

## **RETAILING, CITY CENTER MANAGEMENT AND CITY MARKETING**

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### **PRESENTATION**

For a long time we are defending that the process of the city centers and the traditional shopping areas revitalization should, firstly, understand the problem of the retailing and services activities and all the subjects that are related to them, and later start physical or operational interventions.

Last year, we had the opportunity to demonstrate this methodology throughout a research developed in the Santo André Municipality<sup>1</sup>.

Besides the fact the retailing and services activities should be firstly analyzed, we also defend the importance to know the market of the city center. This means, we needed to know its vocation, (what it can offer), who is interested in the city center, (what is its market), and what are the problems to solve and opportunities to develop in order to reach the existent market and the potential one. Then we decide to use the place marketing (city marketing) as a tool to help us in this task.

Another important point that should be considered was the existent physical urban structure and its architecture. We really believe that it is necessary to take advantages of the existent built environment to help us to choose the best activities to promote, in order to contribute to the revitalization process.

Moreover, the methodology to analyze and manage these areas were developed in a systemic way. This means, all parts involved should be thought together.

In this way, this article made a cut out in the whole research developed in the Santo André city center, and it presents only the methodology adopted, the results which came from the city marketing research and the urban analysis giving more emphases do the retailing and services activities and the urban flows.

## CITY CENTER MANAGEMENT

The deterioration process of urban centers is a phenomenon observed in most cities in the world, as a result of the exit of some urban activities considered noble, mainly by those from the tertiary sector. The loss of property values, the increase of activities with low productivity, illegal and informal which have as target public the groups of lower income, are the image of this process.

Although the origins of this process seem being different, they have in common a central point: the real estate capital advance.

In this process it could be included: the American urban decentralization where the high income classes have taken its way towards the suburbs and was followed by the out-of town shopping centers, which are partially responsible by the deterioration process of traditional shopping areas; the city centers displacement or the emergence of new ones, as happened in São Paulo City; the inadvertent exit of some local government services in most of our cities; the process of city center return; or, the recovery of old harbor areas.

Other reasons identify the out of town megastores in Europe as responsible for this process although the impact over the urban area and small retailers were not so strong because of the existence of an efficient urban control.

The city center management, according to Warnaby<sup>2</sup>, is the search of a competitive advantage through the strategic development of some areas of public and private interest which were taken ahead by leaders who come from volunteer associations.

Other concepts talk about the reinforcement of city centers management to make them dynamic, improving service standards, environment and safety in order to prepare them to face the competition of other city centers.

Nevertheless, according to Omholt<sup>3</sup> almost everything done by one center to improve its urban quality can be immediately imitated by others. Then, the sustainable competitive advantage can not be only based on operational efficiency, considering that this could be easily reproduced.

The true competitive advantage, according to Porter<sup>4</sup>, is based in the distance or difference between offers.

Urban policies of city center management should be able to create differences which have sustainable competitive advantages. This means, to choose an unique group of activities to offer.

While the operational efficiency is to achieve high levels for individual activities, the city center strategic management have to combine them. The

city center competitive advantage will come from the way with urban activities are organized to reinforce each other.

It is much better to think the center with themes which group many activities, like culture and entertainment.

Therefore, to think the city in a process of combination and complement among many others city centers can make the difference of the city as a whole when compared with others cities. Each part make each other stronger.

More complex the urban context is (conurbation and metropolitan areas), more interesting centers can be found.

In this way, a revitalization project should taking in account the performance of urban activities and business, where the retailing and services activities ask for more attention.

## **METHODOLOGY**

Having in account this premise, the methodology adopted in Santo André research (fig. 1), have included:

- macroeconomic scenery analysis including local and regional index;
- demographic trends analysis in order to know the market evolution as well to understand retailing and services development and changes in the consumer behavior;
- knowledge of public policies and private development projects, mainly related to retailing and services activities and real estate business;
- urban structure, use and property of urban land analysis;
- pedestrian and car flows analysis and the identification of the sources of these flows;
- city marketing research having the center as a product, trying to know the opinions, expectations and needs of the users and retailers in the city center;
- knowledge of the entrepreneurial level of business in the central area;
- analysis and technical observation in the central area.

### **Urban structure and urban use**

The urban structure analysis includes road system, urban services, infrastructure, land use and occupation of the buildings, urban facilities and urban design (urban level) Besides this elements this analysis also consider the existent architecture.(building level).

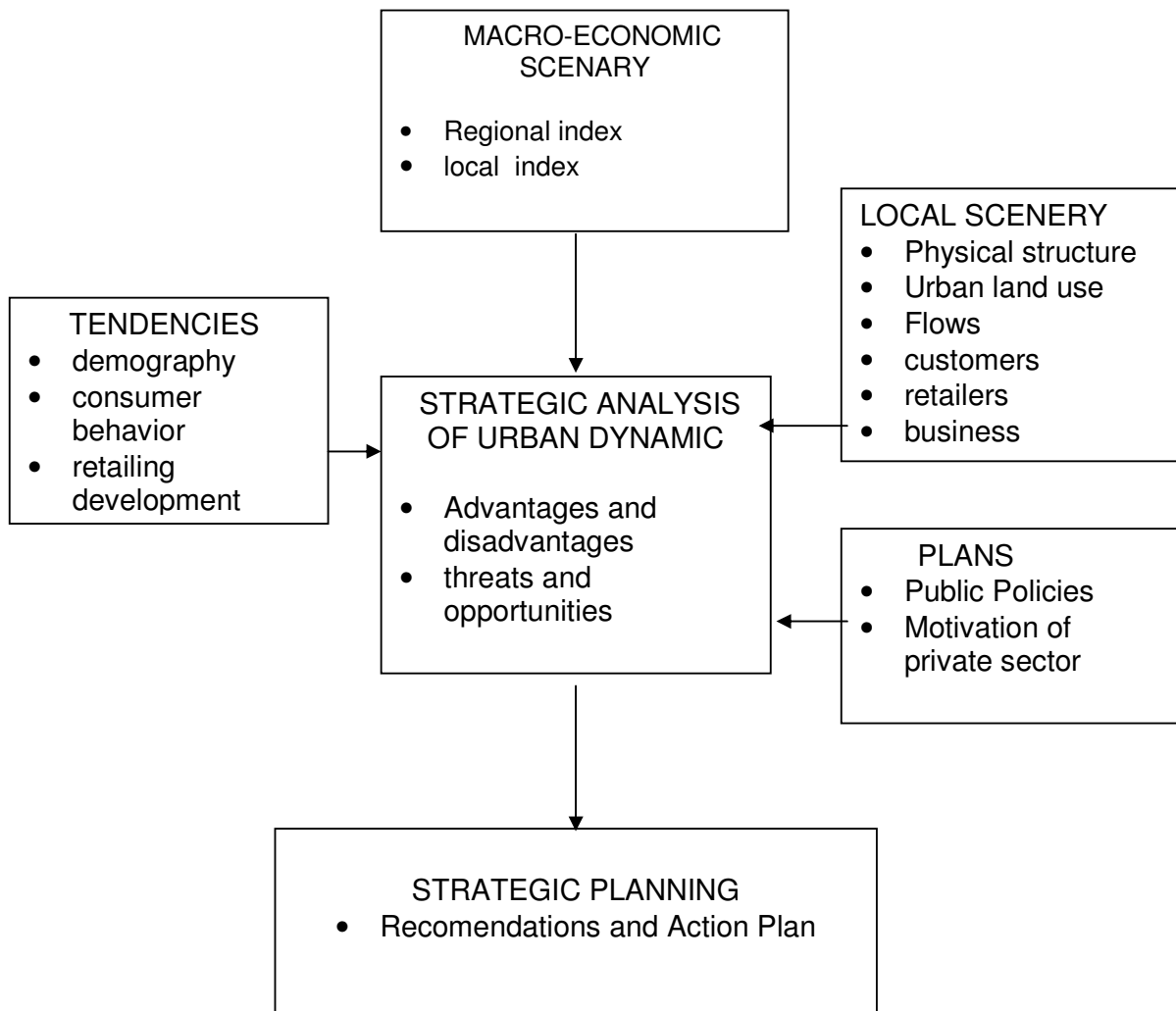
At the urban level, these data can identify the facility and the possibilities of flows to penetrate into the city center pointing out some problems . Can also

find empty urban lands and important open spaces as well the best views. At the building level, the large or small buildings and their design can contribute to find interesting use to them according to the needs of the city.

Some specific points of this study should be presented.

The physical structure based on the road system shows a network which has as central element , the Oliveira Lima Street. It is this avenue that distribute the pedestrian flow throughout the center which comes from the train station and bus terminal. This avenue has a diagonal position considering the city network, with strong axially (straight linkage), which has assumed since the beginning, the condition of being the most important street, with the higher level of pedestrian flow.

FIG.1 CITY CENTER MANAGEMENT METODOLOGY  
(adapted from Omholt, 1998, op. cit)



This condition brought the retailing and services activities and it started a process of self reinforcement ( higher flow- more activities- higher flow).

When this street became a pedestrian street, its centrality was strongly enlarged how it is possible to see in the map1.

It was identified that it exists a great difficulty to reach the city center . The main road has to be crossed by traffic lights or by some pedestrian ways over the road, which cause some difficulties for pedestrians diminishing the city center attraction power.

When we left the city center the urban landscape shows large buildings used as schools and colleges which act as poles of generating flows. Together with the residential use that is strongly present in the area, they help the retailing and services activities to maintain their vitality.

The existent open space at the City Hall, if well explored, could also contribute for the urban vitality. Moreover, some existent large abandoned buildings can receive other uses, more adequate of the new moment.

Another aspect that was considered in this study was the urban land use that can help to know the city center catchment area by knowing the diversity and quality of the retailing and services offer.

This analysis has grouped the retailing and services activities in 11 categories , and three other ones which included residential and institutional uses and empty plots of land, as showed in the table 1.

**TABLE 1 – URBAN LAND USE IN THE CENTRAL AREA**

<b>ATIVIDADES</b>	<b>%</b>
Residential	32,11
Institutional	5,30
Empty properties	8,33
Diversified goods	9,91
Offices	9,40
Food	6,52
Repair services	5,78
Clothes	5,67
Parking	4,12
Home goods	3,67
Basic needs	2,79
Education services	2,51
Mega stores	2,40
Banks	1,49

Source: Field research in Santo André, FUPAM, 1999.

Of course, it is important to know where these activities can be found and their location can help us to understand the difference of vitality among the streets.

Walking in the city center confirms its diversified offer. What can also be seen is an immense offer of all kinds of retailing and services activities despite the low level of sales.

The urban land use allows us to say that the city center of Santo André, due to its diversified offer, as showed in the table 1, has high level of centrality. Besides this fact, the residential and institutional activities are really important to confirm this centrality and to maintain the dynamism of the area.

## **THE FLOW ANALYSIS**

The analysis of pedestrian and car flows contributes to better understand the favorite ways of the city center customers.

This analysis crossed with other data as customers origin and destination, land use distribution, traffic generating poles and built environment permeability can explain the preference for some ways. They can also explain the emergence of some activities or the closure of others.

How can be seen in the map 1, the pedestrian flows<sup>1</sup> is strongly concentrated in the main road (Oliveira Lima Street) showing an unbalanced distribution. This situation is easily explained by a self-reinforcement process that has been happening for a long time, whose more significant aspect is the exclusivity. And it will be worse after the construction of the glass cover over this same street, now under construction.

The pedestrian flow is also important near the train station and bus terminal pointing out both as flow generating poles.

At the lunch time there is an increase in the pedestrian number in some places where food services or a high concentration of institutional buildings can be found.

At the end of the day the flow level presents a general decrease compared to the normal time. There is a tendency to diminish the difference and reach more balance. This can partially be explained due to the less interest, at this moment, for buying or looking at the shops. People want to go home quickly and choose the shortest ways.

Actually, the exclusivity of the Oliveira Lima Street as a pedestrian street steals the flow of the surroundings creating difficulties to them.

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Therefore, it seems to be necessary to reach a balanced flow distribution, creating or stimulating some destination activities and not only impulse activities. This means, to create poles of generating flows where the local power can give a great contribution.

### **CITY MARKETING RESEARCH**

The city marketing research, having as a product the city center, has included a qualitative and quantitative research oriented by marketers and urban planners.

- **qualitative research**

The qualitative research had as objective to know the meaning, the expectations, the image and the possible suggestions, which citizens of Santo André, and mainly the city centers users, had about the city center. Their opinions should give inputs to prepare the quantitative research.

The quantitative research should expand the sample and diminish the level of subjectivity and specificity inherent in which group during the qualitative research works.

The qualitative research takes part of marketing research when available information about some subject is not enough or non-existent to form an opinion, understand a problem or make a decision.

We think that concerning urban studies the qualitative research is an interesting tool to diminish the high level of subjectivity with which the urban planners have worked in the process of urban intervention.

Initially, some segmented groups which had high involvement with the city center were selected to take part in the qualitative research.

Discussing this selection with the public employees responsible for this project, eight groups were chosen.

1. Entrepreneurs and bank managers
2. Schools and associations
3. Municipal employees
4. Retailers
5. Residents
6. Taxi drivers
7. Vendors and bus drivers

This diversity had the intention to know the divergent interests about the same object (the city center), sharing the same goal (the recovery of city center vitality) in order to help us to draw a true image of the center.



Then, the great challenge was to choose the themes to be developed in these meetings which could contribute to increase the spontaneity of the answers, without losing the main focus of interest: the traditional center of Santo André.

Trying to minimize the effects related to predefined opinions, leadership influences, political problems among them, it was created a syllabus which stimulated spontaneous comments and personal values related to the urban life.

Then, a discussion about quality of life emerged as a very adequate subject.

Since then, questions about city center, life expectation, critics and suggestions to the city management started to arise, most of them without strong prejudices.

Between the common questions, although the different point of view about life quality, all of them pointed out the necessity to enjoy life, side by side of working. They showed a strong linkage between quality of life and what city can offer.

Two aspects of urban life appeared in all groups: safety and leisure.

**“Quality of life is, being able to do what you want and use the city as you wish. And safety is the basic condition to get it.”**

In the case of Santo André, the main aspects mentioned included the high level of people awareness about economic development of the city (vocation); the disadvantages (problems) and advantages (opportunities) existent in the city as well the comparative image concerning other centers.

The same aspects were pointed out about the city center, highlighting the glass cover design over the Oliveira Lima street.

At the same time problems of communication and information and about the performance of the city management were also mentioned.

Finally, it was possible to sketch the image of the city built by the participants. They considered the city center busy, insecure, not complete, without identity, sad and ugly. Many suggestions to improve the quality of the city center were also proposed.

The final report about the qualitative research gave us many insights to prepare the questionnaire to be apply in the quantitative research.

- **Quantitative research**

The quantitative research was centered in two main groups: users of the city centers and retailers.

Concerning users the research tried to know the image of the city center, the way that they use it to help us to define the city vocation. Besides these aspects, there is the intention to identify the advantages and disadvantages and the purchases habits of the users. It included an origin and destination survey that help us to know the role of the city center for the city and for region.

The total sample included 305 people, with 80% in the city center, and 20% in other two districts.

Regarding to the retailers the intention was to know their profile, the condition and the type of business and their expectation concerning the city center performance for their business. Sixty retailers were interviewed.

### **SOME INTERESTING RESULTS**

The analysis of macroeconomic scenery showed a high unemployment rates caused by the desindustrialization process, which is not an exclusive prerogative of Santo André. The same analysis also showed that against the increase of industrial unemployment appear an increase of new jobs offer in the tertiary sector, although limited in qualitative and quantitative terms.

Other data pointed out that although the employment is diminishing, as well salaries and purchase power of the population, the number of stores are increasing. This could mean that many of the past employees are become small bosses working in survival levels, inside a true barter economy. This leads to an increase in the offer without the same increase in the demand.

This analysis, added to the previous ones, could identify many strategic aspects to take ahead the city center management .

These aspects make references to the advantages and disadvantages as well the threats and opportunities that should be consider in the city center revitalization process.

### **Advantages**

- good level of diversity of the retailing and services activities
- Diversity but lack of any pattern concerning store designs, façades and advertising
- The independent retailers (owners) have the advantages to be independent, when compared to the retailers of Shopping Malls. They can be grouped voluntarily, and with the same power to make decision;
- The presence of a modern shopping space in the city centers;
- Strong presence of the institutional activities;
- Strong presence of the residential use with high standard.

## Disadvantages

- being in the catchment area of São Paulo city and of some other dynamic regional centers;
- the offer of retailing and services activities is much higher than the demand of consumers;
- the low level of retailer skill in terms of culture, education and business;
- high level of conservatism of the retailers and high resistance to accept changes;
- great quantity of small shop owners, with heritage problems and age;
- there is not any activity that could be considered as a magnet like leisure and food plazas to attract people towards the city center;
- Lack of urban policies concerning small retailers help;
- Bad condition of car accessibility in the city center;
- Lack of significant open space;
- Unbalanced pedestrian flow;
- Lack of some kind of services;
- Lack of safety;
- Many public works at the same time with and low speed;
- Lack of credit for the small retailers;
- Lack of quality in the built environment.

## Threats

- Lack of a positive image of the city center
- Many public works with low speed and difficulty to foresee the results;
- Lack of information, divulgance and talking to the community;
- An existent process of abandon of the city center ;
- Lack of an strategic systemic management for the city center.

## Opportunities

- good level of scholarship (basic level completed), and good level of readings;
- existent and potential market for leisure, entertainment and cultural activities;
- strong presence of the local government;
- high level of regional awareness;.

Considering all these aspects presented before, and complemented by theoretical concepts and the practical experiences , it was prepared a strategic action plan with included the main recommendations and projects to be assumed, developed and detailed by the municipality, to take ahead the revitalization process of the city center.

Four main areas were contemplate to be worked in a systemic way:

1. Public management
2. Urban activities management

3. Urban intervention
4. Social communication

Concerning this paper, which the main interest is to analyze the retailing and services activities in the process of city center revitalization, we will concentrate our attention over the urban activities management which is divided in two main aspects: retailing and services activities and social and cultural ones.

### **Retailing and services business**

Improvement in operational management, tenant mix rationalization and store image have being delayed by the social, economical and cultural condition of the retailers themselves. Most of them are elderly people, with low level of education and resistant to changes. Besides this fact, differently of the out-of town shopping malls, the lack of an unique property make difficult an unique administration to be able to improve the tenant mix and to promote the shopping area.

As a long term objective, in order to stay in the market, the small retailers should try to make their business viable and profitable, it is necessary:

- Offering efficient services, professionally and with quality;
- Adopting modern administration to face the competition;
- Considering economies of scale, using computer systems for good distribution, increasing productivity and consumer services;
- Offering a good store image and interior design, according to the consumers taste, to increase the store attraction;
- creating a different offer concerning goods, consumer services and environment..

In this way, the retailing development policies, having the local government as a partner should stimulated:

- Creation of retailers cooperatives to take advantages of the economies of scale (joint purchases, source of financial resources, workers and owners training)
- Creation of promotional center to develop technical assistance programs and events to increase the attractiveness of the area;
- The use of informational systems could be developed by computers enterprises;
- Financial and technological assistance;

- Policies concerning stores rents to avoid uncontrolled increases and to stimulate long term investment;
- Policies concerning the purchases of the stores by the retailers. This policies could included the definition of sale prices, loans and credits, rules for resaling and use changes;
- Control over the retailing and services tenant mix throughout codes based in marketing studies;
- Control of the retailing and services offer in some areas considered saturated and which are very important for the city image;
- Changes in the worker law concerning. Actually, the world in now a 24 hours world and the increasing level of unemployment ask for rethink some old concepts;
- Improvement in the store image and urban environment ;
- Assistance to a small and modern Shopping Mall, already existent in the city center, to become a catalyser element powerful to start a synergy process.
- Try to find at the city center itself, interesting urban spaces and deteriorated buildings, which can stimulate the emergence of a different retailing and services offer, mainly in non saturated sectors like food services and basic needs stores;
- Creation of theme events, fairs and festivals which at the same time they encouraging the socialization they promote commercial transactions.

### **Social and cultural activities**

As combined activities to reinforce the city center attractiveness , and according to the population demands, the leisure and recreation activities comes with much strength.

The decrease of purchase power and the high pressure of urban life make these activities very wished, considering that they happen in the open space without paying any money.

If thought in a systemic way, these activities could help to recover the dynamism of retailing and services activities. People like to buy by impulse. They do not like to feel that they are being induced to bye. Some theme festivals or events can stimulate some specific shoppings and also the food services.

In this way the city center manager should be interest in:

- Planning and preparing a calendar of events, festivals and street shows of the year as a whole, involving all the agents related to the city center;
- Creating permanent events in some weekdays or at the weekend, in order to create an habit;
- Defining partnership and identifying the sponsors,
- Divulging the events properly in terms of messages , means and time;
- Creating or preparing the necessary open space for events;
- Creating permanent flow generating poles

Other activities demanded by the population, like some public services, can be offer in some abandoned buildings generating pedestrian flows and contributing for the revitalization of the area.

Finally, some proposals of urban intervention, public administration and social communication should be stimulated to start the revitalization process.

It is important to notice that all the interventions, actions and policies suggested should have a systemic approach, thought and planned in a joint way. They should consider the participation of all the agents involved as well specialists in specific subjects mainly in strategic management, retailing and services business and social communication.

Besides this involvement, any urban work should develop a research with the population to know its expectation, needs and suggestions. This is the way to achieve its interest and to legitimate the proposals. Involvement and commitment are fundamental elements that could make it happen.

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<sup>1</sup> FUPAM. Fundação para a Pesquisa Ambiental. Estudo das características das atividades urbanas e de negócios da área central do município de Santo André no processo de revitalização urbana. São Paulo:prefeitura do município de Santo André/FUPAM, 1999.

<sup>2</sup> Warnaby,G., Alexander, A. & Medway, D. Town Center Management in UK: A review, synthesis and research agenda. The International Review of Retail, Distribution Consumer Research 8:1 January, 1998.

<sup>3</sup> Omholt,T. Strategic Rationality as a basis for Town Centre Revitalization and Management. Texto apresentado na 5th Recent Advances in Retailing and Services Science Conference. EIRASS, Baveno Itália, agosto de 1998.

<sup>4</sup> Porter, M.E. What is Strategy? Harvard Business Review. November-December 1996.