age of the center, technology, shopping center personnel, shopping center operations, extra services, facilities and amenities.

Launch (Innovation) Stage

During this stage of a new type of shopping center there are only a few centers of that type, and, since the shopping center is fairly new, the component stores will register a rapid increase in store traffic, which will, in turn, induce a rapid growth of their sales volume. In order to provide the best possible mix of retailers for the profile of that shopping center's target customers, together with the lowest possible degree of vacancy rate, the developer maintains close control over its operations. In order to assist the increase of its tenants' sales volumes by attracting shoppers, the developer undertakes extensive promotional activities, especially advertising. Shopping center's management tries to lease space for long periods of time and at high rental rates, given the attractiveness and freshness of a new center. During this stage, profits are small, despite growing sales and high occupancy rate, because of development costs that need to be recovered.

Regarding tenants' activities, they will engage in significant advertising activities in order to generate awareness of their presence in the shopping center among customers and to attract them. Stores' advertising stresses more their novelty and attractiveness and less price promotions they develop. Initial merchandise selection and layout are predetermined, their adjustment being made only after a period of time. Merchandise selection and store design are customized to meet customers from that particular market's preferences. In order to accomplish this, the management must be enterprising, actively oriented towards shoppers.

Growth (Accelerated Development) Stage

During this stage, since other shopping center developers have noticed the monetary (financial) and also non-monetary (behavioral or attitudinal) success of that new type of shopping center, the number of competitors of the same type increases rapidly. At the same type, shopper traffic grows just as fast, because consumers have already found out about center's offer, and this generates an accelerated rate of sales volume growth. Other retailers are also attracted by the success of the existing stores, this contributing to the increase in shopping center's occupancy rate (if this hasn't already been of 100%). Having already an occupancy rate close to (or even) 100%, it is no longer needed that the management tries to attract new tenants, and may charge high rental rates, since the shopping center is in its early years and to secure leases for longer than the usual 5 to 7 years with its actual tenants. Owing to a high traffic of shoppers, promotional spending is reduced, while maintenance and renovation expenditures are augmented, because years passed have put their sign on the attractiveness of shopping center's facilities and its image must be adjusting to modern trends and to the image projected by center's tenants. In this phase, both market share and profitability tend to reach their highest levels.

Retailers continue to develop promotional activities in order to increase the attractiveness of their offer, and the focus shifts from advertising to sales promotion activities, while overall promotional spending may be reduced as shoppers traffic is already a high one and continuously growing. Stores operating experience allows stores managers to adjust merchandise assortment to consumers' needs and desires and to remodel their stores, or even to reduce their rented space. Although they have already established a particular niche in its market, store managers must remain aggressive in their efforts to meet competition and build a solid base of loyal customers.

A possible example may be the Leipzig Central Station, which was transformed in 1997 into a large shopping center with 140 stores covering 30,000 m^2. In 30 minutes this center is reachable by all of the 620.000 inhabitants of the city, and also by the approximately 75.000 daily commuters (Zentes, Swoboda, 1998: 81-85).

Maturity stage
It is characterized by the existence of a large number of centers of the same nature that often overlap their market areas. Intense competition among shopping centers prevent sales volumes from increasing, growth rate being medium to small, although each of the centers already has a base of loyal customers. Some of the retailers decide to move to other fresher and trendier centers at the moment that their lease contracts expire, this imposing on center's management the pressure to involve in finding new tenants. In certain cases it is needed, in order not to increase vacancy rate even more, to adjust the level of rental rates and the length of lease agreements. Among the most important measures that must be undertaken by shopping center developers or managers are modifications of existing facilities and facelift alterations of the spaces. If these measures are accomplished, the center may remain in this phase for a long period of time. At the same time, promotional activity must be resumed with an even greater intensity. During this stage, market share is stabilized, and profits begin their decline, at the same time with the decrease in the level of rental rates.
The tenants situated in a mature shopping center have already understood their consumers' preferences and, as a consequence, even from the previous stage they have already adjusted merchandise assortment, layout and dimension of their stores to market demand. Thus, in this period these store physical facilities and offer are already stabilized. In order to counteract their competitors' efforts of attracting their customers, managers must employ a variety of strategies and tactics. An important strategy concerns promotion. They must increase promotional actions, especially those of sales promotions; advertising is mainly used to support price-oriented promotional activities.

Decline Stage
As a result of increased competition from other similar centers and from other types of shopping centers, the shopping center enters the decline stage. In this situation, its management has two alternatives. The first one would be to convert that center into another type, undertaking elaborate renovations. The second option would be to sell it and invest its resources in something more profitable. A shopping center with a timeworn and careless look is the most vulnerable to new, modern competitors that offer modern, pleasant facilities, beautiful stores, with an attractive assortment of merchandise. In case shopping center developers decide to follow the first alternative, and wish to exit this unfavorable decline situation and possibly to initiate a new life cycle, they must initiate complex renovation and reorganization or reconversion programs (this strategy can be followed by those that invest into a decline center), followed by marketing actions that inform target shoppers about them.
Among the turnaround strategies a center may choose from are included the following (adapted from Lowry, 1997: 84-85, Feldman, 2004: 38, ICSC, Shopping Center Management, 1999: 221-223):
1) Redevelopment is an extensive strategy that may include *renovation, expansion or reconfiguration* of the center.
Usually it is accomplished in order to meet the changes in the market environment, more specifically to better face up challenges and take advantage of the market opportunities.
- *expansion* involves creating large spaces for anchor tenants, by the department stores, hypermarkets, supermarkets or anchor tenants that provide entertainment services (the most popular ones are multiplexes and casinos), etc, or mini theme parks. In certain situations there might be added new spaces for smaller retailers as well.
- *reconfiguration* may comprise in certain cases an expansion component, too, but it aims in attracting retailers of smaller dimensions than anchor stores to avoid financial problems that might be caused by an eventual bankruptcy of these; innovative retailers of goods or services, whose offer cannot be found somewhere else; or those that match the new profile of the shopping center that it is intended to impregnate on the shopping center. It also aims at modifying parking lot configuration, the image of a center or of its use or in remodeling the space for new tenants, especially entertainment companies (bars, restaurants, coffee shops, multiplex theatres, casinos, game rooms, children playrooms, etc), because this type of companies are renowned to attract many consumers and improve the profitability of a center (Kang & Kim, 1999: 47).
- *renovation* is accomplished in order to freshen up a center's image and involves redoing entrances, public spaces, parking spaces, roofs, floors, toilets, sitting spaces, improving visibility of anchor stores, building various amenities (for instance baby changing rooms), etc. The decision to renovate a mall depends on the depreciation of net rental incomes, the level and rate of change of renovation costs, discount rates and changing market conditions (Wong & Norman, 1994: 46).
2) Termination of lease contracts with poor performing retailers, utilizing the amounts they pay for early cancellation of lease contracts for attracting new tenants.
3) Changing the destination of a shopping center into medical center, campus, convention center, etc. As suggested by Pilzer (1993: 76-77), an unsuccessful shopping center could be converted into a TEC center. The main tenants in such a center would be large organizations that need meeting rooms to train and confer with their current employees; recruiting organizations and offices of major employers; service firms related to employment activities (medical examination firms, drug-testing firms, reference-checking firms, skill-testing firms, training companies,

etc); life-long educational institutions that could provide information and skills to those that want to improve their knowledge or change careers.

4) Selling the center.

Also, if a center focuses its marketing efforts towards a certain marketing segment and succeeds in attracting retailers in this direction, it may be drawn to its maturity stage or even to accelerated growth stage (Lowry, 1997: 85). In case management planning is successful, shopper traffic may be augmented. In the opposite case, if the renovation is unsuccessful, or if no center renovation actions are undertaken, reduced shoppers traffic and sales volume will cause the loss of many of the tenants and the acceleration of center's decline. The efforts to attract new tenants, materialized in promotional actions (advertising and price reductions), the decrease of lease terms, and others are in many cases useless because of low shoppers' traffic. In this stage promotional expenditure as a means of attracting visitors are minor, promotional efficiency being very low since the atmosphere of the shopping center is inadequate.

In certain cases the decrease in shoppers traffic ad in sales volume are caused by demographic changes among target market – aging of that center's trade area population, changes in the level of incomes, in the structure of households, etc. Under such circumstances, the structure of a shopping center must be modified, so that the offer is adjusted to the new characteristics of the target market.

The strategies of the retailers in a shopping center that is in the decline stage of its life regarding promotion include many sales promotion activities and certain advertising actions that are meant to remind consumers of their presence within the shopping center. Advertisements are focused on price reductions in order to attract price sensitive consumers. Because they are aware of the fact that investments in stores renovation in a center that is in decline does not bring extra sales, stores managers avoid such expenses, trying instead to diminish merchandise assortment and to rearrange stores to reduce rented space.

In countries with mature markets from the shopping centers point of view it may be noticed that many shopping centers projects are, in fact, expansions or reconfigurations of the existing ones (Cushman & Wakefield, 2008: 2; James, 1982: 11). This is because there are a large number of centers that have adequately served their target markets, and it is considered not to be economically viable to build new ones, redevelopment being the best solution for all actors in the micro-marketing environment of those shopping centers. For investors, advantages of such a strategy include lower costs, circumvention of bureaucracy involved in building a new construction, avoidance of possible refuses to grant construction authorizations for new locations, rapidity in finalization of construction. For local communities renovations and expansions have positive aspects as well, including creation and/ or retention of existing jobs, retention or augmentation in the level of local taxes gathered by the local authorities, removal of the danger of degradation of decline shopping centers neighborhood areas, spurring the rehabilitation of surrounding areas (James, 1982: 11).

Shopping centers markets stages of life cycle

The study the life cycle of shopping centers in countries that have a long history of shopping center activity reveals their dynamics and heterogeneity. Because of this, identifying the stage of life cycle a shopping center is situated in is a difficult task. Developers must continuously pay attention to any modifications intervened in the environment and take appropriate measures to take advantage of the opportunities and counteract threats. Shopping center's age, competition, changes in shoppers' behavior and market changes, etc. are factors that affect vitality and determine the stage of its life. At present, shopping centers life cycle is an accelerated one, new formats passing much more rapidly through each life cycle stage.

The concept of life cycle may be also applied to shopping centers markets. Thus, from the age point of view and especially that of number of shopping centers found in each country, shopping centers markets may be divided into emergent, developing and mature. United States and Canada markets are mature markets. In Europe, the situation is the following:

-Mature markets: Scandinavian Countries (where the first modern closed shopping center was built), Great Britain, France, Holland, Germany.

-Developing markets: Spain, Portugal, Italy.

-Emerging markets: countries from Easter Europe, Russia, Turkey, Greece.

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