THE TRANSFORMATION OF THE REGIONAL SHOPPING CENTRE: 
AN EXAMINATION OF SIX CASE STUDIES IN VANCOUVER B.C.

BY

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ABSTRACT

Shopping centres have dominated retailing in North America since the 1950's. But today, many shopping centres are facing serious problems. The future, which once looked unlimited and bright, now seems problematic. It is this transformation on which this thesis will focus.

This thesis examines the historical trends behind the regional shopping centre industry. It also deals with the significance of regional shopping centres in the larger body of academic work. Regional shopping centres can be seen as products of modern society's mass production and consumption system. Their design and geographical location in the urban landscape is a product of both architects' and urban planners' efforts to control and regulate the modern landscape. Being a product of modernism, regional shopping centres must now meet the challenge of surviving in the post-modern era.

This thesis continues with examining the development of the regional shopping centre industry in Canada. The first part of this development (1960-1980) was characterized by growth then stability. However, in the 1990's, significant numbers of centres have experienced considerable turbulence. The number of tenants, the concentration and combination of different retail businesses, as well as the annual vacancy rate are all parameters used to illustrate this. The external and internal conditions that are affecting these contemporary changes are also described, along with the
strategies that are being used by the owners of regional shopping centres to meet the changes. For example, the movement away from having only goods tenants, to centres with tenants that also provide services, such as health care and libraries. The downgrading of centres to community-oriented centres, and the increase of non-retail activities are other strategies currently being used to adapt to the new conditions.

This thesis includes case studies of six different regional shopping centres in the Greater Vancouver Regional District. The six centres provide the study with valuable information about the industry's history and current condition in the general retail sector. Information was collected through shopping centre surveys, together with various retail studies and trade articles from magazines, newspapers and periodicals. The study was enhanced with interviews of private sector mall managers, owners and developers, as well as the retailers in and architects of various shopping centres.

The study shows that the regional shopping centre industry, to a large extent, continues to use the same development and management strategies as in the past (1960's and 1970's). The use of a universal strategy has tended to produce similar results in a centre's tenant mix, geographical location and architectural design. The result is that regional shopping centres today suffer from being undifferentiated and too similar with other competitive regional shopping centres. They also struggle with the same problems in terms of new retail competition and changing consumer demand.

Regional shopping centres are facing a variety of new challenges, including new retailing concepts, cross border shopping and declining consumer spending. There are several strategies that are being used to deal with these changes. The main goal for
regional shopping centres is to find a strategy that distinguishes each from the homogenous image that prevails today.

The future of the regional shopping centre industry depends on its ability to adapt to changing consumer spending patterns in a number of ways. First, there is likely to be a return of regional shopping centres which cater to the local community. This will be achieved by changing the centre's tenant mix. The level and quality of service will also be adjusted to meet specific community requirements. Secondly, regional shopping centres will incorporate more non-retail facilities. Non-competitive tenants are being acquired to fill in space and give the centres a more diverse character. Finally, regional shopping centres will include leisure and recreational activities, including amusement and entertainment facilities. Ultimately, only those centres that are able to find a specific market niche will survive in the long term. This is in sharp contrast to the old practice of being everything for everyone.
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ACKNOWLEDGEMENT

There are naturally many ups and downs throughout the process of writing a thesis. However, the interest and encouragement I received from many people during this time helped me to complete this study. My thanks go to those mall managers who took the time to share their expertise and ideas with me. A warm thank you to Walter Hardwick, who guided and encouraged me throughout my work. And finally a fond thanks to my husband David who guided me through the English language.
[Malls] are havens of private property, showcases for the ersatz and national chains, burdened with cheap marble, bereft of contingency...cold winds never blew in these ordered spaces, but neither does the blood of the city's life flow."¹

CHAPTER 1

INTRODUCTION

The first Canadian shopping centre was built in 1959 in West Vancouver--The Park Royal Shopping Centre. To a degree, the introduction of the shopping centre as a retail type epitomized some of the changes in society that occurred in the first two decades after the Second World War. The Post Second World War period brought to society some significant changes. There was a dramatic increase in population and with it a growth in spending power. At the same time people experienced a rapid increase in car ownership. Planned shopping centres started to enter the retail market during this period. They were a fundamental part of the change in industrialized society. In a world of mass production and consumption, shopping centres became the new tool for reaching consumers and convincing them to part with their money. They served the growing family-oriented, suburban population, and offered easy access to the automobile-consumer. Since then, the shopping centre industry has grown tremendously in terms of number of centres and also in terms of influence on society in general.

In the nineteen sixties and seventies, the industry went through a major expansion. There were large numbers of new suburban communities to serve. At times, shopping centre developers could not build fast enough for the growing suburban population. In this time period the industry became dominated by national shopping centre developers, financial bankers and national mall tenants. It was the cooperation among these three participants and their experience that created the "universal recipe" for developing regional
shopping centres. As a result, most regional shopping centres have become very much the same regardless of where they are located on the North American continent.

In the eighties, the development of the shopping centre industry continued, although there were signs in the retail industry that significant changes in retailing were coming. In the late seventies and beginning of the eighties the mass production (and consumption) system which had also characterized previous development started to decline. The relationship between producers and distributors as well as between distributors and consumers met new challenges. This caused fundamental changes to the shopping centre industry. The result is an increased number of new, strong retailers such as factory outlets or specialty stores which have entered the market. These retailers specialize in different segments of the retail market and do not locate in shopping centres. However, the new retailers have increased the competition for the consumer dollar. Regional shopping centres, with their basic marketing strategy for being all things to all people, are therefore forced to meet a new competitor in every sector of their operation.

The cities and the people living in them have also changed during this period. An increased number of cities began to realize the limits of their growth in the late eighties. This is a problem that has become even more evident in the nineties. There are numerous issues that will have to be reconsidered in the process of adjusting to the future. For example, there is a need for increased participation and control by cities in the management of urban change. Cities must move away from suburban growth patterns towards a denser style of urban areas. A new understanding of how transportation problems should be solved will also be required in the process of adjusting to the
changes to the urban areas. These are but few of the current issues that characterize the current urban debate, which in turn will influence the location and form of regional shopping centres in the future.

Regional shopping centres in the 1990's therefore face a radically different environment in the 1990s than was the case when they were first conceived and developed. Although signs were present in the eighties, a booming economy made it possible for consumers and retailers to ignore them and continue along as before. But developers eventually came to realize that things had irrevocably changed in the present decade. Presently, few new centres are planned for development in Canada and B.C. The shopping centre industry today is more concerned about readjusting and remodelling their existing centres to meet the new market conditions.

Although much has been written about the development of the shopping centre industry, little has been written about the changes underway in the contemporary period and the future conditions that will affect them. It is this part of the shopping centre industry's story that I will address in this study. But in order to forecast the future, one must look at the past. Accordingly, in the first part of this study I will look at the historical development of the shopping centre industry. I will review how architects, urban planners and geographers have treated regional shopping centres in an academic sense. Six case studies from the Vancouver Census Metropolitan Area (CMA)\(^1\) will be examined to document changes. Then I will examine the various reasons for contemporary changes

\(^1\) Vancouver CMA refers to Vancouver Census Metropolitan Area, which includes all of the GVRD municipalities and the municipalities of Pitt Meadows (water, sewers) and Maple Ridge (parks, water and sewers). (See Table 3 for details.)
in the regional shopping centre industry. They include both internal and external forces. The final part of the study will examine the different strategies that are now being employed in the adjustment process.

1.1 DATA SOURCES AND METHOD.

The illustration of the shopping centre industry's historical development in terms of numbers and sales, is based on data from Statistics Canada. However, Statistics Canada has been inconsistent in the publication of this kind of data. The first issue of Shopping Centres in Canada was published in 1961. However, in 1973, Statistics Canada stopped issuing this publication. Since 1973, only two publications present data on the Canadian shopping centre industry (Statistics Canada 1976; 1989a). The study therefore relies on only these data, and as a result some periods have not been documented as fully as others. In addition, use was made of literature about geographical, architectural and urban planning issues to illustrate that regional shopping centres are products of a modernist society.

Classification of shopping centres was selected from information from The Urban Land Institute (1987 & 1990), Statistics Canada (1976 & 1989a) and Monday Report on Retailers (1990a). The Urban Land Institute defined three different categories of shopping centre operations as early as 1973. The leading tenants, or anchors of the centre, are

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2 A telephone call by the author to Statistics Canada in Ottawa ascertained that it was not possible to special order a set of more consistent data.
used as the basis for the classification. The categories are, the neighbourhood centre, the community centre, and the regional centre. Recently the ULI has expanded the number of categories by one, namely the super regional centre.\(^3\)

**Neighbourhood Shopping Centre.** A neighbourhood centre provides for the sale of convenience goods (foods and drugs) and personal services (laundry and dry cleaning, barbering, shoe repairing, etc.) for the day-to-day living needs of the immediate neighbourhood. It is built around a supermarket as the principal tenant, the GLA (Gross Leasable Area) ranges from 30,000 to 100,000 square feet.

**Community Shopping Centre.** A community centre provides in addition to the convenience goods and personal services, a wider range of facilities for the sale of soft lines (wearing apparel for men, women, and children) and hard lines (hardware and appliances). The community centre is built around a junior department store, variety store, or discount department stores as the major tenant, in addition to a super-market. Its GLA ranges from 100,000 to 300,000 square feet.

**Regional Shopping Centre.** The regional centre provides for general merchandise, apparel, furniture, and home furnishing in depth and variety, as well as a range of services and recreational facilities. It is built around one or two full-line department stores

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\(^3\) The following four definitions are adapted from ULI (1970 & 1990).
which are generally not less than 100,000 square feet. Its GLA ranges from 300,000 to 850,000 square feet.

**Super Regional Centre.** A super regional centre provides for an extensive variety in general merchandise, apparel, furniture, and home furnishing, as well as a variety of services and recreational facilities. It is built around three or more full-line department stores, which are generally not less than 100,000 square feet each. Its GLA ranges from 600,000 to 1,500,000 square feet.

Statistics Canada (1976 & 1989a) uses the same categories as the Urban Land Institute. However, indicators used to distinguish the different levels of operation are rather limited. In Statistics Canada's publications the only indicators mentioned are the number of retail outlets and/or restaurants.\(^4\) It should be noted that later issues of statistics add one more category, the "indoor shopping mall".\(^5\)

**Neighbourhood Shopping Centre.** The neighbourhood shopping centre has a minimum of five or a maximum of fifteen retail outlets and/or restaurants.

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\(^4\) A phone call to Ottawa, by the author, confirmed that these were the only indicators considered by Statistics Canada.

\(^5\) The following four definitions are adapted from Statistics Canada (1989).
Community Shopping Centre. The community shopping centre has a minimum of sixteen and a maximum of thirty retail outlets and/or restaurants.

Regional Shopping Centre. The regional shopping centre has a minimum of thirty outlets or more.

Indoor Shopping Mall. A group of at least ten retail and service outlets, of which four outlets must be retail and one a restaurant or of which five outlets must be retail, and the rest of the tenants must be offices, apartments, hotels or carrier stations.

Monday Report on Retailers, the publisher of the Canadian Directory of Shopping Centres (1990a), employs four shopping centre categories, the neighbourhood centre, the community centre, the regional centre and the downtown centre. The criteria for membership in each category is not explained by the publication. It became clear after a conversation with the publisher of the Canadian Directory of Shopping Centres that the categories are used without having any clear definition of the criteria. The company simply sends out questionnaires to all listed shopping centres in Canada, and it is up to the individual shopping centre to define its own particular category.

I have used the Monday Report on Retailers’ directory of Canadian shopping centres to identify six regional shopping centres in the Vancouver area that would serve as case studies in this study. I then compared the six case studies to the two definitions
set up by ULI (1987 & 1990) and Statistics Canada (1976 & 1989a). The six case studies that were chosen were therefore in accordance with all three publications.

Greater Vancouver Regional District's (GVRD)\(^6\) (1986 & 1989 & 1990a & 1991) various statistical publications, together with this author's own observations are used to determine the relative location of the six regional shopping centres. A special check-list designed by the author was used in the study of the centres' layouts and designs. (Appendix A).

Vancouver City Directory (1959-1991) and Vancouver Suburban Directory (1966-1991) list the shopping centres' leasable units and the tenants located in the centres. The directories also list vacant units in the centres and was therefore used to determine the vacancies in the malls for each year of the study.

Statistics Canada (1990b & 1992a) was used to describe the number and sales of chain stores in the Canadian retail industry. Statistics Canada (1990b) and Directory of Retail Chains in Canada (Monday Report on Retailers, 1990b) was used to find the chain stores within the six shopping centre in this study. On this basis I have counted the number of chain stores in each shopping centre for each year of study period (1961, 1966, 1971, 1976 & 1981-1991). I then calculated the percentage of the chain stores from the total number of tenants. However, my study does not differentiate between the chain

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\(^6\) Greater Vancouver Regional District (GVRD) is a partnership of 18 municipalities and 3 electoral areas that makes up the metropolitan area of Greater Vancouver. It serves as an instance that provides essential services that are regional in nature so that intermunicipality matters can be dealt with in an optimal way, without reducing the municipalities' autonomy. (This information is adapted from GVRD 1990a).
store organization operating on a local, regional and national level. There is, to my
knowledge, no source of information that categorizes chain stores according to the level
of operation.

Statistics Canada's publication *Standard Industrial Classification* (1988), was used
to design a tenant category system (Appendix C). In order to make the research
manageable, twenty-eight different categories were used, some containing several sub-
categories. The six regional shopping centres' tenant mix was determined on the basis
of the names that were listed in *Vancouver City Directory* (1959-1991) and *Vancouver
Suburban Directory* (1966-1991). When the formal sources could not provide necessary
information, the author's own survey and the results of an examination of telephone
books for the various years provided the information necessary to categorize tenants.
Although I differentiated between tenants selling women's, men's, children's and unisex
clothes in the early stage of my study, I have chosen not to separate these tenants from
the rest of the tenants in this category in my presentation of the findings. If this were not
done there would be too many details in this study that would tend to confuse, rather
than clarify the findings. However, it should be kept in mind that tenants offering women's
clothing dominated in the clothing category. In addition, tenants were classified as goods
or service tenants.

The causes behind the changes that regional shopping centres are currently
experiencing was documented in a variety of literature, including periodicals, newspapers
and magazine articles. The extensive interviews of shopping centre officials made by the
author, were a valuable addition to this aspect of the study.
CHAPTER 2

EMERGENCE OF SHOPPING CENTRES

In the following chapter, I will describe how the shopping centre industry developed into an important part of general retailing industry. This will be followed by a presentation of historical data for the Canadian shopping centre industry. Then, I will describe how the regional shopping centres are products of modern society's mass production and consumption system. I will also show how regional shopping centres' design and geographical location in the urban landscape is a product of both architects' and urban planners' efforts to control and regulate the modern landscape.

2.1 THE SHOPPING CENTRE INDUSTRY'S HISTORY.

The idea of gathering different merchants together in one location and under the same roof can be traced back to ancient Greece. The North American version of this kind of retailing, namely the shopping centre, uses some of the same ideas found in the ancient Greek market-place (Gruen & Smith, 1960, p.17-). In the modern period, the beginning of the "shopping centre idea" occurred in Paris, France around 1800. At this time the city's streets were unsafe and generally unsuitable for people to walk and shop in. Some merchants, therefore, built passage-ways through larger buildings, and set up displays of their goods and services along the sides. People quickly found this to be a
convenient and safe environment for their shopping needs (Frieden & Sagalyn, 1989, p.9,10).

However, there is a significant difference between the Greek and French "grouped" retailing concept, and today's shopping centre. The former two conceptions existed in areas accessible by foot; while modern shopping centres are accessible by car. In fact, the modern shopping centre is designed for and around the automobile. This has had a enormous impact on suburban as well as inner city development.

The first planned shopping centre complex in North America was the Country Club Plaza, built in 1923 in Kansas City, Missouri. (Gruen & Smith, 1960, p.12-; Vance, 1990, p.490). This mall, however, did not start a trend. The Depression of the 1930's put a halt to further development of planned shopping centres, and it was not until the decade following the Second World War that shopping centre development in the United States began in earnest (Frieden & Sagalyn, 1989; Vance, 1990).

The growth of this innovative form of merchandising in Canada occurred somewhat later than in the United States. Walter Hardwick explains,

...[T]he severity of the depression in Canada, the longer war period as compared with the United States, and the extended seller's market in Canada after World War II each contributed to holding down investment in suburban facilities until a decade or more after they had become the dominant characteristic of urban change in the United States (Hardwick, 1981).

It was not until the 1950's that shopping centre development in Canada began to emerge.
The first shopping mall in Canada was built in 1950 in West Vancouver; Park Royal Centre
(Hardwick & North, 1992; Tant, 1992, p.206-).

Although the history of shopping centre development is different in the U.S. as
compared to Canada, and similarly from city to city within each country, the forces behind
the development are generally similar, as are the results (Hardwick, 1981). In North
America, therefore, the shopping centre industry may be viewed as having passed
through three different phases (Frieden & Sagalyn, 1989; Bernardo, 1989). The first phase
from 1950 to 1960 was characterized by explosive growth, while in the 1970's the industry
had to make some adjustment to more competitive market conditions. In the 1980's the
competition was tight and new marketing strategies were costly. What will happen in the
1990's is open to conjecture, but past developments may give us some clues about what
lies ahead.

To understand the complexity of retailing that emerged in North America during the
early 50's, one has to take a closer look at the very nature of the retail structure and how
socio-economic changes influenced the changes in the retail environment at this time. The
1950's represented a period of significant social and economic change throughout North
America (Vance, 1990). For example, there was a rapid growth in population, due both
to natural factors and from immigration. This was the time when the first children of the
baby boom generation were born. Later, their dominance in terms of numbers and
cultural influence would have a profound impact in many aspects of life. At the same time
as the population grew, so did its wealth. A larger part of the working population became
involved with various labour organizations, which improved their rights at the workplace.
as well as their right to fair wages. At the same time, urban growth required increased governmental control, which again increased the governmental service sector. In addition, more and more women entered the workforce. This improved families' spending power. A tremendous increase in the size of the middle class resulted. Many worked in industries that turned out goods for consumption by people working in other industries. These people were the ones who had the purchasing power to change the American retail structure and consequently, economy. Not only was there an increase in per-capita income, there was at the same time an increase in automobile ownership. It therefore became necessary to build more highways as well as improve their capacity (Statistics Canada, 1976, p.7). Suburban development away from public transit lines proliferated.

The increase in people's mobility saw changes in the approaches of planners, developers and retailers. These groups realized that there would be a tremendous change in urban-rural settlements and consequently a change in consumption patterns (Jones, 1969). These new trends were the impetus behind the development of the suburban shopping centre.

The growth in population in the inner city increased the pressure for affordable housing there. The quality of life declined and the cost of living rose compared to life in the suburbs. In the suburbs, a protected, family-oriented lifestyle developed. The middle class had the money to purchase and the cars in which to move, and suburban life quickly became the dream for thousands of Americans:

A home in the country-side, a fence surrounding the lawn, a car in the garage and a family waiting at the gate for Daddy to come home at the end of the day's work (Sussman, 1981, p.64).
Retail business's response to this explosion in the suburban expansion was the planned shopping centre--accessible by automobile. It truly was the place for the celebration of suburban life. Designed especially around the automobile, shopping centres, made the best of cheap land prices.

In order for a shopping centre developer to obtain financial support for a development project, the developer had to provide prospective lenders, such as banks, with some degree of security. That security took the form of pre-leased space in a proposed development. The securing of "anchor tenants" of well known department stores or supermarket chains created a "magnet" for prospective shoppers, and so would benefit the rest of the smaller tenants in the project (Ircha, 1982, p.10). In the U.S., Sears Department store decided to favour suburban locations since the 1920's. In Vancouver, Woodwards department store took the lead by locating at the Park Royal and Oakridge Centre in the 1950's. However, in the beginning, many of the well established department stores were reluctant to make such a drastic move to a new suburban shopping centre. Many still believed that department stores needed traditional sidewalk frontage to draw pedestrian customers into the stores. Moving away from the busy downtown to the distant suburbs, and replacing sidewalks with large parking lots was considered novel and too risky. In addition, it was felt that department stores located in the suburbs would jeopardize the store's major downtown business. Moreover, in some cases, the development of the shopping centre was to be finished before the residential part of the development was concluded. This made the investment even more risky. But eventually,
rising costs and increased numbers of smaller competitors forced the department stores into the shopping centres (Statistics Canada, 1973).

The first shopping centres were truly pioneer projects. The suburban market seemed unlimited to developers. At the same time, competition among the centres themselves, as well as among other retailers in the area, was insignificant. It was under these conditions that the shopping centre industries's basic guidelines and knowledge were developed; be everything for everyone, because that is what the market demanded.

In the mid to late 1970's the concept of the shopping centre had to be rethought. The oil crisis in 1973 increased transportation costs. At the same time, inflation and a widespread recession reduced consumer spending power. Nevertheless, the shopping centre industry continued a rapid expansion. Competition began to enter a more intensive stage following 1970. In addition, many Canadian cities went through revitalization programs (For example Vancouver, Ley, 1980). This had a tendency of strengthening the downtown position in the retail market. These events forced the shopping centre industry to realize that there was a limit to its growth. New strategies were therefore conceived. Rather than build more centres, many shopping centre development companies decided after 1970's to concentrate on expanding or renovating existing centres. More attention was given to common areas and design. A greater effort was made to transform suburban centres into community centres. Some shopping centres changed their tenant mix in an effort to update their supply of merchandise. During these years it became popular to enclose shopping centres by covering the open centres built in the 1960's with a roof. Smaller towns, which before the 70's were overlooked, became a new target
market for shopping centre developers. Other developers found it profitable to invest in other countries (Frieden & Sagalyn, 1989).

The keyword for the 1980's was diversity. This decade was characterized by increasing competition from other retail operations. The same guidelines and development strategies had been used in a large number of shopping centres spread throughout North America. But in the 1980's customers tired of the sameness and lack of diversity (Brown, 1992b, Kowinski, 1985). This forced the shopping centre industry to rethink and change its marketing strategy again. Specialized shopping centres such as warehouse centres (Millan, 1992; Mitchell, 1992) with several "category killers" (Chain Store Executive, 1992; Miller, 1992; Forbes, 1992a) located within, emerged. Category killers specialize in a single type of merchandise, killing the category in the old department-type store. These new centres provide consumers with both specialization and diverse tenant mix.

Another change in the 80's was the major rebuilding and redesign of existing malls. Some malls created shopping "streets" which were decorated according to a particular theme, for example, a European marketplace or a tropical village. Typically, the sense of place was taken out of context and used simply as a marketing tool. Some centres introduced customers to a shopping environment built as much to entertain and amuse people as to house retail tenants. The famous West Edmonton Mall (WEM) is such an example (Simmons, 1991; Jones, 1991; Hopkins, 1991; Jackson, 1991; Smith, 1991). There, the shopping centre became a popular tourist attraction with the dual function of providing entertainment as well as consumer outlets.
2.2 SHOPPING CENTRE DEVELOPMENT IN CANADA.

Statistics Canada (1976 & 1989a & 1992a) shows that there were only four shopping centres in Canada in 1951. Five years later, however, there were fifteen times that number. By 1961, similar statistics indicate that there were 281 shopping centres, and by 1972 the number had grown to 599. Fourteen years later the number of shopping centres had grown by 88% to 1128. In terms of the share in the total national non-automotive retail trade\(^7\), shopping centres represented 1.8% of the total ($233,800,000) retail sales in 1956, 6.2% by 1961 and 17.6% by 1973 (Table 1). The most recent statistics available for Canada indicate that in 1988 there were 1,224 shopping centres.

2.3 REGIONAL SHOPPING CENTRES AND THEIR RELATION TO THE MODERN POST-MODERN MOVEMENT.

2.3.1 INTRODUCTION

In order to understand the numbers, design, layout and location of shopping centres, one must have an understanding of a variety of historical movements starting with the Industrial Revolution. This period marked humans' effort to profoundly and significantly control the environment, an effort that became ingrained in Western economic activities and indeed in Western people's very existence.

\(^7\) Non-automotive retail trade is defined by Statistics Canada as: "total retail trade excluding trades rarely found in shopping centres, e.g., general stores, motor vehicle dealers, fuel dealers, lumber and building material trades (and used car dealers, in 1972 and 1973 only)" (Statistics Canada, 1976).
In the following section I will look at how the Industrial Revolution and modernism influenced human perception and interaction with the environment. I will start out by briefly illustrating some of the significant changes that occurred in society during the industrial revolution, and in particular note its effect later on modern society. I will illustrate the influence this change in perception had on such areas as art, architecture, urban planning as well as urban geography. I will examine how the development of large shopping centre
complexes applied modern architectural, planning and geographical methods to their buildings. I will also describe how shopping centres were perceived in the context of urban planning. Lastly, I will examine regional shopping centres present position in the post-modern era from a planning, architectural and urban geographic perspective. Vancouver will be used as an illustration.

2.3.2 INDUSTRIAL REVOLUTION

The turn of the 19th century saw a dramatic change in technology, which in turn profoundly changed the economy. F.W Taylor introduced scientific management theory into production methods in order to make it more efficient. His idea was picked up by Henry Ford in 1913 and applied to his assembly line production methods of the Model T (Relph, 1987, p.93-). An increasing number of people became employed in mass-producing industries, which again expanded and created new markets for other industries.

Mass production and mass consumption went hand in hand. The concept of mass consumption influenced human's perception and participation in the modern landscape (Relph, 1981, p. 63) The need for new stores, new residential areas and new roads changed the landscape. At the same time, the development of the modern landscape required control and regulation. Landscape became a commodity which could be bought and sold as well as designed and regulated, like any other mass produced product. The landscape became the media in which architects, urban planners and geographers could
visually and theoretically demonstrate their conception of a modern landscape (Relph, 1987, p.49-).

2.3.3 ARCHITECTURE, ART AND REGIONAL SHOPPING CENTRES

In the post-industrial age the Bauhaus School was one of the forerunners in expressing modernism through art and design. The school was established in Weimar, Germany in 1919 (Banham, 1967). However, it was not until the 30's and the 40's that the school became dominant in international architecture. Walter Gropius was one of the founders and the first leader of the school and expressed his view on modern architecture as:

Architecture during the last few generations has become weakly sentimental, aesthetic and decorative...this kind of architecture we disown. We aim to create a clear, organic architecture whose inner logic will be radiant and naked, unencumbered by lying facings and trickery; we want an architecture adapted to our world of machines, radios and fast cars...with the increasing strength and solidity of the new materials--steel, concrete, glass--and with the new audacity of engineering, the ponderousness of the old methods of building is giving away to a new lightness and airiness (Banham, 1967, p.282).

Frank Lloyd Wright was an American architect whose philosophy of form and design was of the same character as the one developed by the Bauhaus School. Lloyd Wright designed buildings and cities specifically around the automobile. The theoretical city he created in the early 1920's was named the Broad Acre City. The Broad Acre City was a low density, decentralized city with low-rise development (Relph, 1987, p.98-).
The first generation of shopping centres were built in the 1930's. They were one storey shopping plazas with parking along the store fronts. The architectural design of these centres was truly influenced by the modern architectural approach to design. The building material that was used was explored in its natural character. The building's form was honest in the sense that it signified it's function. The larger plazas that provided pedestrian area were sometimes decorated with steel sculptures also inspired by modern society. The first shopping centres built by Victor Gruen, a major shopping centre architect of the 1950's, exemplify this approach.

It was not until after the Second World War that the number of shopping centres increased significantly. In the early 1970's airconditioning and lighting technology made it possible to turn the shopping centres inwards, thereby producing shopping malls. At the same time modern architectural style had established itself and had developed numerous directions. Some late modern architectural styles became even simpler and more functionalistic than before, while other architects developed a more complex style.

The many regional malls that developed at this time adapted one particular version of the late modern functionalistic architectural design. Relph calls it the "blank box" style. According to Relph..."a perfect blank box consist of a flat roof on four walls punctuated only by doorways." (Relph, 1987).

This extreme functionalistic architecture was picked up by leading shopping centre developers at the time. It quickly became the universal recipe applied to the majority of the new malls developed in North American. This building structure offered several beneficial elements to the retail industry. The design made economical sense because of
its relatively cheap construction costs. The blank walls provided retailers with shelf place and avoided problems with window displays. Even more importantly, it gave the shopping centre developer a unique chance to internalize the mall, and enhance corporate control of the retail environment. It was commonly believed that the sealed boxes were necessary to separate the retail environment from the world outside. Without the blank walls the artificial retail environment would have been contaminated by the external environment (Whyte, 1988, p.222-). The blank walls also gave the building a universal, homogenous look. They do not change character depending on where they are located. The "Blank Box" style gave the malls a clean and non-biased character which allowed them to be placed in any and every North American suburban community. The building structure and design serves its function as a place for protected mass consumption (Procter, 1987).

2.3.4 URBAN PLANNING AND REGIONAL SHOPPING CENTRES

The first modernized urban planning practise in Europe and North America came at around turn of the 19th century, and was developed from various design professions like architecture, landscape design and civil engineering (Ernest, 1986). The City Beautiful movement developed at this time. Daniel Burnham's work was influential to the early part of the City Beautiful movement. The very idea behind the City Beautiful philosophy was to create a functional North American city inspired by the beauty of old European cities (Relph, 1987).

While the City Beautiful movement influenced North American cities, the Garden City theory was an important influence in European planning practice. Ebenezer Howard
in England, developed the Garden City idea in the late 1890's. His Garden City was an alternative city, a solution to the 19th century city's problems rather than a method to revitalize the city itself. According to Howard, the Garden City should be located outside the existing city. It should also be isolated from the original city by making it a self-sufficient unit. The city should provide its inhabitants with residential, recreational, and commercial components (Jacobs, 1961). The Garden City's principles left a lasting influence on subsequent urban planners. The theory was viewed as the appropriate planning tool that could control and direct the urbanization process (Knox, 1982, p.50-).

Several approaches to city design and planning emerged as an alternative or follow up of the City Beautiful and Garden City movement. For example, the idea of master plans developed from the off-shoots of these two planning approaches. Wright's Broadacre City and Le Corbusier's Radiant city are other examples (Relph, 1987).

After the Second World War only modified and simplified versions of these theories were applied to North American planning practice. Cities had been reworked and transformed significantly. They had also become more complex than ever before. The increased need for good quality housing, efficient road networks and convenient shopping facilities are some of but a few new pressures with which planners of the time were confronted. Rational and efficient planning techniques that could control the development of the modern landscape were therefore required. General zoning by-laws and building control was developed according to the scientific management methods. For example, health studies were used to determine building density and the amount of light that should be permitted in a residential development (Relph, 1981, p.84). In order to keep planning
practice simple and efficient, urban planners, developers and government were therefore forced to apply only limited parts of the theories referred to above. The modern urban landscape had to be as efficient as the factory machines at the time, and that meant that the planning tools had to be as efficient as Henry Ford's assembly line (Relph, 1987).

According to Edward Relph, shopping centres are the result of peoples need to control and manage the modern landscape (Relph, 1981, p.101-). Their relative location in the modern landscape is arrived at through zoning by-laws which are justified according to scientific urban economic theories (Relph, 1981, p.63-; Mckeever, 1973). Urban planners took these ideas to heart and used them extensively in the regulation and control of the modern landscape. These models provided urban planners with valuable guidelines and objectives which inspired them in their work:

It has been an almost universal custom among metropolitan planning authorities to spatially analyze existing retailing structures and to organise the future pattern of domestic shopping activities within the framework of Central Place theory and a regular hierarchical spacing of centres (Edgington, 1980, p.36).

It is from this planning practise that the regional shopping centre concept found it's place in the modern landscape.

As modern society became more complex and diverse, the need for urban planning and control increased. In order to handle this task, urban planners developed several planning tools which would help them in their work. Zoning-by-laws, formal land use regulations and public development projects were some of these implementation tools. What was useful with these tools was the planners ability to single out areas for
particular land uses. The result of this planning practise can be seen today in the segregated land use landscape. Single land use regulations encouraged residential, commercial, industrial, as well as educational developments to be located in areas zoned for this particular type of land use. Naturally this planning practice affected the development of regional shopping centres. Designated commercial areas were singled out in the modern landscape (Ircha, 1982). Through applications for building permits, planners were able, to some degree, to regulate the type and extent of the commercial activity intended for each area. However, at the same time, this planning practise was encouraged by large regional shopping centre developments. Because of the significant amount of capital that went into such projects, plans that could help developers minimize the risk and uncertainty of the project were welcomed. Through zoning bylaws and land use regulations, developers were able to predict the potential competitive commercial market in an area. They were also able to estimate the current market potential as well as make some predictions for the future. The shopping centre's economic success depended on this monopolistic and controlled market situation.

However, single use planning regulations separated land users that could not function alone. In some instances different land use areas were located close to each other. However, when the urbanization process started to move out from the city, the distances also became greater. For example, commercial areas in the suburbs became heavily dependant on imported traffic from neighbouring residential areas. Single land use regulations created a traffic flow, thus making traffic regulation another important factor in modern planning practice.
A great number of automobiles became available and more affordable to a large part of the population after the Second World War. This had a tremendous impact on urban planning practice. Planners were forced to include the car in every aspect of the urban landscape. The road network improved in quality and in its capacity. But even more importantly, it expanded to new areas where the suburban communities were developing.

Regional shopping centres benefited from the modern approach to urban planning in three different ways. First, the extensive road network that developed at the time made it possible for the shopping centres to draw large numbers of people to their locations. Secondly, the new road network not only improved the market potential, it also offered optimal location opportunities. Regional shopping centres made use of busy intersections and major highway locations in order to benefit from passing traffic. Thirdly, the extensive road network accommodated the suburban communities' growth. This created new markets from which new or existing shopping centres could benefit.

2.3.5 URBAN GEOGRAPHY AND REGIONAL SHOPPING CENTRES

The geographical approach to modern landscape was based upon two major theories which were developed at around the turn of century. Neo-classical, economic urban land use models as well as the influence of urban ecology both had a significant impact on modern urban geography.
Already in 1826 Johann Heinrich von Thunen from Germany had created the foundation for what later became known as the neo-classical economic land use theory.\(^8\) In 1964 William Alonso picked up Von Thunen's ideas and applied it to the study of urban geography.\(^9\) The German geographer Walter Christaller had a slightly different theory involving a hexagonal urban land use model. Through this model he was able to order the landscape into a hierarchical system. His Central Place Theory (Zentrale Orte Modell) has since been used as a major influential source for further urban geographic work in North America (Hagget, 1983, p.463-). The neo-classical economic land use models are based on some primary assumptions, like uniform transportation costs and rational, economic human behaviour. The latter assumption was also applied in urban ecology, which was the second influential source on urban geography.

The urban ecology theories had their origin in the sociology department at the University of Chicago. The theories borrowed ideas from social Darwinism and applied them to political, social and economic aspects of human society (Knox, 1982). E.W Burgess' theoretical approach in applying a concentric zone model to Chicago is but one example of the theories that developed from this school. Burgess divided the city into five

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\(^8\) Johann Heinrich von Thunen (1783-1850) wrote "Der Isolierte Staat" in 1826. By observing the activities on his own estate he was able to develop a scientific understanding of rural land use. He structured his observations into concentric land use circles where transport-intensive production was located closer to the centre than the production of cheaper transportation products. (Source: Hagget, 1983, p. 526-).

\(^9\) William Alonso, a American regional scientist developed an urban land use model based on the ideas behind Von Thunen's work. The model is based upon the bid-rent curve which shows the rent people are willing to pay for increased distance form the city centre. According to the bid-rent curve, residential, industrial and retail activities are ordered in the urban space. (Alonso, 1964).
zones. The location of different groups in the zones was a reflection of their economic competitive power.

The increased use of neo-classical economic land use models and human ecology in human geography signified a break with earlier idiographic oriented geography. Geographers claimed that geography, as an academic discipline, had its philosophical approach founded in logical positivism. Geographers should therefore deal with nomothetic scientific method that operates with either empirical verified data or logic and mathematical data proven by definitions. In order to make spatial organization laws, it became important to look for generalities and quantitative data that would fit the models. At the same time, improved and accessible computer systems allowed for manoeuvrable quantitative data. Although these models were later modified in order to provide a more flexible land use model, the basic principles of the bid rent curve did not change (Knox, 1982).

The geographical land use and location theories that emerged in the 60's and 70's were a reflection of academics' views on the modern landscape. They involved efficiency and suggested economic optimality. Modern society's commercial activities, and in this case retailing, found its foundation in Christaller's Central Place theory. The metropolitan retail system that developed after the Second World War was in many cities regulated and controlled according to The Central Place Theory.

Traditional economic practices created the foundation for the central place theory. According to the theory it was the land value that would influence the location pattern of various activities. The bid-rent curve was therefore a convenient tool to use in order to
find the optimal location for retail activity. Through studies of retailers bid-rent-curves retail activities could be organized into a hierarchical system. Depending on the goods and services that a retailer was selling, the retailer's threshold could be estimated. If the retailer was highly specialized, its threshold would be high. On the basis of this information retailers could be placed into the hierarchal retail system. The same method was used to place shopping centres into a hierarchical retail system. According to the centre's tenant make-up and its general threshold, it could be categorized as either a neighbourhood, community or regional shopping centre. This could be done by measuring the centres floor space and studying the goods and services that the centres' tenants offer. Regional shopping centres were, according to the hierarchical retail system, considered a high order retail facility. These centres offered goods and services that required a relatively large market, and were therefore located in a central location (Edginton, 1980).

By using the bid-rent curve and the hierarchial retail categorizing system, it was relatively easy for geographers to organize shopping centres in the landscape. Through the theoretical models geographers were able to situate shopping centres in an optimal location where supply and demand would be equal (Bernardo, 1989, p.22-).

2.3.6 THE POST-MODERN PERIOD

What characterizes the post modern period, in this context, is its complexity. Geographers, urban planners and architects have created a post-modern landscape on the basis of new theories and models. Feelings, beauty and traditional symbols as well
as attention to the specific area's unique qualities and historical value are now considered in current planning practise (Ley, 1980). Order was once considered necessary for plans to flow smoothly through the various bureaucratic systems. The process has become increasingly politicized as interest groups advance their cause.

Geographers no longer accept this positivistic approach to the urban space. The very assumptions of location theories are now being questioned. The systematic hierarchical retailing system is now in the state of chaos with new retailers and new products entering the market. Today, a larger proportion of non-physical products, that is services, knowledge and ideas, have entered the market. Advanced technology like telefaxes, satellite communication and telecommunication have made the production process more flexible in terms of time and space.

A large proportion of retailers offer new merchandise combinations. At the same time, shopping centres are hosting new institutions and activities. As well, the production and distribution system, on which the location theories were based, is changing. In some instances the traditional linkage between producers and distributors is eliminated by the introduction of factory outlets in the retail sector (Bates, 1989).

The retail sector is still regulated and controlled through modern planning practices. However, there are few sectors of the economy that are experiencing a more rapid and fundamental change than the retail industry. This has forced planners to change. It is no longer acceptable to base major plans only on scientific explanations or economic land use models. Although, they still play an important role, more attention is given to public participation. Universal plans are no longer applied to the environment. Planners are now
aware that an area's special characteristics and needs must also be accounted for in the planning process. Single use developments are still grounded in the existing zoning bylaws. However, multi-use developments are now being given more attention. From an architectural point of view, the post-modern period is characterized by the increased need for an urban design which signifies individualism more than mass consumerism. Post-modern architecture today is more concerned with applying the individual user's identity to the built environment. There is also a need for urban design to symbolize people's image of themselves and their surroundings. While modern architecture sought designs which signified a clean break with the past, one direction within the post-modern movement uses elements from historic times. Historic symbols accommodate peoples need to reunite with their past (Langdon, 1988).

Regional shopping centres are a true product of the modern society. Although there has been some architectural adjustment, their location and function within our communities is still of a modern character (Relph, 1981 & 1987). Shopping centres have also made some effort in adjusting to demographic and new corporate competition. However, their problems are found at a deeper level. Shopping centres are still, to a high degree, operating and expanding according to the modern approach to the built environment. Their architectural design and geographical position within post-modern society will wind-up challenging their position within the retail sector. Regional shopping centres can no longer be treated as a separate segment in a modern landscape. As the urbanization process proceeds, they will be forced to become more integrated in our communities (Gunner, 1990; Dennis, 1990).
According to Walter Hardwick, Vancouver has gone through somewhat the same planning development process as described above (Hardwick, 1974). In the period before the 1920's, only private and corporate interests influenced the urban development process. However, in the late 1920's a professional and academic based planning practice started to emerge. The American born Harland Bartholomew was hired by the city to make the first civic plan for the Vancouver area. At the time, Bartholomew had already been involved in many North American city plans. His plans were based upon the leading economic land use models and theories. He was also heavily influenced and inspired by the Chicago School's urban ecology ideas. The result was a sectoral, segregated landscape which was in accordance with logic and the scientific ideas and theories of the time.

In the late 1930's Vancouver's municipal government and planning practices became more professionalised. As was the case before, politicians were partisan to their electoral areas, but now, in addition, they relied heavily upon the professional and academic recommendations and guidelines now being provided to them. By basing their decisions on scientific knowledge, it was commonly believed that they were acting in the best interests of the people as a whole. As a result an academic elite found its niche in the municipal governmental level. By the 1960's the professional planning practice had a dominant influence on the modern landscape.

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10 This plan was adopted in 1931 (Hardwick, 1974).
In the late 1960's, several politicians became aware of the many drawbacks these practises. Their desire to represent their community's special needs was not properly considered in the planning practise of the day. The assumptions of economic man and rational behaviour did not apply to the emerging world. People were not behaving only on the basis of economic factors but also in terms of their emotions, values and lifestyles.

The public debate over the development of Arbutus Village Shopping centre in Vancouver is an example of the professional planning in conflict with rising public awareness. From an urban planning point of view, the vacant land near Arbutus Street and West King Edward Avenue was suited for a large retail development. According to economic land use models, the market for such development was large enough to support a regional shopping centre. According to the economic models, there was a need for a high order shopping facility in the area. However, the citizens of the area did not think so. When the suggested plan became known to the public, a strong opposition movement emerged among the residents of the neighbourhood. The result was the building of a smaller shopping centre which better suited the residents of the neighbourhood (Hardwick, 1974).

Several similar events occurred throughout the sixties. The public became more educated and aware of the planning process in the Vancouver area (Ley, 1980). In order to prevent problems in the future, politicians realized the importance of public participation in planning. As a result, various governmental institutions were established during this time. In 1967, the Department for Social Planning was established to obtain community knowledge and bring this information to the Board of Administration. In the same year the
GVRD was established. In the years to follow the GVRD coordinated inter-municipal affairs. However, it was not until 1973, when Harry Lash\(^{11}\) instituted the "Livable Region" plan that, public participation increased in the GVRD's regional planning process.

\(^{11}\) Harry Lash became the Director of Planning for the Greater Vancouver Regional District in 1969 (Lash, 1976).
CHAPTER 3

CHANGING SHOPPING CENTRE CHARACTERISTICS:
THE SIX CASE STUDIES IN VANCOUVER

To illustrate the changes in the shopping centre industry, I have chosen six Vancouver area shopping centres. I will investigate their similarities and differences through an examination of general characteristics; of location and accessibility; layout and design; vacancy rates; the presence of chain stores; and tenant mix.

The Canadian Directory of Shopping Centres (1990) was used to select six representative regional shopping centre in the Vancouver CMA. They were chosen because they all fell into Statistics Canada's, Monday Report on Retailers' and ULI's category, "Regional Shopping Centre" (section 1.2).

3.1 A GENERAL COMPARISON OF THE SIX CASE STUDIES

YEAR OF OPENING The shopping centres were all opened within a 14 year time period. The first of the six shopping centres to open was Oakridge Centre in 1959. Surrey Place Mall opened thirteen years later in 1973. This was a significant time period when many regional shopping centres opened across the whole of Canada (Table 2). Thus according to Statistics Canada (1976), only 15 regional shopping centres were registered in 1959. Fourteen years later, the number had increased to 101 such centres. Despite the thirteen
<table>
<thead>
<tr>
<th>CENTRE'S NAME</th>
<th>OWNER'S NAME AND ADDRESS</th>
<th>YEAR OPENED</th>
<th>GLRA</th>
<th>NUMBER OF TENANTS *</th>
<th>NUMBER OF ANCHOR TENANTS</th>
<th>TOTAL ANCHOR SQ.FT</th>
<th>NO. OF PARKING</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRENTWOOD MALL</td>
<td>TRILEA CENTRES INC.</td>
<td>1961</td>
<td>500,000</td>
<td>107</td>
<td>2</td>
<td>270,594</td>
<td>2,220</td>
</tr>
<tr>
<td>CAPILANO MALL</td>
<td>CAMBRIDGE SHOPPING CENTRES LTD.</td>
<td>1967</td>
<td>404,316</td>
<td>111</td>
<td>2</td>
<td>245,404</td>
<td>2,201</td>
</tr>
<tr>
<td>LOUGHEED MALL</td>
<td>TRILEA CENTRE INC.</td>
<td>1969</td>
<td>596,000</td>
<td>183</td>
<td>4</td>
<td>328,350</td>
<td>3,200</td>
</tr>
<tr>
<td>OAKRIDGE CENTRE</td>
<td>CAMBRIDGE SHOPPING CENTRES LTD.</td>
<td>1959</td>
<td>572,550</td>
<td>157</td>
<td>2</td>
<td>318,599</td>
<td>3,300</td>
</tr>
<tr>
<td>RICHMOND CENTRE</td>
<td>CONFEDERATION LIFE INSURANCE CO. AND MARKBOROUGH PROPERTIES INC. (NORTH MALL)</td>
<td>1965</td>
<td>543,434</td>
<td>159</td>
<td>5</td>
<td>351,111</td>
<td>2,828</td>
</tr>
<tr>
<td>SURREY PLACE MALL</td>
<td>MARKBOROUGH PROPERTIES INC. AND CAL INVESTMENTS LTD.</td>
<td>1972</td>
<td>621,000</td>
<td>126</td>
<td>4</td>
<td>345,000</td>
<td>2,400</td>
</tr>
</tbody>
</table>

NOTE:

* 1991 NUMBERS

SOURCE:
MONDAY REPORT ON RETAILERS. 1990. CANADIAN DIRECTORY OF SHOPPING CENTRES, AND AUTHORS' FIELD STUDIES.
year difference between the youngest and oldest shopping centre in this study, they all have lasted at least twenty years and have all survived periods of economic change in the seventies and eighties together. This should entail a similar experience with the retail market. However, some of them have changed owners during this time period.

GROSS LEASABLE RETAIL AREA (GLRA) The shopping centres' gross leasable retail area, or GLRA, varies from 404,316 square feet (Capilano Mall), to 623,000 square feet (Surrey Place Mall). This is a fairly large variation in leasable area, which in turns may influence the shopping centres' tenant structure as well as internal business policy. But because all the centres meet ULI's definition in terms of size it can be assumed that they can cater to a regional market (section 1.1).

ANCHOR TENANTS Despite differences in the centre's GLRA, the shopping centre anchor tenants occupy approximately the same percentage of GLRA for all six shopping centres. Thus these "anchors" occupy between 54% and 64% of the total space. The number of anchors located in the six malls vary from two to five. Therefore, the centres all have, to a certain degree, the same percentage of the non-anchor GLRA that has to be leased out to other tenants.

OWNERSHIP Today, all of the shopping centres are owned (or partly owned) by Toronto-based firms, and only Surrey Place Mall is partly owned by B.C. and Ontario interests. Although the shopping centres are owned and managed by different companies, the fact
that the owners all are based in Ontario no doubt influences the management of the centres.

**PARKING** The shopping centres have nearly the same amount of parking places per store unit. There are approximately 20 parking spots for each store.

**NUMBER OF TENANTS** The number of tenants located in each shopping centre in 1991 varies from 107 at Brentwood Mall to 183 at Lougheed Mall. This is an apparently wide variation in number of tenants between centres. However, when comparing number of tenants to the GLRA, one finds that the centre with the highest GLRA does not necessarily have the highest number of tenants. Neither does the centre with the lowest GLRA have the smallest number of tenants. There is therefore no proportional relationship between number of tenants and the centres GLRA.

According to the findings above, the six regional shopping centres have some apparent similarities. They are all at least twenty years old, and are owned, for the most part, by Ontario based companies (Table 2). Each centre also has relatively the same percentage of space leased to anchor tenants, and the same number of parking spaces available per store unit. In the following sections other similarities will be described.
3.2 LOCATION AND ACCESSIBILITY

The regional shopping centres' location in relation to major road networks, consumer markets, competitors and town centres have a profound influence on their business.

After the Second World War the automobile became an increasingly important part of urban life in Vancouver. One effect of this growth in the number of cars was on the way North Americans shopped. Shopping centres emerged along with this change in lifestyle. For this reason shopping centres have always been heavily reliant on transportation and road systems for their customers. Their relative location to major highways and other arterial routes, determines, to a high degree, their success (Gruen & Smith, 1960, p.30; Jones, 1969, p.51) (Map 1, see Appendix D).

As the name "regional shopping centre" indicates these centres are of such size that they depend on consumers from the surrounding region as compared to a neighbourhood shopping centre, for example (see definition in section 1.1). It is practically impossible to create a trade area boundary around these shopping centres which signifies a limit beyond which customers will not travel. Today's consumers are highly mobile throughout a metropolitan area. Nevertheless, it is still worth while examining each shopping centre's surrounding area. Table 3 shows the 15 municipalities in the Vancouver CMA. The municipalities' trade areas as well as population levels will be used to determine the six regional shopping centres' position in the market.

<table>
<thead>
<tr>
<th>MUNICIPALITY</th>
<th>RETAIL SHOP CENTRE SQ.FT A</th>
<th>OTHER RETAIL FLOOR SPACE</th>
<th>TOTAL RETAIL FLOOR SPACE B</th>
<th>POPULATION C</th>
</tr>
</thead>
<tbody>
<tr>
<td>BURNABY</td>
<td>2,322,718</td>
<td>3,265,165</td>
<td>5,587,883</td>
<td>156,633</td>
</tr>
<tr>
<td>CITY OF N.VANCOUVER</td>
<td>568,082</td>
<td>1,603,563</td>
<td>2,171,645</td>
<td>39,535</td>
</tr>
<tr>
<td>RICHMOND</td>
<td>1,903,716</td>
<td>2,988,806</td>
<td>4,892,522</td>
<td>126,748</td>
</tr>
<tr>
<td>SURREY</td>
<td>3,005,829</td>
<td>4,413,393</td>
<td>7,419,222</td>
<td>232,555</td>
</tr>
<tr>
<td>VANCOUVER/UEL</td>
<td>2,097,046</td>
<td>25,493,533</td>
<td>27,590,579</td>
<td>465,067</td>
</tr>
<tr>
<td>COQUITLAM</td>
<td>1,309,239</td>
<td>1,648,550</td>
<td>2,957,789</td>
<td>84,548</td>
</tr>
<tr>
<td>DELTA</td>
<td>1,303,624</td>
<td>1,094,233</td>
<td>2,397,857</td>
<td>86,214</td>
</tr>
<tr>
<td>LANGLEY CITY</td>
<td>416,244</td>
<td>1,085,614</td>
<td>1,501,856</td>
<td>18,182</td>
</tr>
<tr>
<td>LANGLEY TOWNSHIP</td>
<td>412,701</td>
<td>980,209</td>
<td>1,392,910</td>
<td>64,039</td>
</tr>
<tr>
<td>NEW WESTMINSTER</td>
<td>558,470</td>
<td>2,133,145</td>
<td>2,691,615</td>
<td>44,107</td>
</tr>
<tr>
<td>DISTR.OF N.VANCOUVER</td>
<td>440,338</td>
<td>1,845,344</td>
<td>2,285,682</td>
<td>75,613</td>
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<tr>
<td>PORT COQUITLAM</td>
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<td>702,528</td>
<td>961,675</td>
<td>53,985</td>
</tr>
<tr>
<td>PORT MOODY</td>
<td>108,555</td>
<td>433,903</td>
<td>542,458</td>
<td>17,185</td>
</tr>
<tr>
<td>WEST VANCOUVER</td>
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<td>820,570</td>
<td>1,364,257</td>
<td>39,615</td>
</tr>
<tr>
<td>WHITE ROCK</td>
<td>40,747</td>
<td>434,824</td>
<td>475,571</td>
<td>15,973</td>
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</table>

<table>
<thead>
<tr>
<th>MUNICIPALITY</th>
<th>SHOP CENTRE % SQ.FT OF TOTAL RETAIL SQ.FT.</th>
<th>RANK</th>
<th>SHOP CENTRE SQ.FT.PER.CAPITAL</th>
<th>RANK</th>
</tr>
</thead>
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<td>15.0</td>
<td>5</td>
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<tr>
<td>CITY OF N.VANCOUVER</td>
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<td>10</td>
<td>14.0</td>
<td>6</td>
</tr>
<tr>
<td>RICHMOND</td>
<td>39.0</td>
<td>6</td>
<td>15.0</td>
<td>4</td>
</tr>
<tr>
<td>SURREY</td>
<td>41.0</td>
<td>3</td>
<td>13.0</td>
<td>8</td>
</tr>
<tr>
<td>VANCOUVER/UEL</td>
<td>8.0</td>
<td>15</td>
<td>5.0</td>
<td>14</td>
</tr>
<tr>
<td>COQUITLAM</td>
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<td>2</td>
<td>16.0</td>
<td>2</td>
</tr>
<tr>
<td>DELTA</td>
<td>54.0</td>
<td>1</td>
<td>15.0</td>
<td>3</td>
</tr>
<tr>
<td>LANGLEY CITY</td>
<td>28.0</td>
<td>8</td>
<td>23.0</td>
<td>11</td>
</tr>
<tr>
<td>LANGLEY TOWNSHIP</td>
<td>30.0</td>
<td>7</td>
<td>6.0</td>
<td>11</td>
</tr>
<tr>
<td>NEW WESTMINSTER</td>
<td>20.0</td>
<td>11</td>
<td>12.0</td>
<td>9</td>
</tr>
<tr>
<td>DISTR.OF N.VANCOUVER</td>
<td>18.0</td>
<td>13</td>
<td>5.0</td>
<td>13</td>
</tr>
<tr>
<td>PORT COQUITLAM</td>
<td>27.0</td>
<td>9</td>
<td>7.0</td>
<td>10</td>
</tr>
<tr>
<td>PORT MOODY</td>
<td>20.0</td>
<td>12</td>
<td>6.0</td>
<td>12</td>
</tr>
<tr>
<td>WEST VANCOUVER</td>
<td>40.0</td>
<td>5</td>
<td>14.0</td>
<td>7</td>
</tr>
<tr>
<td>WHITE ROCK</td>
<td>9.0</td>
<td>14</td>
<td>3.0</td>
<td>15</td>
</tr>
</tbody>
</table>

NOTE: THE SQ.FT LISTED IN THE TABLE INCLUDE COMPLETED RETAIL DEV. AS WELL AS DEV. PROPOSED OR UNDER CONSTRUCTION. A) INCLUDE RETAIL DEV. OF 30,000+ SQ.FT. B) INCLUDES RETAIL SH. CENTRES AND OTHER RETAIL FLOOR SPACE. C) THE POPULATION DATA ARE BASED ON ESTIMATED NUMBERS FOR 1991. (1990 DATA NOT AVAILABLE.)

SOURCE: GVRD. 1991. GREATER VANCOUVER KEY FACTS.
The regional shopping centres relative location to major town centres will also influence their business. Vancouver has experienced a significant increase in its population in the last 10 years. In 1981 the Vancouver CMA had a total of 1,268,197 residents. In 1991 the population was estimated at 1,574,971 residents. This is an increase of more than 24% over the levels of the previous ten years (GVRD, 1991). Such an increase has caused the growth of the city outward to the east, into the Fraser Valley, and west, to some extent to the Gulf Islands. The GVRD has had a policy for over a decade to decrease the pressure on the downtown Vancouver area, and create alternative town centres. The GVRD expresses this point as follows,

We can no longer afford to pursue the 1960's concept of a single business core surrounded by predominantly residential suburbs all served primarily by the private automobile. This concept lead to fragmentation of community life, excessive dependence on the automobile and the waste of valuable land (GVRD, 1990b, p.19).

These town centres are striving for more regional self-sufficiency, in work and residence. The town centres that are listed here are Lonsdale in North-Vancouver, Richmond Centre in Richmond, Metrotown in Burnaby, Downtown New-Westminster, Guildford in Surrey, and Coquitlam along the Lougheed Highway (GVRD, 1990b) (Map 2). Town centres were not seen in the 1975 plan to incorporate shopping centres. However, these shopping centres' relative location to these town centres will no doubt influence their business. (For more information on town centres see Artibise & Davis & Hutton, 1990.)
Only two of the six shopping centres examined here (Richmond Centre and Surrey Place Mall) are located close enough to a town centre that they can benefit directly from the activity the centre generates. Capilano Mall is located in a disadvantaged position in that it is a kilometre from a town centre, but still somewhat isolated. The rest of the centres examined in this study, are located far enough away from the town centres that they have an opportunity to build up their own centre function (Map 2).

3.3 THE SHOPPING CENTRES' LAYOUT AND DESIGN

The shopping centre's layout and design have been carefully planned to meet developers marketing strategy. Both play an important part in the creation of a shopping centre's image, and are therefore important in the shopping centre's economic success. Different developers choose different methods to achieve the optimal design and layout, but there are some common guidelines that many shopping centre developers appears to be following. These guidelines allow the developers, managers and tenants to achieve the highest possible profit from the centre, that is, improve the centre's potential earning capacity (McKeever, 1982; Jacobs, 1984, p.30).

However, not all developers have had maximum profits as their primary goal. Victor Gruen, a pioneer in shopping centre development and design, was very active in the development of the shopping centres in the USA from the 1950's to the 1970's. Gruen (Gruen & Smith, 1960) found the development of free merchandising very aggressive, and saw it was necessary to regulate and control it. He also disliked the hostile and congested
environments which the automobile was creating. The result of these judgements was an idealistic shopping centre model (Snyder, 1992). The shopping centres need an environment that could fulfil more than the basic needs of a suburban shopper. He wanted to plan the shopping centre in such way that it would:

...create additional attractions for shoppers by meeting other needs which are inherent in the psychological climate peculiar to suburbia. By affording opportunities for social life and recreation in a protected pedestrian environment, by incorporating civic and educational facilities, shopping centres can fill an exciting void. They can provide the needed place and opportunity for participation in modern community life that the ancient Greek Agora, the Medieval Market Place and our own Town Squares provided in the past (Gruen & Smith, 1960, p.24).

He created several shopping centres according to this policy. This strategy did not always provide the developer with maximum profit per square foot. Developers and shopping centres today seem to have abandoned Gruen's approach. They create environments with little thought other than to create a space for the buying and selling of goods. The layout of today's malls, as well as their design, is often very standardized. As my case studies will show, it is easy to see that certain plans have been used over and over again.

3.3.1 THE SHOPPING CENTRES' LAYOUT

"The shopping centre is one of the few new building types which represent a response to the emergence of the automobile as a means of mass transportation (Gruen & Smith, 1960, p.140)."
There are two important goals that a shopping centre’s layout should try to achieve. The first is to make parking and entrances conveniently located for customers. The second task is to channel the potential customers through the centre so as to maximize pedestrian traffic, and therefore, potential sales (Jones, 1969).

The planning of a shopping centre’s layout is first determined by the number of anchors that are going to be located in the centre. Their location will create a "pull effect" between them and it is therefore best that they are located on different sides of the centre (Jones, 1969). The pull effect creates pedestrian traffic from one anchor to another, and the shops located between them will, in theory, be able to benefit from this traffic flow. There are certain universal layout plans by which a mall can be categorized; the strip layout, the "L" layout, the "U" layout, the cluster, the "T", the triangle, the dumbbell and finally the double dumbbell (Jacobs, 1984; Jones, 1969). But because all of the shopping centres in this study have gone through at least one major expansion since its opening, their layouts are complicated, which makes it hard to categorize them into the major categories.

The way in which non-anchor tenants are located in the shopping centre is also carefully planned. Certain tenants need to be located more strategically than others. For example, services usually create loyal customers and are therefore not as dependent on a central location. While the tenants that do not create customers, but which have to rely on passing trade, are heavily dependent on a central location. Tenants selling similar goods tend to benefit from being located together, for example children’s and women's clothing stores. Comparative shopping enables an increase in the productivity for each
store, and at the same time increase the traffic in total, or create a cumulative attraction (Jones, 1969, p. 112). There are also tenants selling different products which benefit from being located together. For example, women's clothing stores, toy stores and children's clothes stores are a compatible group that benefit from being located close to each other (Jones, 1969).

3.3.2 ARCHITECTURAL DESIGN AND LANDSCAPING

The shopping centres' visual appearance is an essential element in the overall planning process. Both the external and internal design have to be included from the very start of planning. The design and landscaping of a shopping centre gives a customer a distinct message about the centre. Edward T. Hall calls this the "The Silent Language" in the book with the same name (Hall, 1961). According to Hall, one way to express this language is through the exploitation of materials. The message or image the shopping centre presents through design, or lack of it, can be of crucial importance to its success. Many shopping centre developers have given the architecture second priority after location and layout. As a result, the shopping centre's image may not be suited to the community and environment it is located in (section 5.6 for examples and further discussion).

3.3.2.1 THE EXTERNAL DESIGN

The external appearance of the centre has to draw attention, impress and stimulate people passing by it to enter it. Several elements have to be carefully considered in this
regard. The design of the shopping centre complex has to create a sense of unity so that customers perceive a positive image of the shopping centre as a whole. But at the same time, the design has to reflect the diversity of goods and services that the shopping centre is providing. This has to be done in order to make the centre an attractive place for tenants, with their own strong image, to locate (Jones, 1969).

The use of external shopping windows can signify the stores' images. But it can also cause problems. Merchandise can fade in the sunlight; the presentation of goods in varying daylight can diminish the effect of the display; and the windows are in general a costly maintenance factor. Solid walls are therefore preferable for many shopping centres. This puts more pressure on the design effort. Walls should be stimulating and interesting to people that view them. They should also signify what people can expect to see inside of the malls. At the same time, walls should symbolize the environment that surrounds the centre. This can give people a feeling of attachment to the centre as a part of their community and surroundings (Jones, 1969).

Shopping centres tend to be one and, sometimes two stories high. Such relatively low buildings can be difficult to see for people passing by on the roads. Similarly entrances can be difficult to view from the parking lots. The design and landscaping can be used to reduce these disadvantages. Signs and different landmarks can be used to attract attention and guide people passing by into the centre. Pedestrian paths from the parking lot to the entrance can serve as a guide as well as improve peoples’ safety. The same function can be provided by canopies and planted trees, both of which also provide weather protection.
3.3.2.2 THE INTERNAL DESIGN

In many cases entering a shopping centre feels like entering a new world, totally separated and protected from the one outside (Kowinski, 1985). This world has been carefully designed so that it will benefit the tenants, the owners of the mall and to some degree the customers. It tends to put the customer lowest on this priority list, because this is usually a world that is created with maximum profit as its primary goal. If the design of the centre can help make shopping a “fun” experience, the centre benefits by having people visiting the centre more often, engaging in impulse buying and perhaps staying longer than they intended. This will influence the centre’s income potential.

Victor Gruen suggested in 1960 that the old, traditional shopping street that one left behind when moving out to the suburbs should be the model for shopping centre design.

...these spaces must be more than narrow lanes between long rows of stores. They must represent an essentially urban environment. They should create opportunities for manifold activities. They must be busy and colourful, exciting and stimulating, full of variety and interest (Gruen & Smith, 1960, p.147).

There are several key elements that contribute in creating such an environment. The store’s frontage can be designed in such a way that it maximizes traffic flow and reduces barriers in the shopping centre. The seating areas that are provided should be designed into the mall environment but at the same time not hold up traffic (Gruen & Smith, 1960, p.144).
The kinds of colours and how they are used can influence consumer behaviour and are therefore an important consideration in mall design. Studies indicate that warmer colours have the ability to attract and stimulate customers, while cooler colours are appropriate in an environment where the customers need deliberation over the purchase decision (Bellizzi & Crowley & Hasty, 1983).

Attention is also given to the appearance of common areas. Key elements like sculptures, murals and music can make the centre varied and exciting and add some character to the centre. Water fountains, trees and flowers can create a relaxing and enjoyable environment which makes the centre a pleasant place to spend time, and naturally, money.

Few shopping centres today have followed Gruen's advice. The desire for short term profit and maximum return of investments can not always be achieved by following Gruen. Steven Snyder says that,

The demise of the urban street as public space has shifted to the private interior streets of the malls. These private realms deny any form of individual expression outside of the corporate agenda of consumerism (Snyder, 1992, p.56).

The emphasis on profit rather than the planning principles spoken of by Gruen is reflected in the shopping centre design we see today. For example, national chain stores are regarded as valued tenants by most shopping centres. Their location in the centre is important for the economic viability of shopping centre as a whole and therefore their wishes will often be satisfied with little regard for anything else. This effort to please them
is frequently seen in the mall's bending of frontage rules to satisfy the powerful tenant (Gruen & Smith, 1960, p.145).

The shopping centre must also be careful in its use of designs that interfere with the customers shopping mood. For example, it is suggested in several shopping centre handbooks that too much non-retail area can have a negative effect on shopping volume. Moreover, tenants are often reluctant to pay more than is absolutely necessary for the interior design of the mall.

In section 3.7, I intend to examine design aspects of the six shopping centres of my study. This examination is based on answers to a questionnaire that I administered to the mall managers and developers. I will present these findings in the context of my own subjective impression of the six malls carried out during field surveys in 1992 and 1993.

3.4 VACANCY RATES

The number of vacancies found in a shopping centre can be viewed as an indicator of change and indicate what may lie ahead. In this part of the study vacancy rate of the six malls is recorded for each year of the study. In order to make comparisons the total number of vacant leasable units to the total number of units in each mall per year were recorded. Before looking at the six case studies in section 3.7, some comments need to be made about using vacancy rate as an indicator of change.

It would be tempting to assume that a high percentage of vacancies indicates an unsuccessful shopping centre which has problems finding tenants to fill the empty space.
However, from discussions with some of the mall managers it appears that some mall managers actually prefer a certain number of vacancies. This is because vacancies allow the mall managers some degree of choice in terms of tenant mix. Some malls, hopeful of creating a particular image, will sometimes leave retail space vacant until the preferred tenant comes along (interview with Marlis Spanton).

Yet while this may be the case for the financially stronger shopping centres, other mall managers wish to hide their vacancies. Empty stores and blank walls, without doubt, have a negative impact on shoppers. Empty space can signify to the consumer that the centre has difficulty securing and keeping tenants and that "something is wrong" in this place. At the same time, vacancies also hurt neighbouring tenants. Reduced foot traffic has an obvious negative effect on these stores. In order to avoid these problems some shopping centres lower the rent of vacant units, and in some cases waive rent for a limited time. John Heinzl in the *Globe and Mail* notes, for example, that,

> With few tenants in the wings to fill empty stores, landlords are willing to jump through hoops to keep those they consider reputable retailers in business. An occupied store lends a valuable impression that the mall is thriving, even if the tenants pays nothing in rent (Heinzl, 1991b, A).

Thus, vacancy rates are not always the best available indicator of success. Nevertheless, they do provide some information about a given mall that enables research questions to be raised.
3.5 FREQUENCY OF CHAIN STORES

The definition used by Statistics Canada for a chain store is:

...an organization operating four or more retail outlets in the same kind of business, under the same legal ownership at any time during the survey year. The only exception is department store organizations which are treated statistically with chain organizations even though they may fail to meet the criterion of four or more retail stores. Any firm not meeting the above definition is automatically classified as an "independent organization" (Statistics Canada, 1990b Appendix 1).

This definition is also used in this part of my study dealing with the relationship between shopping centres' and chain store organisations. In addition to the data on malls, Statistics Canada provides a list of all chain stores located in Canada. This source of information together with the Directory of Retail Chains in Canada (Monday Report on Retailers, 1990), are the sources for data in this analysis. The latter publication uses a broader definition of chain store organisation. It specifies that the organization must have three or more outlets in order for it to be listed as a chain store organisation. This also applies to department stores. By using both definitions, every chain store organisation under the same legal ownership with three or more outlets, and all department stores, will be accounted for in this study when nothing else is indicated.

In the first part of this section I will describe the growing importance of the chain store organization in Canadian retailing and show how this development is closely related to the growth of the shopping centre industry.
3.5.1 RETAIL CHAIN STORES AS PART OF THE TOTAL RETAIL INDUSTRY

Chain store organizations have become an important part of the Canadian retail market, replacing independent businesses. The retail market has changed, competition on all levels from the local to the international market has become more intense and the complexity of retail patterns in general has increased. Retailers have responded to these developments by clustering together into chain stores and franchise organisations. By doing this, the larger chain store organisation is able to spread its risk, and is therefore better able than independents to deal with market and economic fluctuations.

Table 4 shows the total number of chains and the average number of stores they operate over the period 1960 to 1989. In this table, department stores are excluded because their development differs from other chain stores. In 1960 there were 537 retail chains in Canada, with a total of 9,954 stores. By 1989, 1,121 chains operated 35,572 stores. The number of actors in the chain store industry has increased, but more importantly the total number of stores being operated has increased sharply. While chains in 1960 were operating an average of 19 stores, chains in 1989 operated nearly twice as many stores.

In Table 5 chain store organisations are compared to the two other major retail actors, department stores and independent retailers. Department stores in this table are distinguished from chain stores to illustrate that the their sales figures are derived differently from the rest of the chain stores. Chain store retailers' total sales have increased over the past several years. In 1960 retail chain stores accounted for 22.4% of total retail sales. Their share increased to an average of 32.3% during the course of the
<table>
<thead>
<tr>
<th>YEAR</th>
<th>NUMBER OF CHAINS</th>
<th>AVERAGE NO. OF STORES</th>
<th>AVERAGE NO. OF STORES OPERATED BY CHAINS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>537</td>
<td>9,954</td>
<td>18.5</td>
</tr>
<tr>
<td>1965</td>
<td>602</td>
<td>10,677</td>
<td>17.7</td>
</tr>
<tr>
<td>1971</td>
<td>833</td>
<td>15,976</td>
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</tr>
<tr>
<td>1976</td>
<td>827</td>
<td>19,741</td>
<td>23.8</td>
</tr>
<tr>
<td>1981</td>
<td>876</td>
<td>23,922</td>
<td>27.3</td>
</tr>
<tr>
<td>1982</td>
<td>1,001</td>
<td>25,786</td>
<td>25.8</td>
</tr>
<tr>
<td>1983</td>
<td>1,145</td>
<td>26,966</td>
<td>23.6</td>
</tr>
<tr>
<td>1984</td>
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<td>1,292</td>
<td>30,665</td>
<td>23.7</td>
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<td>35,300</td>
<td>29.7</td>
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<tr>
<td>1989</td>
<td>1,121</td>
<td>35,572</td>
<td>31.7</td>
</tr>
</tbody>
</table>

NOTE:
The average number of stores is obtained by averaging the number of stores in operation at the beginning, the mid-point and the end of the financial year of chain organizations.

SOURCE:
**TABLE 5**  

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL RETAIL TRADE $'000</th>
<th>DEPARTMENT STORE STORE SALES IN %</th>
<th>CHAIN STORE SALES IN %</th>
<th>INDEPENDENT STORE SALES IN %</th>
</tr>
</thead>
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<td>1950</td>
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<td>21.8</td>
<td>72.5</td>
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<td>1965</td>
<td>20,714,192</td>
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<td>23.9</td>
<td>67.3</td>
</tr>
<tr>
<td>1971</td>
<td>31,387,959</td>
<td>10.2</td>
<td>28.4</td>
<td>61.4</td>
</tr>
<tr>
<td>1976</td>
<td>56,716,573</td>
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<td>30.3</td>
<td>58.2</td>
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<tr>
<td>1981</td>
<td>94,196,164</td>
<td>10.9</td>
<td>31.4</td>
<td>57.7</td>
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<td>1982</td>
<td>97,861,894</td>
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<td>106,542,674</td>
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<td>116,726,575</td>
<td>9.9</td>
<td>33.3</td>
<td>56.8</td>
</tr>
<tr>
<td>1985</td>
<td>129,597,093</td>
<td>9.5</td>
<td>32.6</td>
<td>58.0</td>
</tr>
<tr>
<td>1986</td>
<td>140,150,410</td>
<td>9.2</td>
<td>32.4</td>
<td>58.4</td>
</tr>
<tr>
<td>1987</td>
<td>154,190,353</td>
<td>8.4</td>
<td>32.2</td>
<td>59.4</td>
</tr>
<tr>
<td>1988</td>
<td>165,931,455</td>
<td>8.0</td>
<td>31.6</td>
<td>60.4</td>
</tr>
<tr>
<td>1989</td>
<td>174,652,971</td>
<td>8.0</td>
<td>31.9</td>
<td>60.1</td>
</tr>
</tbody>
</table>

**NOTE:**
TOTAL RETAIL TRADE IS DEFINED AS THE AGGREGATED SALES MADE THROUGH RETAIL LOCATIONS (OUTLETS).

**SOURCE:**

1980's. Since 1976 department stores have seen their share of total retail sales decrease. Independent retailers, though still accounting for the largest share of total sales, have experienced a decline in percentage of sales from a high of 72.5% in the 1950's, to an average 58.1% in the 1980's (Statistics Canada, 1990b).
3.5.2 RETAIL CHAINS' SIZE

There are a few chain store organisations in Canada that control a large number of stores, and therefore control a significant percentage of chain store sales. Table 6 shows that the retail chains operating with 4-9 stores accounted for 60.7% of the total number of retail chains operating in Canada in 1986. However, this group of stores only accounted for 12% of the total retail chain sales for that same year. For 1986 the chains that operated 100 stores or more, represented only 5.5% of the total number of retail chains, but accounted for 53.3% of the retail chain sales. As Table 6 indicates, three years later, in 1989, the trend continued.

3.5.3 NATIONAL VERSUS LOCAL AND PROVINCIAL CHAINS

There are a number of retail chains operating at the provincial level in Canada (Table 7). In 1986 45.4% of all retail chains in Canada were provincial chains. Three years later this proportion decreased slightly to 43.2%. However, while the number of provincial chain stores seemed to decline over this period, their percentage of total sales increased from 35% to 39.5%. This could be an indication that the provincial chain store organizations have been able to increase their productivity and become more competitive. This has lead to a higher market share for the total chain store sales.

The opposite seems to be true for the chains operating on a national level. The number of national chains as well as the total number of stores they operate increased in the same time period. At the same time, their proportion of total retail chain sales
### TABLE 6  DISTRIBUTION (IN PERCENT) BY NUMBER AND SALES OF RETAIL CHAINS, BY NUMBER OF STORES OPERATED.

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER</td>
<td>SALES</td>
<td>NUMBER</td>
<td>SALES</td>
</tr>
<tr>
<td>4-9</td>
<td>60.7</td>
<td>12.0</td>
<td>59.6</td>
<td>10.9</td>
</tr>
<tr>
<td>10-49</td>
<td>27.9</td>
<td>15.2</td>
<td>29.0</td>
<td>18.6</td>
</tr>
<tr>
<td>50-99</td>
<td>5.9</td>
<td>19.4</td>
<td>5.7</td>
<td>16.4</td>
</tr>
<tr>
<td>100-</td>
<td>5.5</td>
<td>53.3</td>
<td>5.7</td>
<td>54.0</td>
</tr>
</tbody>
</table>

**SOURCE:**

### TABLE 7  RETAIL CHAIN STORES’ (EXCLUSIVE DEPARTMENT STORES) DISTRIBUTION (IN PERCENT) OF NUMBER AND SALES, BY TYPE OF LOCATION, CANADA, 1989-1989.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHAINS</td>
<td>SALE</td>
<td>CHAINS</td>
<td>SALE</td>
</tr>
<tr>
<td>LOCAL</td>
<td>23.1</td>
<td>4.2</td>
<td>24.1</td>
<td>3.9</td>
</tr>
<tr>
<td>PROVINCIAL</td>
<td>45.4</td>
<td>35.0</td>
<td>43.9</td>
<td>34.7</td>
</tr>
<tr>
<td>NATIONAL</td>
<td>31.5</td>
<td>60.8</td>
<td>32.0</td>
<td>61.4</td>
</tr>
</tbody>
</table>

**SOURCE:**
decreased from 60.8% to 57.1%. This may indicate that an increasing number of national chains will have to share a smaller portion of total chain sales.

The number of local chains operating in Canada during the period 1986 to 1989 has declined and so too has the total number of stores in these chains. For the same period, the small proportion of total sales that these chains accounted for has declined to an even lower level, from 4.2% to 3.4%.

There seems to be a disproportionate relationship between the number of chains operating at one level and their share of the total retail chain sales. The national chains account for over half of the total sales in the retail chain industry, but operate only a third of the total number of chain stores in Canada in 1989.

### 3.5.4 RETAIL CHAINS LOCATED IN SHOPPING CENTRES

The shopping centre developers and the chain store organizations have developed a close relationship, which has assisted each of them to grow and become strong actors in the retail environment (section 4.9). Of all the retail chain stores operating in Canada in 1973, 4,689 or 24.6% of them were located in shopping centres (Table 8). Fifteen years later, over half of the retail chain stores operating in Canada in 1988 were located in shopping centres. This illustrates how the relationship between the retail chain stores and the shopping centre developers has grown stronger. Considering that the retailers located in shopping centres accounted for 35.9% of the total retail chain store sales in 1973, and 55.3% of the sales in 1988, there appears to be an increasing trend towards chains and shopping centres combining their efforts.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>1973</th>
<th>1988</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL NO. OF CHAIN STORES</td>
<td>19,086</td>
<td>37,823</td>
</tr>
<tr>
<td>NO. OF CHAIN STORES LOCATED IN SH. CENTRES</td>
<td>4,689</td>
<td>19,688</td>
</tr>
<tr>
<td>IN PERCENT</td>
<td>24.6</td>
<td>52.1</td>
</tr>
<tr>
<td>TOTAL CHAIN STORE SALES SALES $ '000</td>
<td>15,685,009</td>
<td>65,773,877</td>
</tr>
<tr>
<td>TOTAL CHAIN STORE SALES IN SH. CENTRES $ '000</td>
<td>5,626,856</td>
<td>36,182,838</td>
</tr>
<tr>
<td>IN PERCENT</td>
<td>35.9</td>
<td>55.3</td>
</tr>
</tbody>
</table>

SOURCE:
STATISTICS CANADA, 1992. MARKET RESEARCH HANDBOOK. CATALOGUE NO. 63-224.

3.5.5 TYPE OF RETAIL CHAINS AND THEIR LOCATION IN SHOPPING CENTRES

Different retail chain stores find it more attractive to locate in a shopping centre than others. Shopping centres seem to provide a certain image combined with services which some tenants find more beneficial than others. The degree of involvement by chain store organisations in the shopping centre is highly dependant on the kind of business undertaken by these organisations. Table 9 shows some of the category clustering which has occurred in the shopping centre industry in about the last decade.
Retail categories supplying women's, mens and family clothing, shoe stores, jewellery stores and department stores predominate in shopping centres. This picture has changed over time, and their numbers have been on the rise. The greatest increase occurred in the categories of jewellery stores, family clothing stores and shoe stores (Table 9).

3.5.6 RETAIL CHAINS AND THE TYPE OF SHOPPING CENTRE LOCATION

Regional shopping centres have always relied on a close relationship with chain store organizations. Because of their size and high investment capital, regional shopping centres view chain stores as secure, predictable tenants.

Table 10 shows the strength of the relationship between chain stores and shopping centres. In 1986, 720 retailers, or 69.2% of all retail chain stores, operating in Vancouver, B.C., were located in regional malls. Two years later, the number had increased by 45 retailers to 70.2%. In this time period, these retailers represented more than half of the total retail chain store sales.

3.5.7 REGIONAL SHOPPING CENTRES AND THE TYPES OF CHAIN STORE OPERATION

Different shopping centres have varying numbers of national, provincial and local chain stores located in their facilities. Regional shopping centres tend to have a relatively high concentration of national chain stores (Simmons, 1990; Ircha, 1982). This no doubt reflects the fact that regional malls have by their very nature, greater traffic flows than the
<table>
<thead>
<tr>
<th>KIND OF BUSINESS</th>
<th>TOTAL NUMBER OF RETAIL CHAIN STORES</th>
<th>NO. OF RETAIL CHAIN STORES LOCATED IN SH. CENTRES</th>
<th>PERCENTAGE OF CHAIN STORES LOCATED IN SH. CENTRES</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL STORES</td>
<td>19,086</td>
<td>37,823</td>
<td>4,689</td>
</tr>
<tr>
<td>SUPER MARKET AND GROCERY STORES</td>
<td>3,227</td>
<td>4,450</td>
<td>628</td>
</tr>
<tr>
<td>ALL OTHER FOOD STORES</td>
<td>630</td>
<td>616</td>
<td>219</td>
</tr>
<tr>
<td>OTHER GENERAL MERCHANDISE STORES</td>
<td>2,113</td>
<td>2,562</td>
<td>246</td>
</tr>
<tr>
<td>SERVICE STATIONS AND GARAGES</td>
<td>1,548</td>
<td>3,994</td>
<td>22</td>
</tr>
<tr>
<td>MEN'S CLOTHING</td>
<td>465</td>
<td>1,116</td>
<td>215</td>
</tr>
<tr>
<td>WOMEN'S CLOTHING</td>
<td>1,269</td>
<td>4,840</td>
<td>707</td>
</tr>
<tr>
<td>FAMILY CLOTHING</td>
<td>584</td>
<td>2,429</td>
<td>169</td>
</tr>
<tr>
<td>SHOE STORES</td>
<td>1,684</td>
<td>2,549</td>
<td>649</td>
</tr>
<tr>
<td>DEPARTMENT STORES</td>
<td>531</td>
<td>837</td>
<td>262</td>
</tr>
<tr>
<td>HARDWARE STORES</td>
<td>50</td>
<td>133</td>
<td>13</td>
</tr>
<tr>
<td>FURNITURE, T.V., RADIO APPLIANCES STORES</td>
<td>520</td>
<td>1,624</td>
<td>95</td>
</tr>
<tr>
<td>DRUG STORES</td>
<td>599</td>
<td>1,083</td>
<td>131</td>
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<tr>
<td>JEWELLERY STORES</td>
<td>370</td>
<td>910</td>
<td>154</td>
</tr>
<tr>
<td>ALL OTHER STORES</td>
<td>5496</td>
<td>1,068</td>
<td>1159</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>YEAR</th>
<th>NO. OF STORES</th>
<th>CHAIN STORE SALES</th>
<th>% OF CHAIN STORES</th>
<th>% OF CHAIN STORE SALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEIGHBOURHOOD SHOPPING CENTRE</td>
<td>1986</td>
<td>31</td>
<td>312,569,499</td>
<td>3.0</td>
</tr>
<tr>
<td></td>
<td>1987</td>
<td>31</td>
<td>332,950,390</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>1988</td>
<td>31</td>
<td>358,740,381</td>
<td>2.8</td>
</tr>
<tr>
<td>COMMUNITY SHOPPING CENTRE</td>
<td>1986</td>
<td>125</td>
<td>356,975,505</td>
<td>12.0</td>
</tr>
<tr>
<td></td>
<td>1987</td>
<td>132</td>
<td>397,674,940</td>
<td>12.1</td>
</tr>
<tr>
<td></td>
<td>1988</td>
<td>132</td>
<td>458,527,121</td>
<td>12.1</td>
</tr>
<tr>
<td>REGIONAL SHOPPING CENTRE</td>
<td>1986</td>
<td>720</td>
<td>1,215,121,112</td>
<td>69.2</td>
</tr>
<tr>
<td></td>
<td>1987</td>
<td>759</td>
<td>1,240,084,722</td>
<td>69.7</td>
</tr>
<tr>
<td></td>
<td>1988</td>
<td>165</td>
<td>1,267,877,198</td>
<td>70.2</td>
</tr>
<tr>
<td>INDOOR SHOPPING MALL</td>
<td>1986</td>
<td>164</td>
<td>356,046,671</td>
<td>15.8</td>
</tr>
<tr>
<td></td>
<td>1987</td>
<td>167</td>
<td>346,185,473</td>
<td>15.3</td>
</tr>
<tr>
<td></td>
<td>1988</td>
<td>161</td>
<td>346,464,809</td>
<td>14.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1986</td>
<td>1040</td>
<td>2,240,712,787</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>1987</td>
<td>1089</td>
<td>2,316,895,525</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>1988</td>
<td>1089</td>
<td>2,431,791,509</td>
<td>100</td>
</tr>
</tbody>
</table>

SOURCE:

local malls. Chains find this factor appealing and therefore tend to locate there. Unfortunately, there is no published data which distinguishes the type of chain store operations and type of shopping centre location. It would be interesting to see what the actual numbers of national, provincial and the local chain store retailers were in the different types shopping centres.
Several studies have been made which show that there is a high proportion of chain stores, especially of national chains, located in the regional shopping centres (Honigman, 1985). Interviews made during the study also suggested that such a relationship exists. Later in this paper I will elaborate more on this point in my discussion of the six malls.

3.6 TENANT MIX IN THE REGIONAL SHOPPING CENTRE

The shopping centre's tenant mix is of crucial importance to its overall business policy. A well thought out tenant composition can significantly influence the centre's "pull" effect on customers to the centre as well as on their spending patterns. A good tenant mix gives the centre prestige, and all tenants benefit as a result.

I have chosen to divide this discussion into two parts. In the first I will deal with some of the tenant categories operating in the six regional shopping centres. This is done to show that while some tenant categories dominate in terms of numbers, other categories, though fewer in number, play an essential role in the centres retail environment. In the second part of this chapter I will examine the tenants in closer detail. I will look at the numbers of tenants offering services activities as compared to the tenants supplying the customers with goods.

3.6.1 FASHION AND FOOD STORES

In the first part of this section I will take closer look at two tenant categories: clothing and shoe stores; and food serving tenants.
In the first shopping centres that were built in North America, developers were concerned about putting competing stores into the same centre. As the shopping centre industry developed and the retailer became more familiar with the centres it became clear that the presence of competitors under the same roof was an advantage, not a problem. Southgate Mall located close to Minneapolis was the first shopping centre to prove this. Tenants selling the same sort of merchandise were located not only in the same centre, but in the same part of the centre. This was found to be a highly beneficial arrangement. Consumer traffic increased and particularly in the areas of the mall where competitors were closely located. Colin S. Jones called this effect "cumulative attraction" (Jones, 1969).

Regional shopping centres of today have been influenced by the cumulative attraction phenomenon in their selection of tenants. There are unofficial guidelines that shopping centre developers use to decide what tenants they should look for and to what degree that type of retailer should be represented in the tenant mix. Although these guidelines seem to have worked reasonably well in various shopping centres in a variety areas, developers must be careful to not allow them to become universal recipes (Curran, 19991; Fennell, 1989; Bristol, 1991). The environment surrounding, and the uniqueness of the community in which the centre is located must be carefully considered in the tenant selection process (Petroff, 1991). I will deal with this aspect of tenant mix later in this study.

Regional shopping centres, for the most part, cater to the female shopper. As much as eighty percent of the regional shopping centres customers are female. Regional shopping centres respond by creating a "women-friendly" environment (interview with
One way this is done is by creating a combination of stores such as a concentration of women's clothing that are appealing to female shoppers. And because women are perceived as the primary purchasers in the families, family, men's and children's stores are also a common feature in regional centres.

The tenants involved in selling and preparing food and drinks for consumption in the mall, have become a more common tenant in regional shopping centres (Adams, 1991). While in previous years there were perhaps only two such outlets in a mall, today we see food-courts with numerous food outlets offering a vast array of cuisine. These food-courts have become an important part of modern malls. Although their main purpose is to serve shoppers with a place where they can sit down and relax and consume food, they also prevent shoppers from leaving the mall when they wish to eat.

The food-courts are often designed and decorated differently from the rest of the mall. Plants, colours and sculptures are but a few of the elements used to make the food-courts a distinct place. More and more effort is put into their design, with the purpose of making the visit to the food-court an experience in itself that pulls people in to the centre.

### 3.6.2 GOODS TO SERVICE RATIO

The goods to service ratio illustrates important changes that regional shopping centres have undergone. The ratio is created by first dividing the shopping centre's tenants into the two basic categories, goods and service, the latter category including all services as well as office tenants, and then by dividing the number of goods tenants with the number of service tenants. A ratio that is more than 1 indicates an emphasis on
fashion, while a service oriented mall will have a ratio between 0 and 1 (Bernardo, 1989). The ratio is an instrument that will be used to measure changes in the six shopping centres in Vancouver, as well as make comparisons among them, where possible. In this study the goods to service ratio will be used to indicate changes in tenant mix that have occurred over time.

There are differing views on what a change in the goods to service ratio indicates. Some argue that a lowering of the ratio is a sign of a centre in decline, as it shows that the centre is not able to keep or attract tenants with higher trade volume. When this occurs, it is reasoned, the mall is forced to replace these tenants with service tenants. The goods related tenants, in general, occupy larger store units and are able to earn higher sales per square foot (ULI, 1987). This will especially influence the shopping centres revenue if the rent or part of it is based on a percentage of the tenants sales. A large concentration of goods-selling tenants is therefore viewed in this theory as an indicator of a shopping centre that is doing well from a business standpoint. Geoffery J. Bernardo (1989) for example, sees a decline in the goods to service ratio in Toronto malls as a indication that they are declining. He further argues that a lowering of the ratio is rarely done on purpose by the shopping centre that is doing well. However, it is my view that while this theory may have been accurate in the past, it is not necessarily the case today.

Contrary to Bernardo's view, it may be argued that an increase in the number of services in a shopping centre is in fact a healthy sign of a centre in transition. Although
goods tenants earn more per square foot and occupy more space than non-good tenants, service tenants can create a pull effect on customers.

3.7 THE SIX CASE STUDIES

In the following section, I will look at the relative location, architecture and vacancy rate at the six regional shopping centres in this study. I will also look at their relationship with the chain stores. Finally, I will discuss each of the six shopping centres and their goods to service ratio over the period of this study.

3.7.1 BRENTWOOD MALL

LOCATION Brentwood Shopping Centre is located in the Municipality of Burnaby. It is found at the intersection of the Lougheed Highway which carries traffic in an east-west direction and Willingdon, which leads traffic in a north-south direction. These are both two major transportation routes that connect highly populous areas. Willington connects, less than a kilometre south of the centre into the Trans-Canada Highway (Map 1).

Brentwood Mall is near to the border of Vancouver. Brentwood Mall competes with retailers in the City of Vancouver which is the strongest retail area in the Vancouver CMA (Table 3). Vancouver has a total of 27,590,579 retail square footage, but just 7.6% of this is found in shopping centres. Burnaby, on the other hand has a total of 5,587,883 retail square footage, 2,322,718 square feet or 41.6% of the total retail area is located in
shopping centres. Brentwood Mall, with its 500,000 square feet represents 21.5% of the total shopping centre retail area in Burnaby. During my survey of Brentwood Mall, in July 1992, it became clear that the centre caters to large numbers of people of British, Chinese and Italian backgrounds (interview with Pam Bryson).

Brentwood is not located close enough to one of the town centres to be able to benefit from the extra business it creates.

**LAYOUT AND DESIGN** Brentwood Mall's distinctive architecture is easily seen from the two roads. The shopping centre's roof looks like a number of small circus tents. It is a design which attracts attention for the traffic passing by as well as distinguishes it from the rest of the surrounding buildings. The parking lots, which are located on all sides of the centre, are accessible from both of the major roads. Large signs guide traffic into these parking lots. The parking lots are quite large, which can make the walk through them into one of the entrances a less than pleasant experience. The sidewalks along the building, the few paths in the parking lots and the canapes improve access to the mall as well signify the different entrances to the mall.

A bus station is located inconveniently at the far south-west end of the shopping centre site. The many connections to other parts of the Vancouver CMA which these buses provide, no doubt benefit this shopping centre. The opportunity to make use of this incoming traffic does not seem to be optimized. Passengers have to walk through the large parking lot on a path which is narrow and unprotected from the weather. This could easily be made more attractive and convenient for these passengers.
Inside the shopping centre an active and pleasant environment is present. The whole of the first and second floors, have the same colour schemes. White and green ceiling, white walls with a grey and burgundy stripe above the individual tenants, and light grey tiles with some dark grey decorations are used. These colours make the mall a bright, but at the same time, calm place where most of the customers' attention is drawn toward the more eye-catching stores.

Both levels of the shopping pathways are, for the most part illuminated through skylights. In addition, light fixtures in different styles make the part of the corridors which are not provided with daylight bright. The ceiling is formed from several white tents, which provide the passage-ways with a pleasant natural brightness, not as intense as an open glass skylight. The side's walls have some smaller windows, which adds to the brightness. Some parts of the passage-ways on the second level are left open so that the natural light also comes down to the first mall level.

The two anchors, the Bay and Zellers are located on the north-west and south-east sides of the centre respectively. These locations create a pull effect in the pedestrian traffic flow from which the tenants all benefit.

"Streetscape" is a section of the mall where smaller specialized stores are located together with a few push carts. The stores as well as the carriages have colourful decorations and signs on them. A new version of the traditional circus carousel is placed in the middle of the Streetscape which adds to the atmosphere. Despite the effort, the intention to create a part of the traditional street in a mall is difficult if not impossible to achieve. But by opening this area up to the outside environment with large glass walls
and doors, the surrounding area supplements certain elements missing in the street created inside. This area is located under one of the smaller tent ceilings, which separates the area from the rest of the mall. At the same time the theme of an active, lively but carefully designed circus atmosphere is followed through.

The food-court is located on the opposite side of the Streetscape. Food from different parts of the world is offered. Large trees and green parasols make it a lively place. The tenants are all located along the sides of the tent. In the middle of the area, there is a large and dense seating area under natural bamboo trees and green parasols. The seats are hard and uncomfortable, which makes people eat their food and leave quickly, turning their seats over to new customers. Despite the trees and the pleasant view of west Burnaby, it is a busy and fairly noisy place. This prevents people from becoming too relaxed and forgetful about shopping.

**VACANCY** Brentwood Mall had the highest percentage of vacancies compared to the other centres during the period 1966 to 1985 (Table 11). In 1983 the vacancy rate increased from 8% to 13.3%. It appears that the vacancy rate slowly declines from this point onward, hitting its lowest level in 1988 with 3.4%. In 1989 the mall expanded by 165,000 square footage and saw with it an increase in vacancy rate to 13.2%. In the subsequent years, the vacancy rate has been fairly low, giving this mall the second lowest vacancy rate of all six shopping centres in the study.
In September 1992, Brentwood Mall had 9 vacant store locations, however, two of them had signs on the windows announcing that new tenants were in the process of moving in.
CHAIN STORES Bentwood Mall has experienced a steady increase in the number of chain stores over the course of the study (Table 12). However, from 1988 to 1989 the percentage decreased from 46% to 23.7%. This dramatic decrease was caused by a major expansion/renovation that the centre went through in 1989. The centre started out in 1961 with 17.2% of its tenants as chain stores, and by 1991 increased they represented 53.3% of all tenants. This is the second highest level of chain stores, compared to the five other centres in this study.

TENANT MIX The percentage of clothing and shoe stores in Brentwood Mall slowly increased with only small adjustments from 1966 to the late eighties (Table 13). In 1989 the centre went through an expansion following which 59% of the new tenants were in the clothing and shoe category. The overall share of these tenants climbed from 7.9% to 31.6%.

In 1966 Brentwood Mall had two tenants serving food (Table 14). These tenants were joined by new tenants, and after the expansion in 1986 the numbers increased. By 1991 there was a total of fifteen such places in the mall.

In 1966 this shopping centre had more service tenants than goods tenants, which resulted in a low 0.9 goods to service ratio (Table 15). The increase in the ratio seems to begin after the centre's 1972 expansion. It reached a 2.3 ratio in 1981 and stayed at this level with only small changes for most of the eighties. In 1989 the centre went through a 165,000 square foot expansion, and this lowered the ratio to 0.9. This low ratio is a reflection of the major constructions that forced most of the tenants to close for varying
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# Table 15: Goods to Service Ratio for the Six Case Studies

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**Note:** Numbers in brackets indicate that Oakridge's office towers are included.

**Source:**
periods. One year later in 1990, the ratio was back to 2.5. It seems that the shopping centre preferred to fill its space with more goods than service related tenants. In 1991 the centre had a lower goods to service ratio.

3.7.2 CAPILANO MALL

LOCATION Capilano Mall is located in the District of North Vancouver. The Trans-Canada Highway enters the District by the Second Narrows Bridge to the south, and turns west toward the District of West Vancouver. This major traffic route passes by several blocks to the north of the Capilano Shopping Centre. There are no major exits or entrances located close to the centre. Although there is no data to confirm this, it would seem that the importance of customers from Highway 1 is minimal (Map 1).

The Lions Gate Bridge leads traffic from downtown Vancouver to Marine Drive. Traffic turning east on Marine Drive passes the shopping centre on the right hand side shortly before Marine Drive splits up to Larson, going north-east, and 3rd Street, running south-east. This places Capilano Shopping Centre in a relatively busy intersection from which it seems to benefit.

Although Capilano Mall is located close to the border between City of North Vancouver and West Vancouver, the majority of its customers seem to come from The District of North Vancouver and The City of North Vancouver. This is due in whole or part by the location of West Vancouver's Park Royal Shopping Centre, which is located close
to Capilano Mall. Park Royal is more than twice the size of Capilano Mall, and this, no
doubt, reduces some of Capilano's pull effect on the market.

The City of North Vancouver has a total of 568,082 retail square feet in shopping
centres (Table 3). 404,316 square feet, or 71% of this total can be found in the Capilano
Mall. Expressed another way, Capilano Mall represents 71% of North Vancouver's
shopping centre retail space. Of this total retail space, 26% in this district is found in
shopping centres. This makes North Vancouver City number 10 out of 15 districts in the
Vancouver CMA in terms of shopping centre space as a percentage of total retail space.
Comparing the retail area located in shopping centres with the estimated population for
1991, North Vancouver City has 14.8 square feet of shopping centre retail space per
capita. This makes North Vancouver City number 6 out of the 15 Vancouver CMA districts
in terms of shopping centre space per person.

Thus, while North Vancouver rates fairly low on the list of the Vancouver CMA in
terms of shopping centre space, the amount of this type of retail space on a per capita
basis places the district in a higher rank level.

Capilano Mall is located fairly close to the Lonsdale town centre in North
Vancouver. However, because the Capilano Indian Reserve divides the two areas from
each other, the positive influence the town centre could have on Capilano Mall might in
the future be less significant (Map 2).

**LAYOUT AND DESIGN** Capilano Mall is located on the busy Marine Drive in North
Vancouver. Driving along Marine Drive the centre is easily seen from the road because
of the big Sears sign and the building's distinctive architectural form. Marine Drive is the main road leading traffic by the centre. Hamilton Street, running on the west side, and Hanes Street on the east side, offers parking entrances to the mall. The shopping centre provides outside parking on the east, south and west sides of the mall. In addition, a multi-storey parking garage is connected conveniently close to the shopping mall. The parking lots are relatively small. Access is made easy with the mall's numerous entrances. A bus stop is located on the north side of the building, and because of the mall's close location to Marine Drive, the walk from the bus into the mall is minimal.

Sears and the newly opened Pacific Linen Store are both located at the north side of the mall, while Woolco is located in the south end. Together these three anchors stimulate traffic in the mall from which the other tenants benefit.

The mall provides a one level shopping environment. However, on the east side of the centre some offices and one fabric store are located on a second, third and fourth floor.

Capilano Mall seems to prefer using a single theme in the design of its interior. Its close location to two Indian reserves appears to have influenced the architect. Two tall totem poles decorate the area beneath a vaulted ceiling. Large timber pieces are used together with some trees to decorate the food-court's seating area.

Cold and calm colours are used to decorate the interior. The floors are covered by grey-white tiles together with some dark green decorative tiles. The same colours along with some white and natural wood colours are used on the rest of the interior. This
gives the mall an relatively relaxing atmosphere, different from the more aggressive sales environment which the customers meet inside each store.

There are two areas in the mall which differ from each other. Most of the retail environment does not have natural light, instead bright spotlights are built into the ceiling. These shopping "streets" seems dark and totally separated from the world outside the mall. Just one area of the mall has a four storey high glass ceiling. The first section of the ceiling is painted in pink white colour, while the upper part is painted light green. The use of lighter colours toward the ceiling, gave the structure an airy, light feeling. Aside from a few green plants there is little else interrupting these big, bright walls. I found this area so bright that it took away much of my attention toward the stores located in this area. The stores seemed to disappear in the spill of light. The contrast one experiences when entering the other part of the mall seemed more dramatic than would be the case if both areas were provided with a combination of natural and artificial light. These contrasts may unconsciously interrupt customers while they walk through the mall, and may influence their purchasing decisions. On the other hand, this break in the shopping centre experience may give the customer new energy to continue his or her shopping route. It had the former effect on me.

VACANCY Table 11 shows the vacancy rate as a percentage for Capilano Mall from 1971 to 1991. This was a turbulent period, with everything from no vacancy to 24.4% of all leasable units vacant. The two major changes that happened in this period occurred in 1982-83 and in 1985-86. There was a 6.7% jump in vacancies from 1982 to 1983. This
was the time that British Columbia was struggling with an economic recession. According to Capilano's manager, most of the tenants who moved during this time were forced out because of the downturn in the economy. The second major increase in the vacancy rate occurred in the period 1985 to 1986. Here the vacancy rate increased from 6.7% to 24.4%. This occurred at the same time that Capilano Shopping Centre went through a major expansion. In 1987 the mall was 100% leased. The expansion and its positive image no doubt had a role in this success. In 1991 Capilano Mall had a 6.3% vacancy rate with 7 units not leased. Compared to the other malls for 1991, this was the fourth highest vacancy rate of the six.

In the beginning of September 1992, I counted five vacant store locations in this shopping centre. At three of the locations signs were put up to announce that new retailers were in the process of moving in.

**CHAIN STORES** In 1971 Capilano Mall started out with a relatively high percentage of chain stores compared to the rest of the shopping centres in this study, approximately 30% (Table 12). Not before the years 1986 to 1987 did the percentage of chain stores increase remarkably, from 34.1% to 56%. This was the year when the centre went through an expansion. In 1991 this shopping centre had nearly 60% of it's GLRA occupied by chain stores, the highest level compared to the other shopping centres in this study.

**TENANT MIX** During the seventies and early eighties Capilano Mall had a low percentage of clothing and shoe stores occupying their leasable units (Table 13). In 1986...
when the centre underwent an expansion, the clothing and shoe store tenants increased by 60%. This major increase reflected the shopping centre's preference for these types of tenants. The percentage of clothing and shoe stores compared to the rest of the tenant categories increased from 20% to 45%. From then on the level stabilized around 40%.

In 1971 Capilano Mall had one food-serving tenant. The number increased slowly during the seventies and mid-eighties (Table 14). In 1985, the year before its expansion the mall had, six food-serving tenants. One year after the expansion the number had more than doubled to fifteen. These figures were in 1991 relatively unchanged.

In 1971 Capilano Mall had a relatively low 1.1 ratio, but it increased to 3.25 in 1976 (Table 15). This increase was caused by an expansion of the centre in 1972 in which the rentable units increased by more than one hundred percent. The majority of tenants that moved in during this period were goods related tenants. In 1981 the ratio was lowered because the centre experienced an increase in its service tenants. The centre went through an expansion in 1986, following which the ratio rose to 3.0. Since 1987, the ratio has been stable at a level just under 3.

3.7.3 LOUGHEED MALL

LOCATION Lougheed Shopping Centre is also located in the Municipality of Burnaby. Major roads like the Lougheed Highway, leading into Vancouver and the southern part of Coquitlam and Austin Avenue, leading to Western Coquitlam or Clark Drive, running north, pass this centre. The centre is also located very close to one of the
Trans-Canada Highway's entrances and exits. This mall's central location allows it to benefit from the high flow of traffic (Map 1).

In north-east Burnaby, Lougheed Mall, border a neighbouring municipality of the District of Coquitlam. Lougheed Mall must compete with retailers in the Coquitlam area (Table 3). Coquitlam has 2,957,789 total retail square feet, 44.0% of which is located in shopping centres. Lougheed Mall represents 26% of Burnaby's total shopping centre space.

As with Brentwood Centre, Lougheed is not located close enough to one of the town centres to be able to benefit from the extra business it would create. However, the positive attitude of the provincial government of putting the new Light Rapid Transit route through the Lougheed corridor, will be an obvious advantage for both of these centres (Table 1).

Together, Lougheed Mall and Brentwood Mall account for 47.5% of the total shopping centre floor space in the Burnaby area. When one considers that 42.0% of Burnaby's total retail space is found in shopping centres, these malls market strength appear quite good. However, because of their relatively close proximity to other municipalities, their pull effect on the retail market may be somewhat diminished.

**LAYOUT AND DESIGN** Lougheed Mall is a two storey building located some one hundred meters from the Lougheed Highway. It is not easy to see the centre from the Lougheed Highway, however, it is clearly visible to traffic travelling north on Austin Road. Signs and specially designed traffic lanes guide motorist into the parking lots which are
found either side of the centre. To the south-east side of one of the lots a bus connection to a wide selection of destinations is offered. But the walk from the bus station into the mall is practically non-existent. Pedestrians have to cross the bus station parking lot and then walk along the parkade into the mall. Despite the use of yellow warning lines, the pathway from the bus station to the mall could have been more isolated from the traffic than what is the case now. In addition, some weather protection is clearly needed. This is also the case for the pedestrians coming from the residential area, located just west for the centre. There are eight highrise residential buildings and several lower units located within walking distance from the centre. This is a great market potential for the shopping centre. The developers of these projects have provided pleasant pathways on their properties to the shopping centre. But when the pedestrians meet the boundary of the shopping centre, very little effort is made to continue this pathway in the same style as is provided in the residential area. The lack of attention to this aspect of design is a good example of the how the layout and design of the shopping centre is configured more for the automobile than the pedestrian.

The shopping centre building is a combination of the older brick structures of Eaton's and Safeway, and newer concrete and glass sections which was added in 1989. Yellow-white with blue and red stripes are the colours used on the external walls as well as on the glass roofs. These colours are also found inside the mall. There is no distinct difference between the colours used outside from those used inside, which was the case at Oakridge Shopping Centre. The internal design of the mall also differs from Oakridge Shopping Centre in that there are different designs in different parts of the centre. The
food-court section and the marketplace called "Small Beginnings" vary from the rest of the shopping area. In the food-court section bright colours like neon red and blue are used, while the tenants as well as the eating area is crowded together to create a busy and festive atmosphere. Food from counties like China, Italy, Mexico and Japan are offered. A old looking brick looking fountain decorates one of the walls, while another is decorated with a neon light picture. These different designs create a sense of place where different time periods as well as geographical locations are taken out of context and mixed together. A truly post-modern environment.

The Small Beginnings is located in the other end of the shopping centre. Here the mall has made an effort to create a new version of the traditional market place. Seven, push carts with a modern shape and stylish colours are assembled in the middle of the market place. The wagons are surrounded by small stores selling everything from jewellery to health food. The stores are small, and hidden behind the wagons. To get the customers attention, colourful canapés have been put up in front of each store. But the effort to use an old retail concept in a mall environment lacks genuineness. The noises, smells, colours and the crowded chaotic feeling of a real marketplace is absent. Left was a sterile environment, carefully designed, but without any real feeling of life. Even the name, Small Beginnings is negatively loaded. It indicates that the retailers here are the mall's incubators, rather than "real" tenants, that this is an area in transition where the tenants are working to become something better.

In addition to these two special areas, the shopping centre provides customers with the shops which one can expect to find in a regional shopping centre. The centre
has located the two major anchors, The Bay and Woolco, at the south-west and north corner of the centre respectively. They create a pull effect between them which the tenants located along the mall's corridors benefit from. The third anchor, Safeway, is located at the west side which is the closest location to the residential area referred to earlier. The two major passages running north-south are decorated in relaxing colours like grey, beige and steel-blue. The big trees and the skylight windows add to the bright and cheerful shopping atmosphere. This is also the case for the lower level of the mall, as the daylight coming in from the roof is brought down by an open space to the second level. The hallways connecting the two major shopping ways are of a much darker character. The day light is gone, and replaced with a yellowish-pink light tube, partly hidden in the ceiling. The centre has provided the customers with information signs and booths to improve the shopping experience. Numerous benches are also offered in pleasant seating areas in the middle of the shopping centre corridors.

**VACANCY** Lougheed Mall had a stable vacancy rate of 3% at the start of the study period (Table 11). In 1985 the vacancy rate jumped from 3.1% to 8.2%. This jump came one year prior to the centre's 105,000 square feet expansion. The increase in the vacancy rate may therefore be related to this event. In 1987 there were no vacancies. One year later, the percentage of vacant units had increased to 8.1% or a total of 14 units. Since then the vacancy rate has remained relatively high at this level. This increase in the number of vacancies can not be related to any national or local recession nor to any renovation or expansion programs.
In 1991 the Lougheed Mall had 18 vacant units, or a 9.8% vacancy rate. This gave the Lougheed Mall the third highest percentage of vacancies compared to the other malls in the study. But according to the mall's management the numbers listed in this year were too high and they claimed that 1991 was in fact a good year. On my trip to the mall in September 1992, there were only 5 vacancies. It is hard to find an explanation as to why the directory had such high number listed for 1991. But as stated earlier, without knowing the date the survey was taken, inaccuracies such as this can occur.

**CHAIN STORES** Lougheed Mall had a sharp increase in the percentage of chain stores from 1971 to 1983 (Table 12). In 1971 the percentage of chain stores was 24.4%. This figure nearly doubled by 1983. From that point to 1991 the percentage of chain stores stabilized at the relatively high level of approximately 50%. This was the case except for the year 1986, when the centres went through a 105,000 square footage expansion and the percentage dropped to 44.8%. In 1991 the percentage of chain stores was back at a high level, 51.4%.

**TENANT MIX** Lougheed Mall has a stable percentage of clothing and shoe store tenants from the late sixties to the mid-eighties, around 25% (Table 13). In 1986 the shopping centre went through an expansion. Approximately 40% of the new units that became available were filled with clothing and shoe stores. Overall the percentage these stores increased from 24.8% to 30.8%. 
Lougheed Mall had nine food-serving tenants registered in 1971 (Table 14). This number did not change significantly before the 1986 expansion. Following the expansion the number of these tenants more than doubled to a total of twenty-five. In the years after the expansion the number of food-serving tenants declined, and then stabilized at around eighteen outlets.

From the early seventies to 1987 the Lougheed Mall has had a fairly stable goods to service tenant ratio of around 2 (Table 15). In 1986 the centre went trough a 105,000 square foot expansion and this caused the ratio to increase. Since then the ratio has slowly increased until it reached a record level at 2.7 in 1991. It seems that the centre's priority is to lease space to goods tenants.

3.7.4. OAKRIDGE CENTRE

LOCATION Oakridge Shopping Centre is located in Vancouver, between two of the city's busiest north-south arterial, Oak Street and Cambie Street. 41st. Avenue carries east-west traffic past the centre's north side. This is a busy area of Vancouver where traffic coming in and leaving the city results in significant customers traffic in the mall (Map 1).

Oakridge with its 572,500 square feet accounts for 27.3% of the total shopping centre area in Vancouver. Although it represents a high proportion of the total shopping centre industry in the municipality, this is not to say that it does not have many competitors in the area. There is a large number of other retail outlets not located in
shopping centres which compete directly with Oakridge Centre. Robson Street in downtown Vancouver, 41st Avenue in Kerrisdale and 4th Avenue in Point Grey are but a few examples. There is also Pacific Centre in downtown Vancouver.

When the shopping centre square footage is compared to the estimated population of Vancouver for 1991, there is found to be only 5.0 square feet of shopping centre space per capita. Thus, while shopping centre space in Vancouver is fairly low (on a per capita basis), Oakridge, with its central and easily accessible location, make a fairly dominant force in the market.

**LAYOUT AND DESIGN** The red brick building of the Oakridge Centre is easy to see from the road because of its tall distinctive design. It stands in stark contrast to many of its neighbouring buildings. There are four entrances from the two major roads which lead into the parking lots. Because of the centre’s location, parking is divided into smaller subdivisions surrounding the centre’s sides and on one multilevel parking lot. The mall is easily accessible from the parking lots. The distances are not far and traffic security regulations are provided. The mall entrances are also easily seen by signs and distinctive architecture. The northeast corner of the building is the only part of the building which makes use of glass walls. This makes the transition from outside to the inside less dramatic, because both environments can be viewed without actually entering them. This is a fairly unique architectural design, which connects the internal mall environment with the busy street environment outside. The other sides of the buildings are in keeping with
traditional mall design. There the entrance is the only part of the wall which signify what one can expect by entering the mall.

Oakridge has located the two major anchors, Woodwards and Safeway on the west and east sides of the centre. Together with the office towers to the northeast, these three locations create a triple pull effect. There are four major mall streets which lead pedestrian traffic through the mall. The layout has been made more complex by the additional streets which lead traffic back and forth from the main entrances.

Red brick is the primary building material used on the external walls of the building. Warm colours, like the brown-red colour which is used at Oakridge has the capability to attract customers attention and to draw them to the source (Bellizzi & Crowley & Hasty, 1983). According to Bellizzi, Crowley and Hasty (1983) in the article "The Effect of Colours in Store Design", the colours used outside a retail structure should differ from those used inside. When customers are inside the shop or shopping centre, more relaxing colours such as blue or grey, should be used so that they take the time to decide on their purchases. Inside Oakridge centre, cool colours like white, grey and steel are used. Greens were seen represented in the big tress. Some tenants had used brighter colours at their store fronts, no doubt intended to draw customers attention. However, because of store’s rules concerning frontage, the importance of these efforts are limited.

It is interesting to note that at the time of this study the two main shopping corridors in this centre employed slightly different colours schemes. The south corridor, which hosts more exclusive tenants than the north corridor, is not colourful. By contrast, in the north corridor, the same ceiling had the same colours on the floors and the walls,
but a splash of colour was added with flags attached to the light fixtures. A large clock tower with all of the province's flags also added to the colour scheme. This slight change in design gave the north street a more lively and crowded atmosphere. It is suggested that this design, to some degree, stimulates customers to some extent. The south street had a more austere atmosphere which perhaps might induce reflection on the part of the consumer.

Compared to the other shopping centres in this study, Oakridge seems to have emphasized design and especially colours. These aspects of its design creates a sense of quality and perhaps exclusiveness.

**VACANCY** From the 1961 to 1985 Oakridge has had few vacancies (Table 11). However, 1985 saw a significant increase in vacancies from no vacancies in 1984 to 19 in 1985. This change occurred the year following the mall's facelift and expansion in 1984. In the years that followed, the vacancy rate decreased, to 1989 when 5.6%. In 1991 this rate decreased again and as a result, the centre had the third lowest vacancy rate among the other centres in this study.

In the beginning of September 1992, Oakridge Centre had nine vacancies. Three of them had signs up announcing that new tenants were moving in.

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10 The number of vacant leasable units do not include the two office towers.
CHAIN STORES  Oakridge Centre has seen a steady increase in its percentage of chain store tenants through the years (Table 12). In 1961, 15.2% of its stores were chains. This figure increased to approximately 50% by 1991. Although the number of chain stores after the 1984 expansion increased significantly, the percentage of chain stores compared to the total number of tenants that occupied the mall only experienced a modest increase. In 1991 the centre had approximately 49% of its tenants as chain stores.

TENANT MIX  Compared to the other shopping centres in this study, Oakridge Centre has had a high percentage of clothing and shoe stores as their tenants (Table 13).\textsuperscript{11} Through the eighties it has had a mid 30% to 40% share of tenants listed in this category. The leasable units that became available after the 1984 expansion were filled with 35% clothing and shoe stores. However, the overall percentage of the clothing and shoe stores in the mall compared to the rest of the tenants decreased in this period. The categories that increased during this time were such things as personal services and food and beverage places.

In 1961 there were only three food and beverage outlets at Oakridge Centre (Table 14). This accounted for 6.5% of the total number of tenants. This figure increased significantly following the centre’s 1984 expansion. Before the expansion only one food serving tenant was listed, while in the years after the expansion the number had risen to

\textsuperscript{11} The numbers and the percentages used in this illustration do not include the two office towers that were connected to the centre in 1986. The two towers do not offer space to retail businesses and will therefore give a wrong impression if they were included in this particular section.
well above ten. In 1991 there were no major changes to the number of food-serving tenants.

Oakridge Centre started out in 1961 with a relatively high goods to service ratio at 2.8. The level decreased to 1.6 during the 1971 to 1976 period, due to a slight increase in the service and "exclusive" category and a lowering of the number of goods tenants. From that point the level increased and then stabilized around 2.6. Before the mall's expansion in 1984 there were few marked changes in the ratio. Following the expansion, the ratio increased to a high of 3, but then changed when the office and medical towers were connected to the shopping centre. This seemed to influence the ratio dramatically, because since 1986 the ratio has declined steadily to the point where it is the lowest of all the six shopping centres in the study, 0.9.\(^{12}\) In 1991 Oakridge Centre including the office towers, had more tenants listed in the service category than tenants listed in the goods category.

### 3.7.5 RICHMOND CENTRE

**LOCATION** Richmond Centre is located, as the name implies, in Richmond. The Westminster Highway lies to the north, while No.3 Road passes the Centre to the east. The Mall is located in a busy area of Richmond, where major roads bring traffic from many different parts of the GVRD (Map 1).

\(^{12}\) The ratio was 0.9 in 1991. The ratio would still have been at a relatively low level if the office towers were excluded from the data. (See Table 15).
Richmond Centre is located relatively far away from neighbouring municipalities. However, since a high degree of local residents commute to other municipalities, such as Vancouver and New Westminster for work, its attraction to the local residents may to some degree be reduced. Another factor affecting its market strength is the mall's relatively close location to the U.S. The comparatively low prices and taxes as well as the greater selection retailers in Washington State offer, is a tempting alternative shopping destination for Richmond residents.

The Municipality of Richmond has a total of 4,892,522 square feet of retail area, and 39% is found in shopping centres (Table 3). Richmond Centre represents 28.5% of the total shopping centre area in Richmond. Comparing the estimated population for Richmond municipality to its shopping centre space, one finds that Richmond has 15.0 square feet of space per capita. This is relatively large amount compared with the other municipalities in the Vancouver CMA. Richmond rates fourth in the amount of shopping centre space per capita in the Vancouver CMA.

Richmond Centre faces significant competition from local malls and merchants along with competitors from neighbouring municipalities and Washington State. Lansdowne Park is located within two blocks of Richmond Centre. It has a GLRA of 613,766 square feet and 143 stores. With its highly mobile population and relatively central location it is difficult to determine the effect on its market strength.

Richmond shopping centre is already at a town centre. It has an excellent opportunity to make optimal use of such a central location (Map 2).
LAYOUT AND DESIGN  Richmond Centre has three different architectural components. The 70's style brown coloured Bay building, the made-to-look old, red Sears building and the long, peach coloured building which connects these two anchors. Although much of the centre is set back on the property, it's grandness still makes the building an eye-catcher for passers-by.

The centre provides extensive parking on all sides of the building. In addition to this, roof parking is provided in the northern section of the building. The south part of the mall provides a four level parking deck. A pedestrian bridge leads people from the parking deck to the south part of the mall. Zebra stripes on the pavement and several path ways make the trip from the surrounding areas as well as from the parking a relatively safe and pleasant walk. The centre has five main entrances into the centre at ground level. Tenants that are located facing the parking lot also have their own entrances to the mall. The roof parking lot also provides three entrances.

The centre has three major anchors. Sears is located at the south-east corner of the mall, Zellers in the south-west corner and The Bay north in the building. Together, they create a triple pull effect. Although the centre's main mall-way pattern leads the pedestrian traffic in a north south direction, between the major anchors, there are several stops located along the way. Smaller mall-ways leading east and west intersect with the main mall-way, creating several smaller plazas. Some of the plazas have smaller sky lit domes, which lends an airy feeling to an otherwise crowded retail environment. The centre's food-court is in the middle of a busy intersection. A large number of chairs and tables are squeezed together which creates a barrier for people coming in the north-south
and east-west direction. The pedestrian traffic must therefore pass by the food outlets. Because of the busy location, the size and the density of the seating area, the food-court is an excellent place to watch people pass by. The food-court is also a noisy place, which limits any relaxing and reflecting qualities one might otherwise find there. It is a place that always reminds the users of their main purpose for being there, to entice them to shop.

The always changing street scape, and interruptions to traffic flow, cause people to walk longer without noticing the distance they've travelled. It's a distracting design, and is useful at drawing attention to itself.

One mall-way is distinctive from the rest of the mall-ways in that it looks like an old European shopping arcade. The two-storey high sky-lit ceiling gives the street a bright and airy atmosphere. Tall columns located along the street are decorated with fancy light fixtures. Green palm trees and several benches are located in the middle of the street which again breaks up the grand and exclusive atmosphere. By comparison, the adjacent wings have more artificial light fixtures partially hidden in the ceiling. However, the darker atmosphere and lower ceiling, creates more pedestrian attention toward the shops than the atmosphere itself.

**VACANCY** Richmond Centre has gone through two major expansion periods. The first occurred during the years 1983 to 1985, and the second occurred more recently in 1989 (Table 11). In the first expansion the vacancy rate was low, approximately 2%. During this time British Columbia was going through an economic recession. It should be noted that in 1981, one year before the expansion, the vacancy rate jumped from 1.0%
to 6.5%. During the period prior to an expansion, tenants are often careful with renewing their leases because of the possibility of a rent increase. This change in the vacancy rate may therefore have been in response to the upcoming expansion.

The second increase in the vacancy rate occurred at the same time as the second expansion. The number of vacancies increased from 2.3% to 8.3%. It is interesting that the vacancies did not seem to decrease after the expansion. In 1991 a record number of 20 vacancies were recorded. This represented 12.6% of all leasable units in the Richmond Centre at the time the survey was taken. It seemed that Richmond Centre had some problems in finding suitable tenants for their empty space. In 1991, Richmond Centre had the highest vacancy rate of all malls in this study.

On my trip to Richmond Centre in October 1992, there were only 9 vacancies and 3 of them had signs up announcing new tenants moving in. I learned that they were not willing to lease these units to short-term tenants. Therefore, it would appear that they had been waiting for the right tenant to lease to.

CHAIN STORES Richmond Centre went through a major increase in the percentage of chain stores from the mid sixties to the beginning of the eighties (Table 12). Seventeen percent of its stores in 1966 were chains. By the 1983 this figure had increased to 53%. Despite three different expansions/renovations that the centre went through in this period, the level of chain stores has not varied by any significant degree. The actual number of chain stores increased slightly, but because of the increase in the total number of tenants, the percentage of the total number of chain stores stayed more
or less the same. The percentage of chain stores remained stable at around 50%. In 1991, the level dropped to 48.4%. This during the period after the centre went through an expansion phase.

**TENANT MIX** Richmond Centre has had a fairly high percentage of clothing and shoe stores among its tenants (Table 13). The percentage has stayed at a around the 25% level from the mid sixties up to the last listings in 1991. The expansions that the centre underwent in the mid and late eighties did not seem to affect the share of clothing and shoe store tenants as compared to the rest of the tenants. There have been some small adjustments, but it seems that the centre has been able to keep this aspect of its tenants mix relatively constant.

Richmond Centre had only three food serving outlets in 1966 (Table 14). In the years to follow the number of new eating places in the centre increased slowly, but steadily, to the eleven outlets it had in 1991. The expansions which the centre went through did not seem to influence the number of the food-serving tenants significantly.

In 1966 Richmond Centre had a goods to service ratio of 2.5 (Table 15). One year later the ratio was 2.2. After this minor decrease the shopping centre had an increase in the goods related tenants. The ratio reached a level over 4 due mainly to the annexation of the neighbouring shopping centre at 6060 Minoru Boulevard. In 1983, and in the years to follow, the centre went through a series of renovation and expansion projects which caused the ratio to fall. Interestingly enough, the ratio seemed to react oppositely when
the centre went through an expansion in 1989 as compared to the other centres during their expansion. In 1991 the centre had a 3.8 goods to service ratio.

3.7.6 SURREY PLACE MALL

LOCATION Surrey Place Mall is located in the north of Surrey, in an area called Whalley. The Fraser Highway merges with the King George Highway at the Surrey Place Mall and then continues north-west to Vancouver over the Pattullo Bridge. Again, a central location close to major traffic routes. But Surrey Place is different from the other shopping centres in that it soon will have a Sky Train station connected to it. The numbers of patrons this station will bring in will benefit the centre greatly (Map 1).

Surrey Place Mall is located fairly close to the Municipality of New Westminster. The Patullo Bridge and the Sky Train bridge lead traffic over the Fraser River and increases accessibility for local residents to the west. Metrotown as well as Downtown New Westminster are considered highly competitive retail markets. New Westminster has a total of 2,691,615 square feet retail area, of which 20% of it is located in shopping centres (Table 3). It must be noted that 58.5% of the shopping centre area in Burnaby is found in Metrotown alone.\textsuperscript{13} Since Surrey Place Mall will be located relatively close to Metrotown, due mainly to the coming Sky Train linkage, it will become a major competitor for Surrey Place Mall in the future.

\textsuperscript{13} Metrotown includes three different shopping centres. The Eaton Centre Metrotown (631,000 sq.ft), the Metrotown Centre (650,000 sq.ft) and the Station Square (295,000 sq.ft) are located adjacent to each other.
Surrey has 7,419,222 square feet of retail area, of which 41% is located in shopping centres. Surrey Place Mall with its 623,000 square feet represents 20.7% of this district's total shopping centre area. With its estimated 232,555 residents, Surrey has 13 square feet of shopping centre space per resident. Surrey is eighth among the 15 municipalities in the Vancouver CMA in terms of shopping centre space per resident.

Surrey Place's major competitor in Surrey is Guildford Mall. When one considers that Surrey Place's other competitors are concentrated closely around it, or are easily accessible despite being located in other municipalities, this mall faces significant market challenges.

Surrey Place Mall is located west of Guildford Town Centre. It is too far a distance to benefit from this centre's traffic and access to the freeway. But with its construction of the Sky Train station it is bound to become something of a town centre in its own right (Map 2).

**LAYOUT AND DESIGN** The large concrete building which Surrey Place Mall is located in, distinguishes itself from the surrounding environment. A large parking area separates traffic on the main streets from the centre. Little effort is made to connect the neighbouring residential area with the shopping centre. Although the distances are small, to my knowledge no convenient pedestrian paths have been provided. The shopping centre's white, blank exterior walls do not seem inviting to passers-by. However, their dominant position in the landscape does catch peoples attention.
Two ground level parking lots are located to the north west and east corner of the building. On the south side an underground parking facility is also located. The centre also provides parking on the roof. In the parking lots, little traffic security is provided. However, closer to the entrances, zebra stripes on the pavement lead people into the centre. Surrey Place Mall has three entrances on the upper level and one on the lower level. In addition, four entrances are located close to escalators or elevators for people parked on the roof. Many of the tenants with a location facing the parking lots have their own entrances. Some of the entrances are beautifully decorated with bright colours and landscaping. The entrance at the north side guides pedestrian traffic arriving by bus through a portal decorated with flowers. Decorative light poles, trees and brick pavement make this entrance unique.

The centre has four anchors, The Bay and Sears, each two stories, are located on the east side of the centre, and Zellers and Extra Foods, each one storey, are located side by side on the south-west side of the centre. Together with the food-court, located at the north-west corner of the centre, they create a triple pull effect.

The centres interior design seems to have followed the universal guidelines for a retail mall environment. The hallways are broad and covered with light grey coloured floor tiles. Several sky-lights allow natural day light into the mall. In addition, artificial light fixtures are partly hidden in the ceiling. Blue and red neon-light decorations are also a common sight throughout the mall. The use of bright light and colours give the mall an shiny, clean and to some degree sterile atmosphere.
The food-court's seating area also follows the blue-grey-green colour scheme. Movable chairs and tables are placed throughout the area. A large sky-light lets the light in, and on a sunny day several parasols provide people with shadow from the sun. A fountain is also located in the food-court and it breaks the sound of the food-court busy atmosphere. Although the mall's interior design is trendy and up to date, no attention is given to the potential view that the location provides. The magnificent view from the roof parking lot is left to the cars to enjoy.

**VACANCY** Generally, Surrey Place Mall has had a relatively high percentage of vacancies during its years of operation (Table 11). From 1980 to 1981, the first year data are available, there was a vacancy rate of 27.8%. This increase was, to a high degree, caused by the 173,000 square foot expansion that the centre underwent in 1980. From 1981 the vacancy rate decreased slowly all the way to no vacancies in 1985. But by 1990 the rate had increased to 14.9%. This increase can again be related to an expansion that the centre went through in 1990. In 1991 Surrey Place Mall had a 10.3% vacancy rate, the second highest of the six shopping centres. In late September 1992, the centre had a total of 19 vacancies, five of which had signs indicating that new tenants were in the process of moving in. According to the mall management, the centre was not interested in filling their vacant units with tenants that could "harm" their image. New leases were put off until the "right" tenants came along.
CHAIN STORES  Surrey Place Mall had an increase in the percentage of chain stores in the 1981 to 1984 period, from 33.3% to 47.4% (Table 12). The centre went through a major expansion in 1980 and this may be a reason for this increase. The percentage then dropped slightly to a lower level over the next two years. In 1985 43.9% of Surrey Place Mall's tenants were chain stores, in 1986, 42.1% were chains. From that point the level climbed to a relatively high point where it stabilize at a high 40%. After the expansion in 1990 the centre had an increase of twelve new retail chain stores. But because of the increase in the number of tenants after this expansion, the percentage of chain stores to the total number of tenants did not change significantly.

TENANT MIX  The first listing in the Street Directory for this mall was made in 1981 (Table 13). At this time Surrey Place Mall had 25.9% of its tenants listed as clothing and shoe stores. Since then, with the exception of 1986, the percentage slowly increased. In 1990 the centre went through an expansion. As a result of this the centre got twenty five new tenants. At the same time thirteen new clothing and shoe store tenants were registered in the centre. In other words, approximately fifty percent of the space that became available at this time were filled with clothing and shoe stores. The overall proportion of these stores rose from 29.7% in 1989 to 34.1% in 1991.

In 1981, Surrey Place Mall offered its customers two eating places (Table 14). The number did not increase significantly before the expansion of the centre in 1990. In 1991 the numbers had increased to seven.
Surrey Place Mall had a high goods to service ratio in 1981 (Table 15). The ratio even increased in the next year from 5 to 7.4. In the following years the service category increased slightly more than the goods category. This lowered the ratio and it stabilized at a level between 2 and 3 for several years. In the period 1990 to 1991 the ratio underwent a sudden increase. This was caused by the 50,000 square foot expansion which the centre went through. The new space was filled mainly with goods tenants.

3.8 SUMMARY

My first findings from this study indicates that the shopping centre vacancy rate tends to be related to internal changes in the malls, such as expansion. It would appear that all malls suffer from increases in their vacancy rates slightly before and after expansion. Some vacancy in the malls is related to economic downturns. In 1983, a recession year, only two of the six malls had an increase in their vacancy rates--Capilano and Brentwood. Why only these two malls were more sensitive to the recession is an interesting question. Did they have more locally based merchants with fewer resources than a "national" to endure hard times? When one looks at the number of chain stores compared to independents, a clear picture still does not emerge. It could also be related to the characteristics of the residential area from which the two malls are drawing their customers. It is difficult to find an explanation for these differences, and my limited study does not provide me with enough data to find a conclusive answer. When the vacancy rate is used as an indicator for external changes, it is therefore of less value. No consistent pattern emerges.
The percentage of vacancies to the total number of leasable units has, for most of the malls in the study, increased from the eighties to the beginning of the nineties. If the changes in vacancy rate caused by expansions are excluded, most of the shopping centres in this study are operating with a higher degree of vacancies in the nineties than the earlier periods. The most recent year for which data are available from the Vancouver City Directory and Vancouver Suburban Directory is 1991. For three of the six shopping centres the vacancy rate was unchanged or had gone up, while at the other three centres the rate has decreased from the previous year.

Although some centres do operate with vacancies, the effort made by some of the centres to avoid vacancies, hides the true figures. The managers of the six shopping centres report that they are struggling to fill their vacant space. Tenants, are no longer standing in line.

A second finding is that all six shopping centres have increased their percentage and actual number of chain stores over the time period of this study. Centres that started in the sixties and seventies all had a very low percentage of chain stores as their tenants. The newer the centre, the higher the percentage of chain stores that they started up with.

The eighties was a period in which shopping centres increased their number of chain stores, but not necessarily at the expense of local tenants. This was also a period in which most shopping centres went through expansions of their leasable space. It appears that the number of chain stores increases for most shopping centres after they undergo an expansion or renovation.
In 1991 the six shopping centres all had a relatively high proportion of chain store tenants. It is interesting to note that approximately fifty percent of all the tenants located in the six shopping centres were chain stores. The data do not indicate any dramatic changes in the centres’ proportion of chain stores in the 90’s. But by looking at developments from 1990 to 1991, it can be seen that only one of the centres, Surrey Place Mall, had a major increase in the number of chain stores. This followed its 1990 expansion. The other shopping centres have had only a modest increase, and in some cases, decreases in the percentage of chain stores.

Since the data are not divided into national, regional and local categories, it is not possible to see if there has been a change toward a higher concentration of any one type of chain store. But according to the shopping centres’ managers, the proportion of national chain stores in regional shopping centres is decreasing.

A third finding is that if one compares the clothing and shoe store tenants with the rest of the tenants, shopping centres have favoured a high concentration of the former. Some of the centres have favoured higher concentrations than others. Oakridge Centre, for example, started out in the sixties with a fairly high percentage of clothing and shoe stores, while Brentwood Mall seemed to prefer a smaller proportion of the same tenants during the same time period. However, there is a common trend among all six centres in that they have increased the concentration of these tenants.

The major increases that occur in the clothing and shoe store categories follow the centres’ expansion and renovation projects. All of the expansions that occurred in the eighties and beginning of the nineties resulted in a significant number of new clothing and
shoe store tenants in the centres. It is apparent that these shopping centres prefer these tenants when the new leasable space became available. These preferences are closely related to the shopping centre's relationship with the chain store organisations. A very high percentage of the clothing and shoe stores are also national chain stores. An average of 53% of all the clothing and shoe stores located in the six shopping centres in 1991 belonged to a chain stores organisation (Table 16).

My fourth finding in this study shows that food-serving tenants have become an important part of the shopping centre environment although they are fewer in number. Relatively speaking, there has been a significant increase in the number of these outlets located in all the centres. The major increases generally occur in conjunction with the expansions of the centres. In the eighties it became popular to make room for a food-court in the mall. A specific area was designated for all the tenants that served food. The area was designed to house the tenants as well as provide the food-court customers with a comfortable place to eat. Only one of the six shopping centres did not have a major increase in the numbers of food serving tenants after an expansion, Richmond Centre.

Finally, the study shows that the seventies was a period in which service tenants were represented to a higher degree in shopping centres as compared to the later (Table 15). Ten of the thirteen renovation and/or expansion projects that occurred at the six shopping centres happened in the mid to late eighties. The expansions had a major influence on store mix, and made the eighties a rather turbulent period for most of the shopping centres. The majority of the shopping centres
<table>
<thead>
<tr>
<th>TABLE 16: NUMBER AND PERCENTAGE OF FASHION CHAIN STORES IN THE SIX CASE STUDIES.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brentwood Mall</td>
</tr>
<tr>
<td>Total No. of Chain Stores</td>
</tr>
<tr>
<td>No. of Fashion Chain Stores</td>
</tr>
<tr>
<td>% of Fashion Stores of Total Chain Stores</td>
</tr>
<tr>
<td>Capilano Mall</td>
</tr>
<tr>
<td>Total No. of Chain Stores</td>
</tr>
<tr>
<td>No. of Fashion Chain Stores</td>
</tr>
<tr>
<td>% of Fashion Stores of Total Chain Stores</td>
</tr>
<tr>
<td>Lougheed Mall</td>
</tr>
<tr>
<td>Total No. of Chain Stores</td>
</tr>
<tr>
<td>No. of Fashion Chain Stores</td>
</tr>
<tr>
<td>% of Fashion Stores of Total Chain Stores</td>
</tr>
<tr>
<td>Oakridge Centre</td>
</tr>
<tr>
<td>Total No. of Chain Stores</td>
</tr>
<tr>
<td>No. of Fashion Chain Stores</td>
</tr>
<tr>
<td>% of Fashion Stores of Total Chain Stores</td>
</tr>
<tr>
<td>Richmond Centre</td>
</tr>
<tr>
<td>Total No. of Chain Stores</td>
</tr>
<tr>
<td>No. of Fashion Chain Stores</td>
</tr>
<tr>
<td>% of Fashion Stores of Total Chain Stores</td>
</tr>
<tr>
<td>Surrey Place Mall</td>
</tr>
<tr>
<td>Total No. of Chain Stores</td>
</tr>
<tr>
<td>No. of Fashion Chain Stores</td>
</tr>
<tr>
<td>% of Fashion Stores of Total Chain Stores</td>
</tr>
</tbody>
</table>

**Note:**
Fashion chain store are clothing and shoe stores.

**Source:**
seemed to fill the new units with tenants that sold goods\textsuperscript{14}. Oakridge Centre, the exception, emphasized more service tenants. When Oakridge incorporated the two office towers with the rest of the mall, the goods to service ratio decreased significantly. Even if we exclude the office towers from the data, there was a decline in the mall’s goods to service ratio. The majority of the six shopping centres had a concentration of goods related tenants in the eighties. This is not surprising considering the greater income potential that these tenants represent.

The average goods to service ratio for the six shopping centres in 1991 was 2.63, when the two office towers at Oakridge Centre are included, or 3.4 when the towers are excluded. This means that in 1991 the six shopping centres had two and sometimes three times as many goods selling stores for each service selling establishment.

\footnote{\textsuperscript{14} This is based on the findings that 5 out of the 10 expansion/renovations that occurred in the eighties, resulted in an increase in the goods to non-goods ratio after the event. One of the expansions did not have data listed for the previous year, and can therefore not be recognized as a change. The remaining four expansions/renovations resulted in lower ratios in the following year. Richmond Centre accounted for 3 of these expansions and they all occurred in a 3 year period. This series of expansions and renovations did not produce a significant increase in the goods tenants. More than half of the new non-goods tenants that located in the centre during this period were food-serving tenants.}
4.1 INTRODUCTION

In this section I will look at some of the causes behind the contemporary changes in the regional shopping centre industry. First, I will look at changes in consumer behaviour which arise from such things as changes in the population structure, changes in people's spending power, people's living arrangements, their lifestyles as well as their attitude towards shopping. This description will be followed by an illustration of the new competitors that regional shopping centres are facing. Thirdly, the changing economic conditions and the influence this has on the regional shopping centre industry will be discussed. This will be followed by an illustration of how the change in chain store organizations influences the regional shopping centre industry. Finally, I will look at the changes in the department store industry and how this affects regional shopping centres.

4.2 POPULATION STRUCTURE AND CONSUMER BEHAVIOUR

According to Statistics Canada (1992c), the percentage of the Canadian population in the older age groups is increasing, while the younger population is decreasing.

The first population trend that can be observed from Table 17 is a decline in Canada's young population. Approximately 12 percent of the Canadian population was
four years or younger in 1921. In 1951 and 1961, the percentage had increased due to the higher birth rates after the Second World War. These children born in the post-war period from 1946 to 1964 have been dubbed "baby boomers", (I will return to this later in this chapter). Ten years later, in 1971, the percentage of this age group had declined to 8.4 percent. In 1991 the percentage of four years old or younger had decreased to 7 percent. There has similarly been a decline in the Canadian population for the age group 5 to 14 years old.

The second trend that emerges is the significance of the baby boomers on population shifts. As just mentioned, baby boomers were children born after the Second World War. Following the War people were eager to start the families that were delayed because of the war. A relatively more mature population group was also in evidence. In 1961, the baby-boom generation was still quite young. A higher percentage of young people in the population was the result. Over time baby boomers moved into increasingly older age groups. In 1991, baby boomers could be found in the 27 to 45 years old range. In 1991 the percentage of people in the age group 25 to 44 reached a record level. Today, the bulk of this age group is essentially the middle age population. Not only is this population group large in terms of numbers, its percentage share of the total population is also dominant in comparison to all other age groups.

A third trend related to an older population can also be seen in Table 17. Since 1921 the percentage of people 65 years and older has increased, subject to some small adjustments. While 3.3 percentage of the Canadian population was 65 to 74 in 1921, the
percentage increased to 7 percent in 1991. The change in population for people over 75 years is even more pronounced during the period in question.

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<tbody>
<tr>
<td>0-4</td>
<td>12.0</td>
<td>12.3</td>
<td>12.4</td>
<td>8.4</td>
<td>7.3</td>
<td>7.0</td>
</tr>
<tr>
<td>5-9</td>
<td>12.0</td>
<td>10.0</td>
<td>11.4</td>
<td>10.5</td>
<td>7.3</td>
<td>7.0</td>
</tr>
<tr>
<td>10-14</td>
<td>10.5</td>
<td>8.0</td>
<td>10.2</td>
<td>10.7</td>
<td>7.9</td>
<td>7.0</td>
</tr>
<tr>
<td>15-24</td>
<td>17.3</td>
<td>15.3</td>
<td>14.4</td>
<td>13.4</td>
<td>13.4</td>
<td>19.2</td>
</tr>
<tr>
<td>25-34</td>
<td>15.3</td>
<td>15.3</td>
<td>13.6</td>
<td>13.4</td>
<td>13.4</td>
<td>14.0</td>
</tr>
<tr>
<td>35-44</td>
<td>13.3</td>
<td>13.3</td>
<td>13.1</td>
<td>11.7</td>
<td>12.2</td>
<td>16.0</td>
</tr>
<tr>
<td>45-54</td>
<td>9.1</td>
<td>10.0</td>
<td>10.3</td>
<td>10.6</td>
<td>10.3</td>
<td>11.0</td>
</tr>
<tr>
<td>55-64</td>
<td>6.0</td>
<td>7.7</td>
<td>7.0</td>
<td>8.0</td>
<td>8.9</td>
<td>8.8</td>
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<td>65-74</td>
<td>3.3</td>
<td>5.4</td>
<td>4.9</td>
<td>5.0</td>
<td>6.1</td>
<td>7.0</td>
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<tr>
<td>75-84</td>
<td>1.2</td>
<td>2.0</td>
<td>2.3</td>
<td>2.5</td>
<td>2.8</td>
<td>3.6</td>
</tr>
<tr>
<td>85-</td>
<td>0.3</td>
<td>0.4</td>
<td>0.5</td>
<td>0.6</td>
<td>0.8</td>
<td>1.1</td>
</tr>
</tbody>
</table>


4.2.1 FACTORS THAT INFLUENCE THE POPULATION STRUCTURE

Three factors influence the population structure. They are the birth rate, the mortality rate and the net immigration rate. It is relatively easy to predict the populations of western developed countries because there are few additional factors such as epidemics and wars. The Canadian mortality and net migration rates are also easy to predict because of their close relation to health/medical care and immigration policy.
According to Statistics Canada (1987-1992), birth rates have declined from the late 1970's. However, in recent years there has been a small increase in the national birth rate. The Canadian population had a birth rate of 15.1 live births per 1000 population in 1991. With such birth rates the Canadian population will not be able to naturally replace itself. There are several important factors that have affected the birth rate in Canada: the age at which people marry is higher; and the percentage of people who decide to marry has declined. Fewer people are getting married, and when they do, they are marrying later in life. Also noteworthy is that the size of the traditional family has decreased. There are also more types of family arrangements today than ever before. All of these factors have had the effect of pushing birth rates down.

The number of unintended births in Canada has declined because of increased awareness of family planning and birth control methods. The increasing availability and willingness to use abortion as a method of dealing with unintended pregnancies has also had a negative impact on the Canadian birth rates.

Women's roles in society have changed and this has had a major impact on birth rates. Increasing number of women are becoming active in the work force. This trend has meant that fewer women pursue traditional lives, staying at home and raising children. For many working women, having children will result in too great an opportunity cost, and therefore many forego the option (Statistics Canada, 1990a; Marshall, 1989).

The death rate has also changed. People live longer and have a better quality of life. This is due to improved health care and medical knowledge. In addition, more people

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15 Birth rate is the number of live births per 1000 population in a given year.
in the older age groups survive their parents. Again, this has a positive influence on this trend for this age group.

The net migration rate also influences the population structure. There is a constant flow of immigrants to Canada. Canada is known for its liberal immigration policies when compared to other western countries. According to Statistics Canada, Canada had the largest inflow of immigrants in 35 years in 1991, helping it to achieve the highest population growth in the industrialized world (The Vancouver Sun, 1992b). However, historically Canada is actually experiencing less immigration than it did only a short time ago. Immigration policies have lately become more restrictive.

4.2.2 SUMMARY

As Table 17 shows, there has been considerable growth in the older part of the population in Canada. These numbers will increase in the future because of improved average life expectancy and because of the aging baby-boomers entrance into this age groups. The middle aged population, or baby boomers, who are now in their prime working years, form a higher percentage of the total population. In the future they will also play an important role in the population structure, although they will move upwards on the age scale. Children and the young adults represent a small portion of the total population. The chances that birth rates will continue to fall is high. This is due to the current age distribution in the Canadian population which is declining. If birth rates continue to move in this direction, this part of the population will experience further declines.
In the future, therefore, Canada will have large numbers of older people with fewer middle-aged adults, who will have fewer children than their parents had the generation before.

4.3 SPENDING POWER

Peoples habits are more or less governed by their income. I will therefore use data from Statistics Canada which shows peoples average income according to age groups to look more closely at the concept of peoples shopping habits (Table 18).

4.3.1 THE YOUNG

According to Statistics Canada (1991b), young adults, aged 15-24, have the lowest average income per person in Canada as well as in British Columbia. Eighty-seven percent of the Canadian population that is 19 years or younger earned less than $10,000 in 1990. Of people aged 20-24, 54% earned less than $12,500 in 1990. This relatively low income rate is not surprising since many of these young people are still in school at this stage in their lives. Nevertheless, it is clear that this segment of the population has lower spending power (Wannell, 1989).
### TABLE 18 AVERAGE INCOME FOR INDIVIDUALS BY AGE, CANADA AND BRITISH COLUMBIA, 1990.

<table>
<thead>
<tr>
<th>AGE GROUP</th>
<th>CANADA</th>
<th>B.C</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-19</td>
<td>5,095</td>
<td>5,185</td>
</tr>
<tr>
<td>20-24</td>
<td>13,730</td>
<td>14,278</td>
</tr>
<tr>
<td>25-34</td>
<td>24,298</td>
<td>25,080</td>
</tr>
<tr>
<td>35-44</td>
<td>30,276</td>
<td>31,691</td>
</tr>
<tr>
<td>45-54</td>
<td>31,446</td>
<td>35,366</td>
</tr>
<tr>
<td>55-59</td>
<td>27,078</td>
<td>29,043</td>
</tr>
<tr>
<td>60-64</td>
<td>23,761</td>
<td>25,656</td>
</tr>
<tr>
<td>65-</td>
<td>17,640</td>
<td>18,414</td>
</tr>
</tbody>
</table>

**SOURCE:**
STATISTICS CANADA. 1991.
INCOME DISTRIBUTION BY SIZE IN CANADA.
CATALOGUE NO. 13-207.

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### 4.3.2 THE MIDDLE AGED

Statistics Canada (1991b) listings for the average income for the middle age working population, age 25-64 is significantly higher. For people in the from 35-54 age groups, Statistics Canada list them as the highest average income earners in Canada. Fifteen percent of the people aged 35-44, and 17% of people aged 45-54 had an income of $ 50,000 or more. No other age groups were as well represented at this income level. This middle-aged group or baby boomers as mentioned earlier represent a large percentage of the total population. Large numbers with high incomes mean significant spending power in the Canadian economy (Statistics Canada, 1991a).
4.3.3 SENIORS

According to Statistics Canada (1991b) the elderly population, defined here as 64 years or older, fared better in terms of average income than did the younger population. However, they were significantly below the middle-aged group for this year. Fifty-six percent of seniors had income greater than $7,500 but less than $17,500 (Devereaux, 1987).

4.3.4 SUMMARY

With its aging population and disproportional distribution of income, Canada's retail economy will for years to come be heavily influenced by the middle-aged/baby-boomer group. Although young people's average incomes will increase in time, due to higher education and/or experience in the work force, current trends would seem to indicate that fewer of them will earn incomes as high or higher than their parents. At the same time, the relatively small size of this age group will most likely mean low average spending power for the group in general. This younger group will continue to have relatively weaker buying power over time. At the same time, although the high income "boomers" tend to buy more and favour expensive merchandise and services, there is no guarantee that this will continue as this group ages. Freedom is the key word to understand this middle-aged crowd. They have and will continue to have, the freedom to buy what they want, but at the same time they have the freedom not to buy. They have and will continue to have, more money than the younger groups, but over time they will not need to spend as
much. After all, they already have their houses, cars, furniture and TV-sets. Their children will grow up and will be out of the houses. The need to buy will be considerably reduced.

It is fairly clear that middle-agers, and to some extent the seniors, will be the most dominant consumer group in the future. They are the ones that have the resources, namely time and money.

4.4 LIVING ARRANGEMENTS

In the next section I will take a closer look at the various living arrangements in Canada, and describe how they have changed in the past two decades. I will then describe some of the factors behind this development. Finally, I will comment on how these changes may influence consumer behaviour in the future.

Canadian living arrangements have become increasingly diversified and unstable (Statistics Canada, 1989b; Devereaux, 1990; Stout, 1991). Recently new forms of households have become common that only a short time before were unheard of. Increasingly, fewer people have been forming the “traditional” family arrangement.

Since the end of the baby-boom period in the early sixties, family and household size have changed significantly. The traditional arrangement of husband and wife with two or three children, and with the husband as the main bread winner, is now only one of many family arrangements. Although the traditional family concept is still an important part of the current living arrangements, family size has decreased in recent years, and family members’ functions within the family have changed. In addition to the changing family structure, new families and households that were statistically not visible twenty years ago,
are today challenging the traditional family concept. Double income families, common-law households, single parent families and independent households are some of the important living arrangements that I will deal with in the following section (Statistics Canada, 1990a & 1992b).

4.4.1 DOUBLE INCOME FAMILIES

A growing number of dual parent families have both adults active in the workforce. This increase is mainly due to the adult increased access and participation of women in the labour force. According to Statistics Canada (1990a), the percentage of married women with at least one child under the age of six in 1971 was 27.1% Fifteen years later, the percentage had increased to 59.5%.

The increase of women in the work force, has had a major impact on their families. The time and money that goes into mothering has increasingly become a function of opportunity costs. We are therefore witnessing an average decrease in the number of children in these families. The improved economic independence that women are now experiencing can also be related to the increase in the Canadian divorce rate. Divorce becomes a more realistic option for women with their own careers and income than was the case before when women were more economically dependant on their husbands.

4.4.2 SINGLE PARENT FAMILIES

According to Statistics Canada (1990a, p.70), in 1961 there were 347,000 families with only one parent in Canada Twenty-five years later in 1986, the number had more than...
doubled to 854,000. Although some of these households are widowed, most of this
dramatic increase was caused by an increase in divorced parents and mothers who never
married who were taking care of their children. In 1961 only 4% of the families listed by
Statistics Canada had a divorced head of the family. In 1986 almost 30% of families were
headed by a divorced parent. The change in percentage for mothers who never wed rose
from three to thirteen percent in the same time period. A large proportion, 82% of single
parent families had a female head in 1986. The likelihood that these women will have
more children if the living arrangement remains the same would seem to be low.

4.4.3 COMMON–LAW HOUSEHOLDS

The number of common-law households in Canada has increased dramatically in the
last decade. Changing social conditions has made this living arrangement a
increasingly popular option. According to Cam Stout (1990) 4% of all Canadians aged
fifteen and over lived in common-law unions in 1981. In 1986 the percentage had
increased to 5% and by 1990 the level had reached the 8% level. This form of household
was, according to 1986 census, most popular among the younger generation. Many
young couples view this arrangement as a good "trial-run" to a legal marriage, while
others viewed it as a permanent arrangement. There are also those who had already
been through a legal marriage, and wanted to avoid the same emotional experience and
economic hardship of a second divorce.
4.4.4. SINGLE OCCUPANCY HOUSEHOLDS

The number of single occupancy households has increased among young people recently. These households are an important part of the transition from living at home with one's parents, to an independent adult life. Such households are also increasing among the elderly population, age 65 and over, due mainly to greater average life spans among women and the relatively low incidence of remarriage. According to Statistics Canada (1990a) 15% of the people living in single occupancy households were women aged 65 or over. In 1986 the percentage had increased to almost 34%.

4.4.5 FORCES BEHIND THE CHANGE

As the examples above illustrate, current living arrangements are complex and unstable. But what has caused this development to occur? First, women's participation in the work force has created large group of economically independent individuals. The time that working women spend in the home with children has decreased. Secondly, the emergence of "consumerism", particularly in the eighties, has brought with it increased demand. Two incomes in a family are now necessary in order to fulfil these needs. The social relationship among traditional family members is another force behind the change. Today, more and more husbands and wives have relationships based on equal partnerships. At the same time individual family members tend now to be more self-oriented than towards the family, as was previously the case. This has increased internal stresses in families. The increasingly self-oriented approach among parents has also reduced some of the impetus behind having more or any children. And finally, a
significant factor to the change has to do with people's knowledge and attitudes towards contraception. Today, pregnancy before marriage does not necessarily lead to marriage, as it often did before. Use of contraceptives and more liberal attitudes towards abortion, have broken the connection between pregnancy and marriage, and thereby taken away a major factor that previously drove people to marry (Statistics Canada, 1990a & 1992b; Stout, 1991).

4.4.6 SUMMARY

The diversity and variability of living arrangements have a major impact on peoples' buying patterns. Perhaps the most obvious impact is the increase in the number of consumers. But not only has the number of households increased, their buying patterns have also changed greatly. At the same time, household members have in general become more individualized in their approach to life in general and shopping in particular.

One reason for this is that families now have vastly different time schedules. This has resulted in more members of households becoming consumers, whose individualized consumption is increasing as a result of their self-interested manner of existence. The time when mom did all the necessary shopping is long gone. Today each family member has become more involved in our own shopping routine. Retailers as well as malls have recognised this change by endeavouring to cater to all members of the family. Today, the stores, the products as well as the services are, to a higher degree, designed to supply one person consumption needs. Small personal cars, one person "TV dinners", television networks providing 24 hour news casts are but a few examples of how retailers are
attempting to cater to individual consumers (Engel & Blackwell & Miniard, 1990). Although shopping centres are still viewing women as their predominant target market, they nevertheless are trying to provide a shopping environment which caters to a wider range of women or particular lifestyles (interview with Lorne J. Braithwaite).

Good quality and low prices are a crucial factor that determines buying patterns for some households. According to a recent study made by The National Council of Welfare, one out of every seven Canadians live below the official poverty line (Hemsworth, 1992). Hardest hit are single mothers. Price and quality are therefore particularly important in such households. The increase in the numbers of single family households has increased the demand for bargains and big-bulk savings. People who have to be concerned about money are not interested in paying for expensive presentation and packaging of merchandise. Although many household are forced to be concerned about prices and looking for bargains, more well-off consumers also do not mind a good bargain. The emergence of big-bulk sections in the traditional supermarket as well as the growth of factory outlets connected to malls, demonstrates retailers response to this market segment.

For other households time rather than money has become the important factor in the shopping process. Dual income households tend to value convenience and good service above price. The increase in smaller specialty stores, and the increase in the breadth of the service industry are examples of the growing importance of this market segment in the retailing industry.
Although the examples mentioned refer to only a few of the different living arrangements and their influence on consumer behaviour, they nevertheless illustrate some of the important new challenges retailers as well as malls are dealing with now and in the future.

4.5 LIFESTYLES

The term "lifestyle" is complex and difficult to define. Many components make up one's lifestyle. In this study I will define lifestyle as; "

...patterns in which people live and spend time and money. They are function of consumers' motivations and prior learning, social class, demographics, and other variables. Lifestyle is a summary construct reflecting the values of consumers (Engel & Blackwell & Miniard, 1990, p.342).

People's lifestyles are an outward reflection of their understanding of the world around them. One's lifestyle changes in response to a changing environment. It becomes a dynamic tool that one adopts in response to the changing outside world.

It is of great importance that retailers as well as malls pay attention not only to demographics and spending power, but also to the customers lifestyle. Retailers sometimes find new and exciting markets by just focusing their strategies on lifestyle. A large proportion of retailers and malls have neglected this aspect of the consumer behaviour, with the result being similar looking stores and malls that fail to focus on the uniqueness present in the market they serve. This effect frequently occurred, for example, when the department stores expanded to the suburbs, and the new stores became
copies of the original store downtown. They treated the suburban population as a homogenous group, not as a group with different lifestyle.

In the following section I will put forward some examples of different consumer profiles specifically in the context of their buying habits. The examples will be based on Arnold Mitchell's lifestyle theory (Mitchell, 1983). I will then relate these groups to the general population in Canada and reflect on how they may influence consumer behaviour in the future.

Although there are numerous lifestyle theories, I have chosen to use Mitchell's theory which relates people's lifestyle to their buying patterns. According to Mitchell, a person's values are "...the entire constellation of a person's attitudes, beliefs, opinions, hopes fears, prejudices, needs, desires, and aspirations..." (Mitchell, 1983, p.VII). Together, these factors govern our behaviour and lifestyle.

4.5.1 LIFESTYLES AND CONSUMER BEHAVIOUR

One's lifestyle is governed to a large extent by the living arrangement one adopts. There appears an increasing tendency for people's lifestyles to become more and more self-oriented. Ironically, many people have, at the same time, become more aware of importance of community and togetherness. They focus on the responsibility we have to our environment and the society at large. Both lifestyle groups express membership through their action and visual appearance. The visual expression of one's lifestyle is frequently accomplished through consumption of goods and services. Shopping centres
reflect these patterns in their creation of environments intended to cater to particular lifestyles. The emergence of specialty stores that cater to one niche of the market is but one example of the retailers current efforts to cater to changing lifestyle patterns (Engel & Blackwell & Miniard, 1990).

4.6 CONSUMER ATTITUDES

Perhaps most important of all factors influencing our consumer behaviour is our attitude towards different merchandise as well as towards shopping as an activity in itself. Consumer attitude is "an overall evaluation that enables one to respond in a consistently favourable or unfavourable manner with respect to a given object or alternative" (Engel & Blackwell & Miniard, 1990, p.304). Increasingly, studies show the link between changes in attitudes and one's buying decisions.

Our attitudes towards shopping can be influenced by several factors. The change from shopping being an activity to satisfy primary needs in earlier days, to shopping as an activity to satisfy our wants or desires today, has influenced our attitude towards shopping. The changing understanding of what is valuable in the marketplace also has an impact on ongoing attitudinal development. Consumers increased knowledge and awareness of products and how they buy has also changed our attitudes. Finally, the degree of consumer loyalty has changed our attitudes towards shopping.

In the following section I will look at changes in the factors influencing consumer attitudes, and how this in turn affects attitudes towards shopping. I will then briefly discuss
how the changes in consumers attitudes have influenced retailers as well as shopping centres.

4.6.1 THE TRANSITION FROM A "NEED" TO A "WANT" DRIVEN CONSUMER

Before the Second World War people shopped mostly to satisfy their primary needs. People for the most part did not have enough money to buy goods to fulfil their desires nor did the market have many such goods. After the War people began earning more money and consequently had more to spend on an increasingly wider and greater selection of goods and services. Today, shopping has become a fairly complex and diffuse activity. A small proportion of the goods and services offered by the retailers today satisfy our primary needs. The largest proportion of the goods and services sold satisfies our "wants". People no longer ask themselves "what do I need?", rather they ask "what kind of things should a person like me want?" People are looking for goods that can give them a certain lifestyle self-image. For example, exotic food can bring the taste and feeling of being in another country to the dinner table. A person's "wants" reflects his or her passions as well as his or her affection or interest in a particular item or service. These are all vague and complex parameters and it is therefore difficult to measure and quantify the motives that lay behind many purchases made today, as compared to when our shopping patterns were more a function of our needs (Engel & Blackwell & Miniard, 1990).
4.6.2 VALUES

Consumers demand more from shopping experience. People are no longer satisfied by getting good value for the goods and services they bought, they also want something in return for the time and effort spent looking around for the right goods. Consumers are basing their shopping decisions on factors which in the past have had little relevance to shopping itself. Merchandise's quality, the retailers location as well as the price that the goods and services are offered at are the traditional factors that influenced the shopping process. In addition to these factors, now such things as time spent on shopping, the shopping experience as well as services provided are important new factors in the equation. Consumers in the nineties are demanding more from the retailers and the malls than ever before. Some people cannot afford to spend much time on shopping and require convenience and good service from retailers and malls. Other people can spend more time at the shopping process and require that shopping in itself become an experience. These factors are why we are witnessing today a more variable and complex approach of dealing with consumers (Engel & Blackwell & Miniard, 1990, p. 338; interview with David Turner).

4.6.3 EDUCATION

After the Second World War, people began to shop more frequently. Shopping became an experience in which the retailers taught consumers what and where to buy the "right" merchandise that would signify their position in the society. At this time consumers came to retailers to learn. It was the producers and the distributors that were
in control of what goods and at what price they were offered. Today consumers are better informed about the products they buy. They are also more astute with respect to market complexity. People are becoming increasingly critical of production methods and presentation. As an example, people are more aware of environmental issues, and demand that products meet certain standards. A recent demonstrations in Toronto (November 15 1992) against the use of cheap, non-union labour, in a part of the garment industry is but one example. People that participated in the demonstration suggested consumers boycott the merchants selling such fashion goods to show their loyal support to the underpaid workers. Many consumers have turned their backs on the eighties consumerism and materialism, and have become more conscious and careful of what they buy. Today the value they want when they buy merchandise includes environmentally friendly ingredients and production methods as well as fair pay to the labour forces involved in the production. The educated consumer has become a challenge to the malls and the retailers. They must put themselves into the consumer’s shoes, so that they can understand them better. By doing so the retailers and the malls can become more innovative and forward-looking instead of always being static or one step behind the new trends in society (Engel & Blackwell & Miniard, 1990).

4.6.4 LOYALTY

Formerly, many consumers had stores that they could call “my store”. In recent times, because of the wide selection of substitute goods and the high number of retailers, people are, to a lesser degree, loyal to their old neighbourhood stores. They tend to shop
where they believe they will get most satisfaction and value for their money. But on the other hand, because time has become more valuable than money for some people, many people have changed their loyalty from the small stores to the retailers in the malls. People no longer have time to shop around and return their goods if they are not satisfied with what they bought. Merchants that know their customers and provide them with personal service, good quality products and convenience can again depend more on the loyal customers. This is the case for merchants serving one part of the market, the rest of the retailers do have to depend on other strong pull strategies to get their share of the consumer dollar (Engel & Blackwell & Miniard, 1990).

4.6.5 CONSUMER ATTITUDE AND CONSUMER BEHAVIOUR

The transition from a mainly need driven consumer to a "want" driven consumer has changed consumer behaviour significantly. These changes require that retailers and shopping centre management improve their understanding of consumers (Kilgour, 1990). They have to understand the psychology of the consumer, their personalities, their images and their associations to particular lifestyles. They will find that consumers demand more products as well as a wider selection. Consumers will also require that more new products and services be introduced into the market at a higher speed than before. This will require a shorter product life cycle as well as a dynamic business policy from the retailers and the mall management. Because the wants have a more divergent character, more efficient pull strategies will be required of the retailers and the malls to get their share of the consumer dollar.
Changes in the consumer's perception of value is another aspect the change in consumer behaviour (Kircher, 1990). Because of the large numbers of stores and products competing of the same consumer dollars, consumers can afford to demand more from retailers and shopping centres today than ever before. Today, consumers demand that the time and effort spent looking for the right item should bring them as much satisfaction as the purchasing act itself. Not only must malls providing an area where all the retailers are conveniently arranged, consumers require that going to the mall be an experience in itself. Though not always at the same time, consumers also require that shopping should be fun, exciting, educating, stimulating and entertaining (interview with David Turner).

Consumers are becoming increasingly educated and informed about various products. Consumers will demand that producers, distributors and malls respond to their product needs. These groups must constantly follow up with new marketing strategies that will satisfy this educated consumer. This will be achieved through more open dialogue between the producers, distributors and the consumers they are catering to. Consumers will therefore become more aware of marketing activities and be able to respond to them more quickly.

The degree of loyalty among customers toward retailers and shopping centres is another aspect of consumer behaviour. To become a loyal customer, people require that retailers and malls give them a reason to come back. The benefit of going back to one particular mall or retailer has to be greater than the benefits offered by competitors. Coupons and frequent purchase benefits are some of the aggressive pull strategies
created by some retailers and malls to create customer loyalty. Specializing in certain products and services is another strategy. In general, consumers are more demanding of retailers and malls than ever before (Sweeney, 1991). The pressure to gain customer loyalty in the future will become more intense.

4.7 NEW COMPETITORS

Despite the dominant position the mall has had in the Canadian retail industry, this does not necessarily mean that this is a trend that the market will continue. Indeed there are signs that regional shopping centres are presently, and will continue to face an increasing number of direct competitors to the regional shopping centre industry. Unplanned shopping areas as well as the increasing variety and number of distinctive planned shopping centres threaten regional shopping centres' market position. Although these new competitors are different in many ways, they have some common characteristics. The development of retail centres have, until recently moved in one particular direction, retail centres have become increasingly complex and diverse (Forbes, 1992a). However, the new centres seem to be developing in a polarized manner. There is an increasing number of retailers that emphasize either low price and no service, or high prices and many services (Sweeney, 1991).

Some of the types of centres that are currently emerging include warehouse/power centres, super regional town centres, specialty centres, factory outlets and non-anchored lifestyle centres (Forbes, 1992a).
Compared to the warehouse/power centres, the regional shopping centre is usually placed in a weak position. The attraction of these centres is a combination of low prices and product dominance in specific product categories. National brand name products are offered here at discount prices. The customers of these centres, must be willing to sacrifice service and convenience. According to several retail consultants\textsuperscript{16} the future for these centres seems bright. They are expected to be the fastest growing retail centres in Canada for the next ten years (Mitchell, 1992).

Regional shopping centres on the other hand, to a large extent, offer the same products that are offered in the warehouse/power centres, but generally at a much higher price. As a reaction, regional shopping centres show increasing interest in welcoming category killers into their centres. An example of this is Cambridge Shopping Centres' recent agreement to lease space to the American owned category killer Pacific Linen (interview with Lorne J. Braithwaite and James Badour).

Super Regional Town Centres are another major competitor of regional shopping centres. These centres generally provide a wide selection of goods and services. In addition to a strong retail components including category killers, these centres also house hotels, offices as well as residential units (Forbes, 1992a). The centres not only offer "one-stop-shopping" opportunities like most regional shopping centres, they are practically a "one-stop-living" opportunity. Eaton Centre at Metrotown in Burnaby and Scarborough Town Centre in Ontario are examples of Super Regional Town Centres. Regional

\textsuperscript{16} For example Ian Thomas, president in Thomas Consultants Inc., Vancouver and Leith Moore, vice president of The Sorbara Group in Toronto.
shopping centres not only come up short in terms of price, they also lack the variety in their GLRA (Neil, 1992; Doocey, 1992b).

The tenants in Specialty Centres usually specialize in one particular segment of the retail sector and they compete with the department stores found in regional shopping centres. There are several specialty centres in Canada. For example, Island Home Centre in Victoria B.C. (Forbes, 1992a).

Non-anchor Lifestyle Centres’ main target markets are affluent consumers. Tenants in these centres are most often upscale fashion stores that offer high quality, high priced merchandise with an emphasis on service. These centres compete with the upper-end fashion stores in the regional shopping centres. Hazelton Lanes in Toronto is an example of such a centre (Forbes, 1992a).

Factory outlets house a collection of different manufacturers distributors. It is the price of the merchandise that appeals to consumers at these centres. In return for the low prices customers sacrifice service and sometimes quality. Regional shopping centres are particularly vulnerable to Factory Outlet Malls because they offer the same type of merchandise at significantly lower prices. "Niagara Crossing" in Niagara Falls, Ontario and "Mega Centre St-Bruno" in St. Bruno P.Q are two factory outlets that are scheduled to open in 1993 (Forbes, 1992a).

These are some of but few types of new centres that combine old retailing concepts in innovative ways. Such Centres have become the major competitors of traditional shopping centres. We are therefore not witnessing a decline in the shopping
centre industry as many analysts believe, but an increase in the variation of shopping centres based on the traditional shopping centre form (Mitchell, 1992).

So with the newer centres occupying the extremes of high quality, price and service or low price, quality and service, the middle group is wide open. And the middle is occupied by the traditional style regional shopping centre. They have until now focused on a combination of strategies, involving price, quality, selection, service and convenience. But it is exactly this diverse and complex business strategy that has made regional shopping centres so vulnerable to the new competitors. Regional shopping centres are not capable of competing with the low prices offered by the new centres. Neither can they compete with the specialized service and product mix other centres are offering their customers (Matthews, 1992). It is the retailers and the retail centres located in the middle that will suffer in the future. Ian Thomas from Ian Thomas Consultants in Vancouver says,

...to succeed today you either have to be at the downscale, discount, price-sensitive, lack-of-service level or you have to be at the upscale, totally service-oriented level (Mitchell, 1992, p.51).

There are different views of what lies ahead for regional shopping centres. Some analysts believe that there will always be room for them in the form they are in today. There will always be people that will appreciate the elements that the regional shopping centre can offer. Others disagree. As evidence of a change in approach, some major regional shopping centre developers have begun including category killers and low priced tenants. As mentioned above, Cambridge Shopping Centre Ltd. is to some degree,
following this new strategy (interview with Lorne J. Braithwaite and James Badour). Other centres have gone the opposite direction and become more specialized. Brentwood Mall's effort to serve the local community with a higher degree of community services is such an example (interview with Pam Bryson). Over time, however, all regional shopping centres, I believe, will be forced to pursue one of these new approaches.

4.8 CHANGING ECONOMIC CONDITIONS

An economic condition currently prevails in Canada that has made life for regional shopping centres exceptionally challenging. The combined effect of a world-wide recession, the US-Canada Free Trade Agreement and the GST have had a serious negative impact on retailing and malls in Canada. The recession has thrown thousands of Canadians out of work. During such uncertain times people are naturally more cautious with their expenditures. With borders increasingly becoming open, Canadians are taking advantage of lower American prices, enjoying a better overall selection of goods, and are being taxed for these products at a significantly lower rates (Wallance & DeMont & Daly, 1990).

It is these trends in consumer behaviour with which regional shopping centres are now being confronted. Regional shopping centres have had a tendency of housing middle-priced retailers in their malls. With the polarization of peoples earning and spending power, some adjustments in terms of tenant mix must be made in order to still appeal to today's consumers.
Some shopping centre owners have the impression that it is only a matter of time before the current recession is over and business is back to normal (Mitchell, 1992). However, in part because of the recession, several new retail concepts have been born, which will still be there when the recession is declared over. These new retail concepts will continue to challenge the regional shopping centre industry. It is up to the regional shopping centres to adjust to this new market environment.

4.9 CHAIN STORES ORGANIZATIONS

The shopping centre developers and the chain store organizations have developed a close relationship. The primary purpose of this relationship is to create a mutual bond between the two actors which gives them a high degree of control over the various aspects involved in an enclosed retail environment. For example, retail chains can offer a shopping centre a certain mix of tenants that have been shown to be profitable in other similar shopping centres (Ircha, 1982). It is commonly believed among the shopping centre developers and managers that the retail chains are usually financially stronger and are more secure than other tenants. Further, it is believed that they tend to have a better knowledge of the retail "game" compared to other retailers. Certainly many chains spend considerable resources on market research. The shopping centre, on the other hand, can offer the chains a retail environment which is fairly predictable in terms of traffic flow and market segment from which the mall draws consumers. They can also provide information about other competitive retailers within the shopping centre and in the surrounding area (Simmons, 1990). However, current trends indicate that this bond is beginning to weaken.
Although national chain stores are still valued tenants for regional shopping centres, the financial problems that many of them now face has considerably diminished their desirability. Stories such as when Ayre's, one of Canada's oldest women's wear chains went out of business before Christmas in 1991, are forcing shopping centres to consider other tenants (Heinzl, 1991a & 1991b). Dylex is another example. As a result of their financial problems, Dylex announced on November 29, 1991 that it's 162 Town and Country stores would close (Heinzl, 1991). Peoples Jewellers and Henry Birks & Sons Ltd. are the two leading Canadian jewellery chains, and both announced major closures of stores and lay offs in the beginning of January 1993 (The Vancouver Sun, 1993). This announcement had a major impact on several shopping centre companies. Cadillac Fairview will loose at least 20 of it's 27 Birks stores located in 50 of their malls in Canada (The Vancouver Sun, 1993).

Large numbers of national chain stores have become a common sight in many regional shopping centres. Some chain stores operate large numbers of stores and account for a high degree of the total retail chain sales. The result is that a few well known chains are over-represented in regional shopping centres. The chances that one may find a Fairweather or a Lady's Footlocker in a regional mall are high. Whereas consumers at one time seemed to like or tolerate the fact that they knew what to expect before they even entered a mall, some mall managers are now finding this to be a liability (Simmons & Jones, 1990).

A new emphasis on diversity and diversity has resulted in many centres looking to somewhat untraditional tenants. Some centres look for tenants which have a better
understanding of the community in which the mall is located. By increasing the number of local or even regional chain tenants in a centre, malls gain tenants more attuned to local community needs, as opposed to national chains whose head offices are often in Toronto.

The traditional tenants that were once pushed out from the regional shopping centres when they expanded in the eighties are now being invited to locate back in some regional centres. For example, some regional shopping centres now consider the traditional hardware stores as a valuable tenant. Although hardware stores tend to be less productive per square foot than, for example, a clothing store, they add to the malls diversity and increases the mall's pull-effect on customers (interview with James Badour).

On the other side of the equation are large merchants that offer large quantities at low prices. Although some of them are too large to be connected with a regional shopping centre, there are some medium sized category killers that have been leased space. Cambridge Shopping Centres Ltd. recently got the American owned Pacific Linen to locate in three of their malls in British Columbia. Cambridge's president, Lorne J. Braithwaite said in an interview with the author that instead of taking the risk that Pacific Linen locates in competing locations, it is better to take the chance and join with them.

A third reason for the changing relationship between chain stores and regional shopping centres is their style of management. Their large size and generally stronger hierarchical management system tends to make them less able to adapt quickly or at all.

\[\text{17} \text{ Pacific Linen's three outlets in British Columbia are located in Eaton Centre Metrotown, Capilano Mall and Longsdale Mall.}\]
to changes in the local market. It is not uncommon for the decision making process to take place in an entirely different city, in another province from where many of their stores are located. Most of the major fashion retail chains have their head offices in Eastern Canada. Reitmans, Dylex, Kinney Shoes Canada, Comark Canada and Crafton, four of the largest fashion chain store organisations, have head offices in Toronto or Montreal (Simmons & Jones, 1990). Although, they are often the trendsetters in the fashion industry and have the resources to produce extensive market research, they do not have the flexibility to adjust to regional and local differences. In order for regional shopping centres to become unique and be able to distinguish themselves from other shopping centres, adaptable merchants are essential (Bruder, 1991).

Although the relationship between regional shopping centres and national chain stores will continue to be of importance, chain stores will no longer dominate in the same way. There are many regional shopping centres that will go far to support large chain store tenants that experience financial difficulties. Decreased lease payments for a set period or completely new leases are often offered to chain stores in order to prevent the space from going vacant. However, agreements like this are only valuable for a limited time period (Forbes, 1992b; interview with George Stewart). On a long term basis many chain store organisations will have to reorganise their total business approach. This may involve the closure of stores and lay-offs of employees. The stores that come out of this reorganisation process are often quite different than before. In the future, regional shopping centres may therefore see fewer old, familiar tenants and far more new or distinctly different tenants.
4.10 THE DEPARTMENT STORE

Historically department stores have played an important role in the development of the shopping centre industry (Statistics Canada, 1976; Fieden & Sagalyn, 1989). This is especially true for the regional shopping centres. A quick glance in the newspaper today will confirm that a large proportion of the department store industry is going through some turbulent times. In the following section I intend to examine the historical development of department stores and the effect this has had on the shopping centre industry, and also explore some of the reasons for the problems the two industries are facing.

4.10.1 HISTORY

The first department stores were located in cities' downtown areas, often in busy intersections where the street cars were running. They became the big attraction in the downtown core. People would travel on cable cars from their homes, which were often located far outside the central business district (CBD), into the downtown area on shopping trips. The department stores also influenced the surrounding commercial area. Small businesses would locate close to the department stores so that they could benefit from the masses of people the department stores pulled into the area. The area's around the department stores became popular places to stroll and shop, and as result of this the streets became a safer place to be (Frieden & Sagalyn, 1989).

At the same time that the department store industry started to grow, North American industry was beginning to produce merchandise in mass quantities. This
resulted in lower prices and more merchandise available for a larger part of the population. At the same time, people were beginning to acquire more disposable income, as well as more leisure time. Women's roles began to change significantly. Increasingly, women had greater control over their families' spending as well as with their own wealth. The number of women entering the work-force was a significant factor behind this trend.

Department stores reflected these changes in their business strategies. Their marketing specifically targeted women, and attempted to "teach" them how to shop. They also sought to educate the North American middle-class in how to shop for the purpose of benefitting their own image. People were shown how to dress and decorate their homes in a way which marked their success and wealth. The department stores were not only able to provide their customers with the products they designed, but could deliver it to them at comparatively low prices (Frieden & Sagalyn, 1989). Department stores were also issuing credit cards for sales within the store. By doing this department stores became an intrinsic part of the mass production and mass consumption society (Ploger, 1990).

4.10.2 THE DEPARTMENT STORE AND THE SHOPPING CENTRE INDUSTRY

Canadian department stores were relatively slow to join in the growth of the shopping centre industry. Department stores were suspicious and to some extent fearful of this new retail concept. They had invested large amounts of their capital in their downtown locations making it difficult for them to suddenly turn their business strategy toward the suburbs (Frieden & Sagalyn, 1989).
Despite a relatively slow start to their business relationship, department stores and shopping centres became inextricably linked by the mid-sixties. It then became clear to both how important this relationship was. According to Statistics Canada (1976 & 1986) only 11 department stores were located in shopping centres in 1956, representing 1.3% of the total number of retail stores in centres for that year (Table 19). Despite this low figure department stores accounted for 24% of the total retail sales made in shopping centres. Twelve years later, the number of department stores located in shopping centres had increased to 123, accounting for 1.9% of the total number of retail tenants in centres for 1968. That year 30% of the total retail sale made in shopping centres came from department stores. Significantly, 35.4% of all department stores sales came from these stores located in shopping centres. By 1973, 49.3% of all department stores in Canada\(^{18}\) were located in shopping centres. They represented 2.4% of the total number of tenants located in the shopping centres and accounted for 33.1% of the total retail sales made in the shopping centres. At the same time, 51.6% of all department stores sales in Canada were made at department stores located in shopping centres. In 1986 the relationship between department store organisations and shopping centre industry had become even stronger. Approximately 84% \(^{19}\) of all department stores operating in

\(^{16}\) Total number of department stores located in shopping centres in Canada in 1973 was 262.

\(^{19}\) Total number of department stores located in shopping centres in Canada in 1986 was 675.
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</thead>
<tbody>
<tr>
<td>TOTAL NO. OF DEP.STORE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>531</td>
<td>807</td>
</tr>
<tr>
<td>NO. OF DEP STORES LOC. IN SH. CENTRES</td>
<td>11</td>
<td>26</td>
<td>60</td>
<td>123</td>
<td>219</td>
<td>262</td>
<td>675</td>
</tr>
<tr>
<td>DEPT.STORES AS % OF TOTAL NO. F RETAIL STORES IN SH.CENTRES</td>
<td>1.3</td>
<td>1.1</td>
<td>1.3</td>
<td>1.9</td>
<td>2.3</td>
<td>2.4</td>
<td></td>
</tr>
<tr>
<td>TOTAL DEP STORE SALES IN $ '000,000</td>
<td>224.8</td>
<td>3,713.8</td>
<td>4,316.1</td>
<td>12,902,694</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SALES OF DEP.STORES LOC.IN SH CENTRES IN $ '000,000</td>
<td>56.1</td>
<td>113.7</td>
<td>343.2</td>
<td>866.6</td>
<td>1,844.2</td>
<td>2,228.3</td>
<td>11,182,666</td>
</tr>
<tr>
<td>SALES OF DEP.STORES IN SH.CENTRE AS % OF TOTAL SALES IN SH.CENTRES</td>
<td>24.0</td>
<td>18.4</td>
<td>22.0</td>
<td>30.2</td>
<td>33.7</td>
<td>33.1</td>
<td></td>
</tr>
<tr>
<td>DEP.STORE SALE IN SH. CENTRES AS % OF TOTAL DEP.STORE SALES</td>
<td>35.4</td>
<td>49.7</td>
<td>51.6</td>
<td></td>
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</tbody>
</table>

Canada were located in shopping centres. At the same time, more than 86% of all
department stores sales in Canada was generated in shopping centre locations.

These numbers indicate how the relationship between department stores and the
shopping centre industry became very important for both parties. Over time, some
department stores moved to the development side of the shopping centre industry. The
figures shown above also illustrate quite clearly that as more department stores started
to locate in the shopping centres, a great proportion of their sales and ultimately profit
came from these locations (Table 19).

Compared to the neighbourhood and community shopping centres, regional
shopping centres have developed a particularly close relationship with department store
organisations. Department stores operate with higher sales numbers in this type of centre
compared to community and neighbourhood shopping centres (Statistics Canada, 1976).
In 1973, 127 out of the 262 department stores operating out of shopping centres were
located in regional shopping centres (Table 20). The average retail sales of the
department stores located in regional shopping centres was $11,345,400. At the same
time, 78 department stores with average sales of $5,881,800 were located in community
centres, and 57 with average sales of $5,765,600 were located in neighbourhood
shopping centres. If we compare the number of department stores to the rest of the
retailers located in the regional shopping centre, we see that department stores
represented 2.6% of the total number of tenants, and accounted for more than 45% of
the sales made in these centres in 1973. By comparison, department stores located in
the community and neighbourhood shopping centre represented 2.8% and 1.8%
respectively, of the total number of tenants, but only 29.1% and 16.5%, respectively, of the total sales in these centres. Although department stores as a percentage of all tenants was almost the same in the three types of centres, their percentage share of the sales differs significantly.


<table>
<thead>
<tr>
<th>TYPE OF CENTRE</th>
<th>NEIGHBOURHOOD SHOPPING CENTRE</th>
<th>COMMUNITY SHOPPING CENTRE</th>
<th>REGIONAL SHOPPING CENTRE</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO. OF RETAIL STORES</td>
<td>3,240</td>
<td>2,851</td>
<td>4,819</td>
</tr>
<tr>
<td>NO. OF DEP. STORES</td>
<td>57</td>
<td>78</td>
<td>127</td>
</tr>
<tr>
<td>DEP. STORES % SHARE OF TOTAL NO. OF TENANTS</td>
<td>1.8</td>
<td>2.8</td>
<td>2.6</td>
</tr>
<tr>
<td>TOTAL RETAIL SALES $ '000,000</td>
<td>1,988.2</td>
<td>1,577.2</td>
<td>3,171.1</td>
</tr>
<tr>
<td>AVERAGE RETAIL SALES PER STORE IN $ '000,000</td>
<td>5,765.6</td>
<td>5,881.8</td>
<td>11,345.4</td>
</tr>
<tr>
<td>DEP. STORES' SALES IN $ '000,000</td>
<td>328.6</td>
<td>458.8</td>
<td>1,440.9</td>
</tr>
<tr>
<td>DEP. STORES' % SALE OF TOTAL SALES</td>
<td>16.5</td>
<td>29.1</td>
<td>45.4</td>
</tr>
</tbody>
</table>

SOURCE:
4.10.3 CURRENT TRENDS

There is still a strong relationship between department stores and the shopping centre industry. Department stores are dominant in terms of occupying large areas in shopping centres, as well as in creating a strong pull effect for the centre in general. Because of this, department stores benefit from low rent compared to other tenants in the regional centres (Simmons & Jones, 1990). However, there are signs of that this relationship is in the process of changing, and perhaps weakening.

Traditional department stores are making headlines these days because of their financial problems, which lately have been resulting in many closures. Some of these department stores have been operating for more than a century. Some stores are simply changing owners, but this, it would appear, is another aspect of the overall difficulties being experienced by these large retailers. Many find it difficult to accept that they will no longer be a part of the retail picture.

Today there are several Canadian department stores that are struggling for survival. Some are able to withstand the challenge better than others as there is stronger financial backing. The Hudson's Bay Company, Canada's largest department store retailer is better able to cope with some weak stores because the pain can be spread fairly thin throughout the organization. The Bay, Field's, and Zellers, are all owned by the Hudson's Bay Company, and together have achieved relatively positive financial results, due mainly to Zellers' expanding market share.

After 102 years Frederick and Nelson's of Seattle closed it's last outlets in May of 1992 (The Vancouver Sun, 1992a). The Vancouver-based Woodward's department stores
have also closed. They began operations in 1903, and until recently, it employed 6000 people in Alberta and British Columbia. Since Woodwards decided to sell off its real estate division to Cambridge Ltd., the firm has had operational difficulties. In 1989 the chain reported a $59 million loss. Although a small profit (1.2 million) was announced the following year, 1991 and 1992 proved to be losing years.\textsuperscript{20} At the time of writing (April 1993) the chain had been absorbed by The Bay (Constantineau, 1992a & 1992b & 1992c & 1992d & 1992f & 1992g & 1992h & 1992i & 1993c.

Cambridge Shopping Centres Ltd. and Woodward's Ltd. had developed a close relationship. Cambridge Shopping Centres Ltd. had become the major shareholder in Woodward's Ltd. At the same time, Woodward's department stores were located in 11 out of the 15 malls owned by Cambridge in British Columbia. Lately, Cambridge had provided significant financial support for Woodward's. Alternatively, a break in the department store's rent obligations had also been considered.

The closure of major, anchoring department stores in any regional shopping centre would no doubt, produce a negative effect on other regional shopping centres. Malls lose whatever prestige they may have had when a significant part of the mall suddenly lies vacant. The smaller tenants that remain, face a variety of problems once the numbers of people start to fall off. With a store like Woodwards, a somewhat more affluent consumer was drawn to shop as compared to a store like K-Mart. This change in the type of patron present in the mall seriously affects the remaining merchants. In

\footnote{\$19.5 million loss in 1991 and \$24.3 millions for the first half of 1992.}
general then, the image of malls declines. Retailers will therefore move to where the business is, which could eventually be entirely out of malls.

A significant part of department store's financial problems are rooted in more fundamental aspects of the department store industry. The basic philosophical underpinnings of the department store concept are currently being challenged. A full-line department store's main goal was essentially to offer everything for everybody under one roof. Today, however, trends are changing towards more focused and specialised marketing. It has become increasingly important for retailers to concentrate on one particular market segment, to provide it with a limited range of specialized goods, along with knowledgable service. Department stores have made an effort to adjust to this approach by dividing their retail space into smaller specialized boutiques or departments. However, there seems to be a need for even more dramatic changes in some department store's marketing strategies. Woodward's president Marc Chouinard, saw a need for even more focused and specialized strategy. In December,1992 he announced that Woodward's would narrow-down it's merchandise range. It would abandon it's furniture, carpet and household appliance departments, and fully concentrate on fashion and shoe merchandise (Constantineau, 1992f).

A second reason for the financial problems some department stores are experiencing today is related to their use of their leasable area. Large department stores are often inefficient users of the space they rent. Again, Woodward's can be used as an example. Marc Chouinard says that only 60% of the space Woodwards leases is actually used for retailing. This percentage, he feels, should be between 80 and 85%
(Constantineau, 1992g). As a result, a lease reflecting the desire to utilize more space will be negotiated with Woodward's landlord, Cambridge Shopping Centre Ltd (interview with Lorne J. Braithwaite).

4.10.4 SUMMARY

The question of what should be done to fill in the space after department stores close down is becoming pressing for many mall owners. Are there other department stores that are willing to move in, or is it now time for regional shopping centres to break with old traditions? Although many regional shopping centres seem willing to help their department store anchors, such arrangements may only postpone the problems. Department stores will have to go through a fundamental reorganization of its industry if they expect to still be a desirable tenant in regional shopping centres. But in the mean time, the regional's competitors are expanding their markets in other locations. Sooner or later regional shopping centres will have to deal with this new situation. Whether department stores even survive their current problems, regional shopping centres will be forced to rethink their strategies in the nineties and beyond.
CHAPTER 5

STRATEGIES

5.1 INTRODUCTION

The introduction of the shopping centre in the early 50's was a significant revolution in the retail industry. Since then, the shopping centre concept has gone through a fairly long evolutionary process. During this time, the very idea behind the shopping centre adjusted to a constantly changing retail environment. However, the regional shopping centre as one component of the industry, has experienced several revolutions within the concept itself. For example, improved technology made it possible to enclose shopping centres, and this in turn led to an explosive growth period in the mall industry.

Today, regional shopping centres seem to have reached their "mid-life crisis" (Sweeney, 1991). In order for them to continue to be a vital part of the retail industry, regional centres, as well as their tenants, must realize that it is time for a new revolution. It is therefore important that regional shopping centres carefully study the new social and economic trends that are the driving forces behind changing consumer demand and the development of new retail concepts. Various competitive factors, like improved service, merchandise selection and quality must to be the focus of the regional shopping centres' marketing strategies.

In the following section I will look at how some shopping centre developers have already changed their marketing strategy. I will also make some suggestions of alternative
methods for regional shopping centres to adapt to the new market trends which may help
them to maintain or increase their market share.

Firstly, I will describe how the shopping centre together with its tenants can make
the centre a more service-oriented shopping place. Secondly, I will discuss how some
regional shopping centres emphasize low price as an alternative marketing strategy. This
will be followed by a description of mixed-use centres and how regional shopping centres
may adapt to this concept. A suggestion on how regional shopping centres can alter their
tenant mix will then be discussed. Changing architectural design of shopping centres is
another strategy which may be employed by some centres. Finally, I will discuss how
some regional shopping centres capitalize on entertainment and amusement in their
marketing.

5.2 IMPROVED SERVICE

The increasingly competitive retail environment has resulted in a greater emphasis
on service. Simply put, customers' loyalty is believed to be won when greater service is
provided. An aging population seems to also demand more customer service. As a result,
 Improved service has become the new motto for many mall marketers. Service will be one
of the major competitive factors that regional shopping centres will use to increase their
market share in the 90's (Mitchell, 1990; Forbes, 1992b & 1991; Levine, 1990; O'Brien,
1991b; Bristol; 1991; Copps, 1986).

Most retailers that are located in regional shopping centres have viewed customer
service as an important part of their marketing strategy. Shopping centre managers have
emphasised this aspect when they select tenants for their centres. However, it is not enough that the retailers offer satisfying customer service, shopping centre organisations themselves have to be more active by making their centres a more service-oriented place. By improving the service provided by tenants and the centre itself, both actors will benefit from an improved image of the centre.

There are several methods that may be implemented to achieve this goal. The shopping centre can educate and guide their tenants to operate with a certain level of service that equates to the other tenants service policy. They may also provide a service level throughout the centre that suits the centre's general image. Juno Developments Ltd. company in the U.S., serves as a good example. They found that several independent stores, that were located in the corporation's malls did not train their employees according to an overall plan. In order to improve tenant's service level, in 1991 the operation used six percent of it's advertising budget on educating sales staff located at its malls. A consulting firm was hired for this purpose. One of the strategies that came out of this program was to introduce the tenant's sales staff to the other tenants in the mall. By improving the sales staff's knowledge of what was sold and where in the centres, staff was able to guide and recommend to customers where various merchandise was located (Kidd, 1991b).

Not only the retailers but the shopping centres themselves must improve the amount and quality of services offered. Shopping centres are using terms from the hotel industry to improve their level of service. Although regional shopping centres have always offered some kind of service, hotel standards are still above the regional shopping
centre's standards. In terms of improved service at regional shopping centres, the centres need updated and detailed information about their customers and their needs. This requires the centres to become more involved in the day to day contact with the customers. It also requires that the centre's managers study and analyze the customer's behaviour and special characteristics.

An increasing number of shopping centres are providing information desks, coat and parcel checks as well as free gift wrapping. They also offer services which specifically cater to senior citizens. Some centres now provide free use of wheelchairs and sometimes offer an escorts out to the car. Young families are served with specially designed restrooms, baby sitting services and strollers on loan. Some of Trilea's shopping centres are at the forefront in this regard. The company has focused much of its marketing strategy on an expensive and innovative service improvement plan. In addition, in order to encourage retailers to offer customers greater service, Trilea has employed people that will be available to customers that need help with their shopping. Brentwood Mall, a Trilea centre, provides customers with flyers describing the service offered at the centre. "Brentwood. More than ever...For You" or "Service For You" are the terms used in the advertising. This demonstrates that the centre is willing to go further than usual to satisfy their customers (Mitchell, 1990; Bristol, 1991; My own observations).

In order to change shopping centres' general image and make them more service-oriented, the relationship between centres' owner and their tenants has to be improved. Until recently, the centres owners have focused their attention on the real estate aspect of the shopping centre industry (Ruttenberg, 1992). However, the shopping centre is a
complex retail environment and developers must pay attention to each individual aspect of the centre. More attention must be given to the most important component in the shopping centre industry, namely the retailers. They are the fundamental part of the enterprise that are directly responsible for the success or failure of the shopping centre. Never before has it been more important that the shopping centre developers understand and relate to the retailers business situation. Shopping centre developers may also be able to assist tenants in becoming more than shop owners, and instead aid them in becoming innovating merchants.

The downturn in the economy has deeply affected the relationship between the developers and the retailers. Developers, to a greater extent today, are seeking retailers, as opposed to retailers seeking shopping centre as location opportunities. The fear of vacant store locations in a mall has forced developers to become more flexible and understanding when dealing with their tenants. The relationship is also productive in other respects. The recession created an opportunity for both parties to be introduced to each other's business worlds. With this knowledge comes a better understanding of each other. A new team-work approach seems to have grown from this.

A productive relationship between the retailers and developers is also important in order to improve the centres' level of service. Swansea Mall in Massachusetts, is an example of a developer and tenants working together to improve customer service (O'Brien, 1991b). Computer technology is used by the centre's managers to produce a weekly updated list of all merchandise and services on sale in the mall. The printed lists are handed out on request, or at the directories located at each of the centre's entrances.
The lists keep each retailer updated with the rest of the retailers in the mall, while at the same time saving customers time and money through enhanced service.

A second example is the "Homart Daily Comparative Report" (Andreoli, 1991). This report made by Homart Development Company, is published in nearly all of its shopping centres in the U.S. One report is produced for each shopping centre. Each individual retailer that participates in the program reports its sales performance per square foot to the managers every day at noon time. On the basis of this information, the computer lists each merchandise category’s sales performance. The sales numbers are also related to weather conditions and special events scheduled at the mall. It is then up to each individual retailer to use this daily information to update their performance to customers movements. The report also allows retailers, as well as developers, to react quickly to changes in the mall traffic. Further, such a report takes away much of the uncertainty that characterizes most retail environments. At the same time, it makes it easier for developers as well as retailers to be better equipped to serve the customers. By picking up the daily report, the shopping centre managers and the retailers create a daily contact with each other. It forces the managers to leave the office and meet with the retailers on a regular basis.

5.3 LOW PRICE CONCEPT

In retailing today, the pendulum has swung to the low price/low service retail concept (Matthews, 1992). In the early 1930's the supermarket was introduced to consumers. It was a largely self-service approach to shopping. Twenty-five years later,
the introduction of discount stores pushed low prices even lower and similarly with
service. Consumers were given a higher degree of self-service, and in return they
received access to a wider variety of merchandise at lower prices. Warehouse clubs were
an early example of this trend. They emerged on the retail market in the mid-seventies,
offering a wide variety of merchandise, very low prices and virtually no service (Bates,
1989).

Much of the current retail industry still is concentrating on developing new retail
congcepts on the basis of low price and low service. As a result, the central idea of retail
distribution, where the retailers are the second or third link in the distribution chain, has
changed. Today, we are witnessing a larger number of producers also becoming the
distributors and/or retailers. This reduces the links in the chain between producers and
consumers to an absolute minimum. The result is a large number of merchandise being
offered at minimum prices and accompanied with minimum service and distribution costs.

There is no doubt that the regional shopping centre industry is being hurt by the
increased number of low price/low service retailers. Retailers that offer their customers
regular bargains seem to attract purchasers from all income groups. Although regional
shopping centres have some low-price oriented tenants, there is little doubt that much
business is being lost to retailers like these that operate independently of shopping
centres. The developers must rethink their business strategies in terms of who they now
want as tenants (Matthews, 1992).

In the U.S. there are several examples of regional shopping centres that have
found it more profitable to change their tenant mix and become a discount mall. The
nearly twenty year-old South Hills Mall in Poughkeepsie, New York found that it was losing its market share to other retailers in the area. In order to remain competitive in the 90's retail environment it decided to go through a major renovation and expansion period. What made this renovation unique, was that the centre decided to transform itself from a high price/high service centre to an discount power centre. The old tenant mix was replaced by larger stores and an increased number of discount anchors. In addition, the centre was turned inside out to give the centre an orientation towards the street (Garbarine, 1992).

According to the International Council of Shopping Centres this is a new trend in the shopping centre industry (Garbarine, 1992). Consumers are becoming more and conservative in their spending habits. This is partly because of the recession, but also because the current recession has made them aware of various ways to shop more cheaply. The mall owners have therefore been forced to apply an aggressive marketing strategy to maintain their market share. Although South Hill Mall took the extreme measure of changing the entire mall into a discount centre, there are other less drastic strategies. Some regional shopping centres include only a small number of lower-price tenants to the existing tenant mix. "Fixed price retailers" have become popular tenants in this regard. Some even called them "the retailers of the 90's" (Hogan, 1992b). They often start out as temporary tenants until they have proven their worth to the mall as a tenant. Everything that is offered has a set price and in some cases a maximum price is set. "Everything $1.29", "One Price Clothing Stores Inc." and "$ 10 And Less Stores" are but a few of these successful retailers. The stores give the customers a psychological boost
and a reason to buy something without spending a significant amount of money. These stores are fairly easy to run and have proven to be successful in regional shopping centres.

Other regional malls prefer a larger off-price component in the centre. An increased number of lower-price anchors or a major discount food store may be what a regional shopping centre needs to draw more people to the mall. The introduction of some of these retailers may cost the centre some of its existing tenants. However, this may be what it takes for some regional shopping centres to increase their market position.

In my discussion with several mall managers in Vancouver it became clear that some of them are entertaining thoughts of including discount retailers to their malls. Some centres may be better suited for this than others, depending on such things as the market it presently serves and will serve in the future. As the recession drags on, this trend is likely to continue.

5.4 MIXED USE CENTRES

The original philosophy behind shopping centres was to provide the suburban population with a one-stop shopping facility (Gruen & Smith, 1960). However, the way that regional shopping centres have developed shows that this strategy has been all but abandoned. The close relationship that has developed between the centre's owners and the major chain store organisations and anchors has enhanced a retail environment for these types of stores, often at the expense of small retailers. As a result, regional
shopping centres have become largely homogenous. Smaller businesses which could add to the centre's diversity have been given low priority by the mall managers.

Some regional shopping centres have returned to the original philosophy behind the concept. They have revamped existing areas by adding non-competitive retail space. By increasing the breadth of merchandise and services offered at the centres, the pull effect on customers will also increase (Doocey, 1992b).

Some regional shopping centres have gone a step farther. There are several examples of regional shopping centres that are combined with other urban development. Previously, development of residential, work and retail space has gone on separately. These three features are now being combined in such malls as Oakridge (interview with James Badour). This is a trend that is likely to continue.

Cambridge's Urban Group division has developed such a strategy for its corporation. The program is called "SPACE" which stands for Special Program for Added Coverage and Efficiency (Doocey, 1992a). This new program provides the company with certain criteria that established regional shopping centres must fulfil before being considered for mixed-use development. High sales per square foot, market dominance and on-site land availability are some of the requirements. If a centre fulfils the requirements, office buildings will be the first component considered for the development. Hotels and residential areas will then be considered.

Several of the regional shopping centres studied in this paper are involved in the GVRD's designated town centres plan. Richmond Centre, Surrey Place Mall are both located close to dedicated town centres. This gives each of these centres a unique
opportunity to join in a broader development. There are several interest groups involved in such development projects. It offers the shopping centres an opportunity to benefit from the overall volume of traffic that such a development creates. Surrey Place Mall's active participation in the planning process of the Sky-train expansion from downtown Vancouver to Whalley town centre serves as a good example. When private capital was needed to support several of the new sky-train stations, Markborough Properties Inc. and Cal Investment, the two owners of Surrey Place Mall paid 2.4 million dollar to have the sky train station located just north of the shopping centre (interview with David Chard). Although the station is located outside the centre, it is not expected to create a direct increase in the number of people who visit the centre. However, by locating a sky-train station in this area, other investments and development projects have followed. The other effect is that it has also prevented other shopping centres in Surrey to take advantage of the traffic that Sky-Train creates. Gateway is one example of an office and residential development project in the area. The project, announced in September of 1992, will involve a 16-story highrise, housing 8,000 occupants. Gateway is expected to draw people as well as businesses to the area (Munro, 1992). By Surrey Place taking an active role in at least one aspect of the development of Whalley Town Centre, they have insured their position as a major actor in future development.

A multi-use development will also create a more even flow of pedestrian traffic throughout the day. It may require that retailers located in the complex become more flexible in terms of opening hours. New York City's Trade Centre is a multi-use development, housing offices, a hotel and a retail environment (Hazel, 1991). In order to
serve the visitors to the office towers, stores are required to open at 7:30 a.m. on weekday mornings. Although the retailers were sceptical when the program first started in 1976, the large number of early morning shoppers have resulted in a success. Although such policies may not work for all regional multi-use developments, retailers will benefit from a more flexible approach.

Multi-use development will result in less overall land use. Developers will find it cheaper since land acquisition will usually be minimal or non-existent. Municipalities and provincial politicians welcome and support such development (Gunner, 1990). It increases the municipality's tax revenues and presents fewer problems in terms of planning. Such problems as traffic congestion are reduced, and public transit becomes more viable because such centres require less travel for people accessing the services offered.

There are, however, several difficulties with multi-use developments. First, it is difficult to add non-retail elements to a building structure that is primarily designed for retail activities. Not only can it involve expensive re-development of the existing centre, it also requires extensive architectural work to make it blend into the surroundings. Multi-use developments may also have to struggle with municipal regulatory authorities. Cash strapped developers will be reluctant to get involved in a new office or hotel development project because of the insecure economic times. Although recession periods are often the right time for new projects, the over-supply of office space in many North American cities today, seems to make developers reluctant to get involved. Nevertheless, multi-use development is a trend that seems to be catching on. Expect to see more of this type of development in the coming years (Doocey, 1992b).
Although such a development strategy may not suit every regional mall, it is a welcome new step in the shopping centre industry's evolutionary process. The retail aspect of the regional malls has been developed to its limit. New strategies to expand the regional shopping centres' market are therefore essential. Multi-use developments give shopping centres an opportunity to expand their market without having to add to its retail component. They can also take advantage of the increased non-competitive traffic that will be generated by the other developments nearby (interview with David Chard). With current population growth, these types of developments will no doubt become increasingly popular.

5.5 NEW TENANT MIX

Current retail trends point to increased specialisation with a high degree of service on the one hand or mass appeal with large quantities and low prices on the other. Regional shopping centres neither capitalize on mass appeal and low price, nor are they highly specialised in terms of products and service. Although they have a concentration of their tenants in the fashion category, regional shopping centres tend to not focus on one particular product category. Many regional shopping centres operate with a strategy somewhere in the middle of the two trends. It is my belief that we can expect to see an increased number of regional shopping centres turning away from the middle marketing approach and move toward the extreme ends of retail marketing. A small number of retailers dominate a large part of the activity at many regional shopping centres in
Canada. In order to respond to these market conditions some regional shopping centres are opting for the mass appeal/low price retailers.

Another alternative is to downscale the centre, making it more responsive to the immediate community. This may involve greater specialization and a broader selection of goods. Smaller, more locally based retailers have usually had difficulty gaining access to regional shopping centres. High rents and stubborn landlords are a few of the impediments. The situation changed when mall owners were confronted with unexpectedly high vacancy rates. As a result, the owners began looking more favourably at the smaller retailers (Forbes, 1992b).

Cambridge Shopping Centres sees in smaller retailers a valued potential tenant. Together with the Retail Council of Canada, Cambridge has published a work-book entitled "Success Retailing". The work-book helps retailers review their business strategy and develop new, sophisticated tactics to meet the current retail environment. This joint effort was undertaken to assist smaller retailers in strengthening their position in a highly competitive retail environment. In addition to the work-book, Cambridge sponsored meetings in which the retailers had an opportunity to meet with and discuss issues with professional retail consultants (interview with Lorne J. Braithwaite). The participation of mall developers in this program is evidence of the growing interest in leasing to smaller retailers. Increasingly, they are being seen as valuable tenants in the same way that chains were formerly perceived.

Small, independent and locally-based retailers often have characteristics that make them desirable tenants for regional malls that are in the process of downscaling its
operation. These retailers usually have a simple and relatively efficient management. The owner/managers may also work as employees. Such an operation is leaner and more efficient in dealing with changes that can affect the business climate. It can respond more quickly to customers tastes. Complaints are known to the owners and are responded to move efficiently. Stocking is similarly dealt with.

By contrast, national chain store organisations have a complex and geographically scattered management system. Stores may be located in Vancouver, while the head office is located in Toronto. If the management system is centralized, the shopper's only contact to the chain is with a sales person, the lowest person in the hierarchy. If the shopper experiences a problem, that information must travel a long network before it is considered and then responded to. The same will be true for dealing with changes to local business climate. However, larger chain store operations generally have the resources and knowledge to conduct extensive market research, something that independent stores can not do to the same extent.

Increasing the number of temporary tenants is another method of increasing diversity at malls (Curran, 1991). Short-term tenants were formerly perceived by mall managers as a headache. Moreover, they could be seen as damaging to a malls reputation of having stable, well-patronized tenants. But this attitude is changing. Many temporary tenants have become wiser about market conditions. By operating in this way many of these retailers are finding that they can run profitable, cost-efficient businesses. Even national chain stores operate with temporary locations in order to test new merchandise or serve seasonable demands. Benetton, Harry Rosen and Le Chateau, all
large chain store organisations, occasionally operate out of temporary locations (Curran, 1991). Temporary tenants are helpful to the shopping centres because they can move in to empty locations on short notice. At the same time they provide the centres with a new opportunity to attract more people. They provide a vital alternative to the existing tenant mix. They also can add unique dimensions to the mall. If located in carts and kiosks, temporary tenants can make mall strips more lively and colourful. Temporary tenants may use the mall as an incubator for further growth. By helping them, the malls may gain some permanent tenants.

Brentwood Mall has an internal plan to include a larger number of independent retailers into the mall. This is done to make Brentwood Mall a shopping centre that reflects the community's needs and special characteristics through various merchants. They want to return to the original shopping centre concept, offering everything that the community needs (interview with George Stuart, Pam Bryson and Jeff Burton). Although the centre still has a large proportion of "traditional tenants", an increased number of local merchants and community services are locating in the mall. A butcher, a fruit and vegetable store, a bakery as well as an Italian fashion store are a few of the tenants that have recently moved into the centre. Trilea, the owner of Brentwood Mall also has a temporary leasing program at Brentwood Mall. The mall has a combination of small shops and carts that are specially designed for temporary tenants (interview with Pam Bryson).

Smaller more locally-oriented retailers, as well as an increased number of temporary tenants will contribute to the centre's retail diversity. It will also increase the centre's ability to serve the surrounding community.
5.6 ARCHITECTURAL DESIGN

Regional shopping centres were traditionally located in suburban environments. Although they were originally not designed to serve as substitutes for the missing town centres in these communities, they quickly adapted to this role. Regional shopping centres often became the only place for the suburban population to gather and seek social interaction. The shopping centre developers were able to use their social role in these communities for their own benefit. They were put in a position where they could use the retail environment as their tool to influence and manipulate people using the centre. However, the suburban environment has changed and so have the people that live there. From a urban design point of view, it is time that regional shopping centres redesign and readjust to the current suburban environment in a way that will serve the community as well as themselves in a more suitable way. It is this aspect of design that I will explore in the following section.

The internal as well as the external design of a shopping centre is of major importance to the centre's image. Regional shopping centres have had little need to blend into the environments. Many regional shopping centres are therefore separate, both physically and aesthetically from the environment around them (Dennis, 1990). Since the advent of air conditioning, centres have been closing their environments, and consequently more emphasis is put on the interior design of the centre than on the centre's exterior. Regional shopping centres have become enclosed retail havens, separated from the world outside. The blank and naked exterior walls are left to our imaginations to picture what we may find inside. The empty walls make people curious
about what is hidden behind them, curious enough perhaps to make people enter the mall. From the moment one enters the mall, one is captured in an artificial world. This environment is carefully designed to move people around in a way that the retailers located within the mall may benefit.

On a visit by Kowinski to Greengate Mall in Greensburg, North Carolina, he noted, after all the stores had closed that the mall resembled a theatre (Kowinski, 1985).

Like a theatre in which King Lear might be followed the next night by Camelot and the next by the Jacksons in concert, the mall is a Never-Never-Land that says let's pretend. What is pretended can be virtually anything. The mall is, in a world, malleable, and that becomes another key to its success (Kowinski, 1985, p.63).

Both theatre and malls use a combination of darkness and light to attract and affect people's moods. As with theatre, malls close themselves off from the outside world by windowless walls. The desert of cars parked outside the malls, and the extensive road network creates a physical barrier between the enclosed mall and its surroundings. Inside the mall the same technique is used to draw people's attention to certain aspects of the mall. Studies have shown that warmer and darker colours tend to slow pedestrian traffic down (Ewing, 1992, p.7; Pettit, 1985). The combination of dark interior and bright stores has a physiological effect on people and focuses their attention on stores. This type of design technique was commonly used in the late sixties and seventies. Capilano Mall is a good example of this kind of design.

21 Kowinski travelled to different parts of the U.S and wrote a book on the experience of these visits.
Malls like theatre isolate people in a world of artificial time and space. Time is controlled by light conditions, and in a mall the light never changes. Time, in a sense, stands still. Space is controlled by perception. But malls are chock-a-block with tricks to the eye. Store fronts can be made to look old, but really are not. Theatres, in the same way, control time and space.

In addition to being isolated and artificial, malls like theatre are protected and carefully crafted environments. The mall can be designed to look like a market, but with the smells and noise removed. Natural heat or cold is absent, and instead is controlled. This is true of the time of day--there is a perpetual state of day. There are no busy streets to impede people's progress from store to store. A truly ideal world is created whose central idea is, shop (Brown, 1992b).

The components of enclosure, protection and the control of the mall environments makes malls an efficient and powerful selling machine. However, this has also made malls somewhat unsuitable for our communities. Kowinski likens them to fortresses in the communities (Kowinski, 1985). As discussed earlier in this paper, some centres do make an effort to become more integrated in their communities by having some community-oriented services and retailers. However, as long as the centres have a external design that is turned inward, away from the environment it is located in, malls will never be a fully integrated part of our communities.

The largest barrier between shopping centres and the rest of the community is the parking lot. Patricia Leight Brown (1992b, p.40[L]) describes the mall as "...A massive brown box sitting stolid and Buddha-like in a sea of cars." The buddha must be
redesigned so that there is a transition zone that is better linked to the environment around it. A physical connection from the mall to the residential surroundings is what is required.

While malls developed into isolated consumer paradises, the urban development process has gone on unabated. North-American suburban communities have changed significantly in their character. The tremendous increase in land values and the shortage of land available for further development has resulted in a denser urban environment. But with this denser urban setting has come serious environmental problems—the air, water and soil are being fouled as this urban plan is pursued. As a result, politicians are now seeing limits to the growth. The suburbs therefore are being forced to accommodate the growth that the urban centres can no longer sustain. Suburbs have, as a result been incorporated in the urban centre’s plan (Gunner, 1990).

The densification of suburbia has a significant effect on the future development and design of regional shopping centres. Regional shopping centres now have a chance to become a more integrated part of the community in both content (for example the services provided) and design.

Current trends in suburban architecture signify people’s need for the use of symbols from the past in order to create some kind of identity. In a diverse and complex suburban and urban environment people need buildings as well as communities with symbols that relate themselves and their culture to a place (Duany & Plater-Zyberk, 1991; Petroff, 1991). There is a move toward using the traditional architectural components of small towns in suburban development projects. We can see examples of this in the
popularity of older renovated towns, in the rebirth of historical parts of a city or in the architecture in new suburban community development. Regional shopping centres have also adopted this approach. The various regional shopping centre names show owners efforts at being recognised as a valuable substitute for the traditional town centre. "Village", "Plaza", "Town Centre" or even the word "Centre" itself serves as a metaphor that creates an image of place (Dennis, 1990).

Duany and Plater-Zyberk, a group of urban planners and architects that are employing a new approach to suburban design and development. They believe that suburbia has growth and planning problems that cannot be ignored. They are therefore using old principals that have governed traditional town design in their planning and design of new communities. The group has also developed plans for the better incorporation of regional shopping centres into towns. Their variety of plans for this purpose all involve using the town street grid in the commercial component of the development. By including the mall into the town's street-scape, it will naturally become more integrated in the rest of the town's activities. This is done to allow people to walk from the surrounding neighbourhoods into the shopping centres without having to meet any barriers (Duany & Plater-Zyberk, 1991). Although it is more difficult to incorporate existing malls into a community, the group also has plans for incorporating such older centres. Instead of using solid concrete walls, the group recommends that malls should use glass windows to open the building up to the world outside. Oakridge's newer, west section was one of the first attempts by a Vancouver Mall at reuniting people inside the mall with the outer environment. The large glass wall opens the corner of Cambie and
41st up to shoppers inside, while at the same time permitting views and reflections by those outside. Brentwood Mall has also made some effort at opening up the mall to the outside. In the food-court, people can enjoy the view through the panorama window located at one side. On other malls many of their entrances employ large glass doors, again to permit more contact with the outside.

The transition zone between the mall and the rest of the community must also be broken up. For most malls this transition zone is usually a vast parking lot. This desert of cars must be transformed into a vital and attractive place that will draw people's interest, and connect them more with the activities at the mall (Dennis, 1990). It should become a place where the unique character of the neighbourhood is reflected. Streets and pedestrian paths, different building types, parks and public transit stations should blend in among a modest number of parking places. The balance of the parking space should be provided in large multi-level parking houses, or under the ground. Such a design would distract some of the attention away from the large scale shopping centre, and diffuse it to the area in general.

Lougheed Mall is good example of why this strategy should be provided. Although the centre already provides a multi-level parking house, the parking lot on the mall's west side is a major barrier to the immediate neighbourhood. A large residential area is located west of the mall, which has numerous footpaths leading to it. However, when these paths reach the perimeter of the shopping centre they stop, leaving people to wend their way through the immense parking lot. Surely these paths could be extended through this parking lot in order to make the mall somewhat more user friendly.
Brentwood Centre has a large transit station located close to the mall's entrance. Although a narrow pathway leads from the transit station to the mall, the attention and effort put into this is minor. On a rainy day, people arriving to the mall by bus still have to walk on the pathway among all the cars without any weather protection or special light provided.

When Surrey Place Mall went through its renovation in 1986 it was required by the municipality that an entrance be provided for people arriving by bus. This entrance is located close to the bus stop, and by looking at it one can see that some effort was put into its design. A colourful portal surrounded by decorative landscaped vegetation makes the trip from the bus stop into the mall a pleasant experience.

Oakridge Centre has an exercise path behind the south-west parking lot. Shrubs and trees are planted, and benches are provided. Although the path is located behind the parking lot, it makes the transition zone between the centre's parking lot and the neighbouring residential area somewhat more aesthetically pleasing.

Adjusting these centre's appearance as proposed here is no doubt a costly step that most developers would simply reject. The cost and general bother make the effort less than rewarding. However, the responsibility for this redesigning effort is as much the municipalities' as it is the developers'. After all, these shopping centres are integral parts of the community, and often are the town centre's themselves. Therefore, support from the municipalities is required. Only through extensive cooperation between the public and the private sectors can such developments become possible and successful (Dennis,
1990). It is also important from the public point of view, that its interests be represented through municipal participation in further development of suburban town centres.

5.7 ENTERTAINMENT/AMUSEMENT

Increasingly, mall owners today are including an entertainment component in the mall in an effort to draw more people who might have more than shopping on their agendas. In order to succeed at this, malls must study the motivation and drives behind "leisure" shopping. This knowledge allows them to provide entertainment activities which can be accessed while consumers shops.

Shopping in itself is regarded as a leisure activity by many people. A 1990 telephone survey of 1000 adults in the U.S. showed that 31% of those asked considered shopping at a shopping centre as a recreational pastime (Jackson, 1991). If malls are perceived by consumers as centres of leisure activity, there is little doubt that mall owners will exploit this for their own advantage. During the eighties, for example, many regional shopping centres incorporated amusement and entertainment facilities into the retail environment. Although movie theatres have been a part of many malls for some time, during the 80's the entertainment concept was developed and became more sophisticated and diverse.

Edgar L. Jackson (1991) believes that people who consider shopping a leisure activity tend to shop in a different way than those who are more practical in their approach. He believes that there are different motives behind leisure shopping. Some people tend to have a more unconstrained relationship with money when they shop.
Although price is still an issue, these people are more generous in their spending habits. Leisure shoppers also enjoy the activity because they often have no other constraints that interrupt their shopping activities. It is not surprising that they tend to shop more for themselves than for others. The bumper sticker that says "When the going gets tough, the tough go shopping" (Jackson, 1991, p.285) is a tribute to the leisure shopper.

The motivation behind leisure shopping is the same as any leisure activities: personal fulfilment and experience. Leisure shoppers endeavour to satisfy small indulgences rather than necessities. It is this aspect of the consumer behaviour that mall owners exploit when they introduce an entertainment facility in their malls.

Perhaps the most extreme example of entertainment activities within the mall is found at the West Edmonton Mall in Alberta. This mega mall is considered the world's largest enclosed shopping centre. Approximately 20 million people visit the mall each year. It has 600 stores, some of which operate more than one location in the mall. There is a roller coaster, submarine and artificial wave pool in the amusement section of the mall. Fantasyland Hotel, connected to the mall, has 335 rooms which feature eight different themes (Fitzgerald, 1991b). A total of 15% of the mall's total building space is dedicated to recreation and leisure facilities. These facilities also account for a substantial proportion of the mall's total revenues. Twenty-five percent of the total revenue-producing space comes from the recreational and leisure facilities. It takes an average of seven hours to walk around the mall (Fennel, 1989). Though not dissimilar than many other Canadian malls in terms of the types of retailers present, what makes it unique is the number of retailers and the large amusement complex (Simmons, 1991).
Although there is little room for many other malls of this size, some regional shopping centres have found it tempting to adapt some aspects of this marketing strategy. The entertainment facilities give the mall owners an alternative tenant that can fill vacant space. But unless these facilities are carefully planned, the mall may be courting disaster.

According to a consultant in Salt-Lake City that specializes in mall entertainment, there are two types of amusement products that malls use. There are destination entertainment products, which provide customers with a relatively long lasting experience, for example a golf course. The second type of amusement facility does not have the same pull effect as destination products. They depend mainly on impulsive usage by people already in the centre. Despite this, they account for high volume sales and income (Doocey, 1992b).

It is often tempting to add an entertainment component to a mall in order to revitalize the centre. However, such a decision requires that the components are carefully selected to suit the centre's clientele. The different entertainment components have to be replaced at the right time. If not, the entertainment facility will be viewed as out of date, and may damage the mall's overall image. Development like this is often very costly, with no guaranty that it will create a significant increase in the malls revenue. It may therefore be more beneficial to integrate an entertainment component with the various retailers. The Walt Disney store located at Eaton centre in Toronto provides its customers with an entertainment experience within the retail context.
A second strategy is for the mall to create smaller events, of a more temporary character. This may not cost as much to arrange or take up significant GLRA (Doocey, 1992b). Smaller but carefully planned events can create a strong pull-effect on customers. The "Be a Video Star" event at the Eaton Centre in Toronto 1991 is a good example. Participants were asked to impersonate famous pop singers on video. In addition to the 5,000 people that showed up on the opening day, the event gave the centre much local media attention. The media attention was estimated to be worth more than $100,000 in free publicity. Sales rose during the promotion between 2% and 18% (Silbey, 1991, p.7).
CHAPTER 6

CONCLUSION AND RECOMMENDATIONS

This study traces the development of the regional shopping centre industry in Canada. In doing this, special attention has been given to a variety of factors that have characterized this development. The study shows that the industry today tends to follow old practises, based on old perceptions. But new strategies are needed for regional shopping centres to deal with the new and difficult conditions in the market today.

Regional shopping centres initially experienced rapid and steady growth. From the opening of the first regional shopping centre and throughout the 1960's and 1970's, the number of centres grew significantly. Regional shopping centres soon became a substitute for the town centres which the suburbs never had. The centres quickly became the most successful phenomenon in the retailing industry, and penetrated deep into the country's economy as well as its social fabric.

In this early period there is a strong inter-relationship between regional shopping centres and department stores. Later, national chain store organizations also become another important actors. Together with a small number of developers that have been responsible for the creation and management of numerous regional centres in Canada, these three actors have combined to significantly influence Canada's retail environment. As a result, regional shopping centres not only look the same, they also use similar operational methods.
In the 1980's even more centres were constructed, and large numbers were renovated and enlarged. The aggressive and expansive growth of the regional shopping centre industry could be accommodated as long as the consumer market was able to absorb the growth. Today, however, there are as many good reasons for a stagnation in their development as there were good reasons for them to grow in the first place. Today, consumers are demanding more from retailers, and in turn regional shopping centres. Consumers are more sophisticated and educated about products and services. Whereas before consumers demanded good prices and quality, today's consumer is also concerned about the time spent on shopping, the overall shopping experience as well as the services provided. Consumers are spending less time and money on shopping for goods than before. Consumers tend to visit regional shopping centres less frequently, staying for shorter periods, and visiting fewer stores on each trip. The excitement that regional shopping centres once created has left the industry. People report that they are tired of the similarity in most centres' appearances, tenant mix and the events the centres set up.

Regional shopping centres are also confronted with competition from an increased number of newer retail outlets and shopping centre concepts. These shopping centres provide for retailers seeking a market niche through specializing in certain market segments, such as price and selection. As a result, regional shopping centres are struggling to catch up to the new trends or are simply fighting to remain distinctive.

Aside from the competitive forces at work, regional shopping centres have been forced to struggle with structural changes in the economy. A lingering recession has been
difficult for many retailers and especially the shopping centre industry. When combined with GST and free trade, regional shopping centres are truly battling for survival.

The regional shopping centre industry is also faced with a significant change in their relationship with national chain store and department store organizations. Whereas these three actors formerly relied on each other's support in business, each now is experiencing internal challenges that are affecting this relationship. The power distribution within this relationship has changed, and has forced each of them to become more independent.

This study reveals that the regional shopping centre industry has, until recently, tended to develop in the same direction, employing similar strategies. This is why many malls are experiencing the same or similar problems. There is little doubt that the regional shopping centre industry will go through a significant period of flux, in which a large number of centres will either be forced to close down or to adapt to the new retail conditions.

There are many views on where the industry should go from here. Some retail analysts suggest that a successful mall is either at the high end of the market in which consumer service and prices are both high, or at the low end, with discount prices and self-service. Many Canadian shopping centre developers are closely watching their American colleagues for new, successful trends. Few Canadian malls, however, seem to be able to break loose and take the first step in a new direction.

This study suggests that the primary characteristic of this period of flux will be regional shopping centres' efforts to reposition themselves in the general retail
environment. The regional shopping centre industry will move away from the original idea of being everything for everybody. It will become more important for centres to distinguish themselves from each other, and rid themselves of their stereotypical image. They will search for a market niche that will provide them with a unique character and image. Only those centres that are prepared to rethink their entire business strategy and make significant changes in their operational management routines will survive and secure their position in the future retail environment.

This study predicts that there will be a return of regional shopping centres specializing in serving people at a community level. These centres will have a large number of tenants offering merchandise suited for the local market. For example, retailers that cater to a specific ethnic group that predominates in the community. At the same time, centres will also house important community services such as libraries, health care centres or police offices. There will also be a need to relate these centres in a physical sense to the local community. For example by positioning the structure closer to either community amenities and facilities. This contrasts with the current practice of isolating the centre from the community.

There will also be an increased number of regional shopping centres involved in mixed use development. These centres will expand and offer more than a simple shopping environment. These centres will encourage such non-retail facilities as hotels, office buildings, entertainment and amusement facilities to locate close to the centre. In some cases the retail centre itself will incorporate such mixed-use development. These centres will become more like town centres in the traditional sense. People will live, work,
shop and be entertained at these centres. Finally, this study predicts that there will be a more regional shopping centres specializing in low prices and large selection. In doing this, centres will replace their old anchors and smaller tenants with "category killers". These anchors will have a strong image, and should change peoples perception of the centres' in general.

The contemporary changes that regional shopping centres are facing provide the industry with numerous options for future directions. It is a challenging opportunity for them to reinvent themselves. But if they do not react quickly, they will lose valuable market share to new and aggressive retail concepts. Some of the prescriptions suggested in this study may be the solution for many of the ills the industry now finds itself.
BIBLIOGRAPHY.


LIST OF INTERVIEWS

A series of interviews of shopping centre development companies, mall managers, architects and retailer and located in shopping centres was conducted by the author. These interviews provided the study with valuable information about the current conditions in the shopping centre industry.

George Stewart. Senior Vice President at Trilea Centres Inc. Vancouver, June 3, 1992.


David Chard. Director, Development Western Region Shopping Centre Group, August 26, 1992.


Marlis Spanton. Manager, Surrey Place Mall, October 10, 1992.


APPENDIX A

DESIGN AND LAYOUT CHECK LIST
DESIGN AND LAYOUT CHECK LIST.

1. EXTERNAL DESIGN AND LAYOUT.

1.1 Building structure
   1.1.1 Materials
   1.1.2 Colours
   1.1.3 Windows

1.2 Parking
   1.2.1 location
   1.2.2 layout

1.3 Entrances
   1.3.1 Design
   1.3.2 Number
   1.3.3 Location

1.4 Accessability
   1.4.1 Pedestrian accessability from A) streets
       B) residential areas
       C) public transportation
       D) shopping centre

   parking lot

   1.4.2 Accessability for car traffic

1.5 Landscaping
   1.5.1 Trees
   1.5.2 Flowers
   1.5.3 Pedestrian paths
   1.5.4 Sculptures, fountains
2. INTERNAL DESIGN AND LAYOUT

2.1 Mall walk-ways
   2.1.1 Layout
   2.1.2 Width
   2.1.3 Materials
   2.1.4 Colours

2.2 Lighting
   2.2.1 Artificial
   2.2.2 Natural
   2.2.3 Layout/ Arrangement

2.3 Seating areas
   2.3.1 Number
   2.3.2 Layout
   2.3.3 Decorations

2.4 Use of themes

2.5 Store front
   2.5.1 Signage
   2.5.2 Colours

2.6 Decorations
   2.6.1 Plants, flowers
   2.6.2 Sculptures, water fountains
   2.6.3 Seasonal decorations

2.7 Consistency in design styles

2.8 Public information
   2.8.1 Signage
   2.8.2 Maps, and directories
   2.8.3 Information boots
   2.8.4 Flyers, advertisement

2.9 Atmosphere
APPENDIX B

STANDARD INTERVIEW CHECK LIST
STANDARD INTERVIEW CHECK LIST.

1. Questions regarding expansions, dates, particular construction, depending on circumstances.

2. Relationship with tenants, including rents, space leased and importance for:
   2.1 Department stores
   2.2 Chain store tenants
   2.3 Independent retail tenants
   2.4 Service oriented tenants
   2.5 Public service tenants

   2.2 Describe any changes to tenant relationship which have occurred.

   2.3 Forecast the future for each category

   2.4 New potential tenants?

3. GENERAL DISCUSSION ABOUT THE FUTURE OF REGIONAL SHOPPING CENTRES WITHIN THE TOTAL RETAIL INDUSTRY.

   3.1 Major challenges
   3.2 Suggested marketing strategies

4. CONSUMERS.

   4.1 Target market
   4.2 Is the market changing?, In what way?
   4.3 How will the centre adjust to the change?

5. REGIONAL SHOPPING CENTRES IN THE URBAN LANDSCAPE.

   5.1 Role within the communities they are located in
   5.2 Active participation in urban development process.
      A) Public transit
      B) Town centres
TENANT CATEGORIES

Statistics Canada's publication Standard Industrial Classification was used to categorize the shopping centres tenants. Each of the categories is given a SIC-code which provides different information about each category. In most cases only the first two numbers are mentioned, but if more detailed information is required three or four numbers are listed. The following list shows the categories that are used in this study and their SIC codes. In some cases categories were merged together into a broader category and given a short name, while in other places categories with same SIC-code were split up and given different names. This was done to create more useful categories for the purpose of this study.
<table>
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<th>TENANT CATEGORY</th>
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<td>6412</td>
<td>G</td>
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<td>Travel agencies</td>
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SOURCE: STATISTICS CANADA STANDARD INDUSTRIAL CODE REGISTER. 1988
APPENDIX D

MAPS
MAP 1.

THE MAJOR ROAD NETWORKS IN THE GREATER VANCOUVER AREA.
<table>
<thead>
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<th>Location</th>
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<td>LIONS GATE BRIDGE</td>
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<tr>
<td>SECOND NARROWS BRIDGE</td>
</tr>
<tr>
<td>OAK STREET BRIDGE</td>
</tr>
<tr>
<td>NO.1 BRENTWOOD MALL</td>
</tr>
<tr>
<td>NO.2 CAPILANO MALL</td>
</tr>
<tr>
<td>NO.3 LOUGHEED MALL</td>
</tr>
<tr>
<td>NO.4 OAKRIDGE CENTRE</td>
</tr>
<tr>
<td>NO.5 RICHMOND CENTRE</td>
</tr>
<tr>
<td>NO.6 SURREY PLACE MALL</td>
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</table>
MAP 2.

THE SIX REGIONAL TOWN CENTRES IN THE GREATER VANCOUVER AREA.

NO. 1 BRENTWOOD MALL
NO. 2 CAPILANO MALL
NO. 3 LOUGHEED MALL
NO. 4 OAKRIDGE CENTRE
NO. 5 RICHMOND CENTRE
NO. 6 SURREY PLACE MALL