

RETAIL MANAGEMENT - LECTURE 7

CHAPTER 7 - RETAIL LOCATION

Overview

It discusses the various types of locations available to retailers, as well as their relative advantages. Then look at how the retailer's location decision fits into their overall strategy. It also looked at the various types of retail locations available and why certain types of retailers gravitate toward certain areas. Because of the high cost, long-term commitment, and impact on customer patronage, location decisions are especially important. Choosing a specific location type necessitates weighing a number of tradeoffs. In addition, when choosing a location, legal issues must be taken into account.

Desired Learning Outcomes

1. Discuss the various types of locations and the options that retailers have.
2. Describe the relative advantages of each type of location.
3. Develop some locations that are particularly well suited to a particular retail strategy.
4. Describe which types of locations are becoming increasingly popular among retailers.

RETAIL LOCATIONS

Learning Objective 1 - The Types of Location

Asked students : What Are the Three Most Important Things in Retailing?

Answer : Location! Location! Location!

For starters, one of the most important factors in a customer's store selection decision is location. When it comes to getting your car washed, for example, you usually choose the location closest to your home or workplace. The majority of customers shop at the supermarket closest to them.

Second, location decisions are strategic in that they can be used to create a long-term competitive advantage. Competitors cannot easily copy a retailer's advantage if it has the best location, that is, the location that is most appealing to its customers. Competitors are forced to settle for the second-best spot.

Third, choosing a location is a risky proposition. When retailers choose a location, they must either make a significant investment to buy and develop the property or sign a long-term lease with developers. Retailers frequently sign 5- to 15-year leases.

Why is Store Location Important for a Retailer?

- In most cases, the location of a store is the most important factor in a customer's decision.
- Location decisions are strategic because they can aid in the development of a long-term competitive advantage.
- Choosing a location is risky: should you invest or lease?

Types of Locations

- Free Standing Sites
- City or Town Locations

Inner City

Main Street

- Shopping Centers

Strip Shopping Centers

Shopping Malls

- Other Location Opportunities

Selecting a particular location type

- It entails weighing a number of trade-offs.

The area covered by the trade zone (geographic area encompassing most of the customers who would patronize a specific retail site)

the location's cost of occupancy

Customer traffic (pedestrian and vehicle)

The property manager's restrictions on the store's operations

Customers will appreciate the convenience of the location.

Retailers can also set up shop in unusual places, such as an airport or within another store. Choosing a specific location type necessitates weighing a number of trade-offs. The size of the trade area, the location's occupancy cost, the pedestrian and vehicle customer traffic generated in association with the location, the property managers' restrictions on store operations, and the convenience of the location for customers are all factors to consider. The trade area is the geographical area that encompasses the majority of customers who would visit a particular retail location.

Tradeoff Between Locations

EXHIBIT 7-1

Types of Locations

	Size (000 sq. ft.)	Trading Area (Miles)	Annual Occupancy Cost (\$ per sq. ft.)	Shopping Convenience	Pedestrian Traffic	Vehicular Traffic	Restrictions on Operations	Typical Tenants
UNPLANNED AREAS								
Freestanding	Varies	3-7	15-30	High	Low	High	Limited	Convenience, drug stores, category specialists
Urban locations/ central business district	Varies	Varies	8-20	Low	High	Low	Limited to medium	Specialty stores
SHOPPING CENTERS								
Neighborhood and community shopping centers	30-350	3-6	8-20	High	Low	High	Medium	Supermarkets, discount stores
Power centers	250-600	5-10	10-20	Medium	Medium	Medium	Limited	Category specialists
Enclosed malls	400-1,000	5-25	10-70	Low	High	Low	High	Department and specialty apparel stores
Lifestyle centers	150-800	5-15	15-35	Medium	Medium	Medium	Medium to high	Specialty apparel and home stores, restaurants
Outlet centers	50-400	25-75	8-15	Low	High	High	Limited	Off-price retailers and factory outlets
Theme/festival centers	80-250	N/A	20-70	Low	High	Low	Highest	Specialty stores and restaurants

SOURCES: Personal communications with industry executives; "North American Retail Highlights 2009," http://www.colliers.com/Content/Repositories/Base/Corporate/English/Market_Report_Corporate/PDFs/RetailNaHighlightsSpring2009.pdf; http://www.icsc.org/srch/lib/2009_S-C_CLASSIFICATION_May09.pdf.

The characteristics of each type of location are described in the following sections, which are summarized in Exhibit 7-1. The first two types of locations are unplanned retail areas, while the third and fourth types are planned and managed shopping center developments.

Learning Objective 2 – Unplanned Retail Locations

Freestanding Sites

- Freestanding Sites – location for individual store unconnected to another retailer
- Advantages:

Convenience

High traffic and visibility

Retail Management

Chapter 7

RETAIL LOCATION

Lecturer: Michaela DeLeon Castillo, DBA

Modest occupancy cost

Separation from competition

Few restrictions

- Disadvantages:

No foot traffics

No drawing powers

Outparcels stores that aren't connected to other stores in a shopping center but are on the premises, usually in a parking lot. Fast-food restaurants like McDonald's and Dunkin' Donuts, as well as banks, are popular in these areas. Retailers can have a drive-through window, dedicated parking, and clear visibility from the street thanks to outparcels.

City or Town Locations

- Gentrification is bringing population back to the cities.
- Advantage to Retailers:

Affluence returned

Young professionals

Returned empty-nesters

Incentives to move provided by cities

Jobs!

Low occupancy costs

High pedestrian traffic

In general, urban locations have lower occupancy costs than enclosed malls, and pedestrian traffic in central business districts is often high during the day but not at night. Congestion in urban areas, on the other hand, limits vehicular traffic, and parking issues reduce consumer convenience. Unlike freestanding locations, store signage in these locations may be limited. Many urban areas are undergoing a transformation

gentrification— In deteriorating areas, the renewal and rebuilding of offices, housing, and retailers—coupled with an influx of more affluent people who evict the former, poorer residents.

Central Business District

The traditional downtown business area in a city or town is known as the central business district (CBD). During business hours, it attracts a large number of people and employees due to its daily activity. The CBD is also a major transportation hub, with a high volume of pedestrian traffic. Finally, many CBDs have a large population of people who live there. Although CBD locations in the United States have experienced a decline in popularity among retailers and their customers for years, many are seeing a resurgence as they become gentrified, attracting new retailers and residents who want to walk to do errands and shop.

Advantages

- Draws people into areas during business hours
- Hub for public transportation
- Pedestrian traffic
- Residents

Disadvantages

- High security required
- Shoplifting
- Parking is poor
- Evenings and weekends are slow

Main Street

The traditional shopping district in smaller towns or a secondary business district in a suburb or within a larger city is referred to as Main Street. Some of these areas' streets have been turned into pedestrian walkways. Main Streets have many of the same characteristics as a traditional CBD, but they have lower occupancy costs. Because

fewer people work in the area and fewer stores mean a smaller overall selection, Main Street locations do not attract as many people as the main CBD. Furthermore, Main Streets do not typically offer the same variety of entertainment and recreational activities as the more successful primary CBDs. Finally, the town's planning organization

Main Streets vs. CBDs

- Occupancy costs lower than CBDs
- They don't attract as many people
- There are not as many stores
- Smaller selections offered
- Not as much entertainment
- Some planners restrict store operations

Inner City

In the United States, the term "inner city" refers to a densely populated urban area with higher unemployment and lower median income than the surrounding metropolitan area. Some retailers have shied away from opening stores in the city because they believe it is riskier and yields lower returns than other areas. As a result, shoppers from the city must frequently travel to the suburbs to shop, even for food.

- Inner City retailers achieve high sales volume, higher margins and higher profits
- Unmet demand tops 25% in many inner-city markets

Shopping Center

A shopping center is a collection of retail and other commercial buildings that are planned, developed, owned, and managed as a single entity. The development attracts more customers to the shopping center by combining multiple stores in one location than if the

Retail Management

Chapter 7

RETAIL LOCATION

Lecturer: Michaella DeLeon Castillo, DBA

stores were in separate locations. The developer and shopping center management carefully select a set of complementary retailers in order to provide customers with a comprehensive shopping experience that includes a well-planned assortment of retailers. Surprisingly, it's not uncommon for a store's sales to increase when a competitor opens shop in the same shopping center.

- Shopping Center Management Controls:

Parking

Security

Parking lot lighting

Outdoor signage

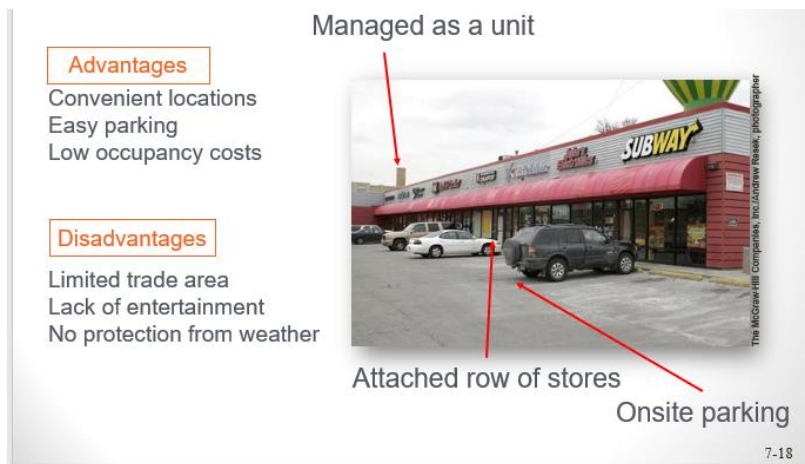
Advertising

Special events for customers

Types of Shopping Centers

- Neighborhood and Community Centers (Strip Centers)
- Power Centers
- Enclosed Malls
- Lifestyle Centers
- Fashion Specialty Centers
- Outlet Centers

Neighborhood and Community Centers



Neighborhood and community strip shopping centers (also known as simply strip shopping centers) are connected rows of open stores with on-site parking in front of them. Linear, L-shaped, and inverted U-shaped layouts are the most common. The linear configuration has been referred to as "strip center" in the past.

These centers' main advantages are that they provide customers with convenient locations and easy parking, as well as low occupancy costs. The main disadvantage is that smaller shopping centers have a limited trade area and lack entertainment and restaurants due to their size.

Power Centers

- Shopping centers that consist primarily of collections of big-box retail stores such as discount stores (Target orr SM Surplus), off-price stores (Marshall's), warehouse clubs (SnR), and category specialists (Lowe's, Best Buy, Dick's)

Open air set up

Free-standing anchors

Limited small specialty stores

Many located near enclosed malls

Low occupancy costs

Convenient

Modest vehicular and pedestrian traffic

Convenient

Modest vehicular and pedestrian traffic

Large trade areas

Unlike traditional strip malls, power centers often have several freestanding (unconnected) anchors and only a few small specialty store tenants, despite the fact that they are "open-air." Many power centers are within walking distance of a shopping mall.

Shopping Malls

Shopping malls are enclosed, climate-controlled, and well-lit shopping centers with retail stores on one or both sides of a walkway. Parking is usually available around the mall's perimeter. Regional malls (less than 800,000 square feet) and superregional malls (more than 800,000 square feet) are the two types of shopping malls (more than 800,000 square feet). Super-regional centers are similar to regional centers, but they have more anchors, specialty stores, and recreational opportunities, and they serve a wider geographic area. They are frequently regarded as tourist attractions.

- Regional shopping malls (less than 1 million square feet)
- Super regional malls (more than 1 million square feet)

Advantages and Disadvantages of Shopping Malls

Advantages:

- Many different types of stores
- Many different assortments available
- Attracts many shoppers
- Main Street for today's shoppers
- Never worry about the weather

- Comfortable surroundings to shop
- Uniform hours of operation

Disadvantages:

- Occupancy costs are high
- Tenants may not like mall management control of operations
- Competition can be intense

Lifestyle Centers

Lifestyle centers are shopping malls with an open-air configuration of specialty stores, entertainment, and restaurants, as well as design elements like fountains and street furniture. Lifestyle centers resemble small town main streets, where people stroll from store to store, eat lunch, and sit for a while on a park bench chatting with friends. As a result, they cater to the "lifestyles" of their target markets. Specialty retailers are particularly drawn to lifestyle centers.

People visit lifestyle centers for a variety of reasons, including the shops and restaurants, as well as outdoor attractions such as a pop-up fountain, ice cream carts, stilt walkers, balloon artists, magicians, face painters, concerts, and other events. Customers can be dropped off right in front of a store because lifestyle centers have limited auto access. Finally, many lifestyle centers are part of larger mixed-use developments, as discussed in the following section.

- Usually located in affluent residential neighborhoods
- Includes 50K sq. ft. of upscale chain specialty stores
- Open-air configuration
- Design ambience and amenities

- Upscale stores
- Restaurants and often a cinema or other entertainment
- Small department store format may be there

Mixed-Use Developments

Mixed-use developments (MXDs) combine a variety of uses into a single complex, such as retail, office, residential, hotel, recreation, and other functions. They are designed with pedestrians in mind, making it easier to live, work, and play. They appeal to people who are tired of long commutes to work and social fragmentation in their neighborhoods and want a lifestyle that allows them to spend more time doing the things they enjoy while also allowing them to live in a genuine community. MXDs are also popular with retailers because they attract more customers to their stores. Governments, urban planners, and environmentalists all favor them because they provide a cost-effective solution.

For example:

Land costs the same whether a developer builds a shopping mall by itself or an office tower on top of the mall or parking structure.

- Combine several different uses into one complex, including shopping centers, office towers, hotels, residential complexes, civic centers, and convention centers.
- Offer an all-inclusive environment so that consumers can work, live, and play in a proximal area

Outlet centers

Outlet malls are shopping malls that primarily house outlet stores from manufacturers and retailers. Outlet center rents are on average lower than mall rents, and their sales per square foot are comparable.

To keep customers on the premises longer, some outlet centers have a strong entertainment component, such as movie theaters and restaurants.

Theme/Festival Centers

- Located in places of historic interests or for tourists
- Anchored by restaurants and entertainment facilities

Theme/festival centers are shopping malls with a common theme that is carried out in the architectural design and, to some extent, in the merchandise of the individual stores. Tourists are the main draw of these attractions. The tenants are typically similar to those found in specialty centers, with the exception that there are rarely any large specialty or department stores. Restaurants and entertainment facilities can serve as anchors for theme/festival centers.

Larger, Multifformat Developments—Omnicensers

- Combines enclosed malls, lifestyle center, and power centers
- Larger developments are targeted

to generate more pedestrian traffic and longer shopping trips

To capture cross-shopping consumers

Enclosed malls, lifestyle centers, and power centers are all being combined in new shopping center developments. Although there is no official name for these types of centers, they are sometimes referred to as omnicensers.

Omnicenters are a response to a number of retailing trends, including tenants' desire to spread the costs of common area maintenance among a larger number of tenants and to operate within larger developments that generate more pedestrian traffic and longer shopping trips. Furthermore, they reflect the growing trend of consumers cross-shopping, such as when a Walmart customer also shops at the Cheesecake Factory and Nordstrom's, as well as the desire of time-strapped shoppers to go to one location that has everything.

Learning Objective 3 – Other Location Opportunities

- Airports
- Resorts
- Store within a Store
- Temporary or pop-up stores

Pop-Up Stores and Other Temporary Locations

Pop-up stores, which are stores in temporary locations that focus on new products or a small group of products, are sometimes opened by retailers and manufacturers. Because of the high start-up costs amortized over a very short lease and relatively high lease costs a few years ago, pop-up stores were a major investment for retailers. These stores have grown in popularity as retail space has become more plentiful and less expensive. These spaces are being used by retailers and manufacturers to generate buzz, test new concepts, and even evaluate a new neighborhood or city. Even on college campuses, pop-up stores are springing up.

Store within a Store

Retailers can also be found in other, larger stores, which is an unusual location for them. Traditionally, retailers, particularly department stores, have leased space to other retailers such as fine jewelry, furs, and high-end designer labels. For years, grocery stores have been testing the store-within-a-store concept with service providers such as coffee shops, banks, film processors, and medical clinics.

Merchandise Kiosks

Merchandise kiosks are small selling spaces, typically located in the walkways of enclosed malls, airports, college campuses, or office building lobbies. Some are staffed and resemble a miniature store or cart that could be easily moved. Others are 21st century versions of vending machines, such as the Apple kiosks that sell iPods and other high-volume Apple products.

Airports

Airports are a high-pedestrian area that has become popular with national retailers. Passengers are arriving for their flights earlier than before, giving them more time to shop. In addition, due to a reduction in airline food service, more people are seeking food in the airport. As a result, sales per square foot in airport malls are frequently higher than in regular malls. However, rents have risen as well. Also, costs may be higher because hours are longer, and businesses must pay higher wages because the location is often inconvenient for workers.

Learning Objective 4 – Location and Retail Strategy

The retailer's strategy must be supported by the location type chosen. As a result, the location-type decision must be consistent with the target market's shopping behavior and size, as well as the retailer's position within that market.

Shopping Behavior of Consumers in Retailer's Target Market

A critical factor affecting the type of location that consumers select to visit is the shopping situation in which they are involved.

Three types of shopping situations are:

- convenience shopping,
- comparison shopping,
- specialty shopping.

Convenience Shopping

When it comes to convenience shopping, consumers are primarily concerned with minimizing their effort in order to obtain the product or service they desire. They are relatively price agnostic and unconcerned about which brands to purchase. As a result, they don't spend much time comparing different brands or retailers; they simply want to buy as soon as possible. Getting a cup of coffee during a work break, buying gas for a car, or buying milk for breakfast in the morning are all examples of convenience shopping situations.

Comparison Shopping

Consumers who are involved in comparison shopping have a general idea of the type of product or service they want, but they do not have a strong preference for a particular brand or model. Purchase decisions, on the other hand, are more important to them, so they seek information and are willing to put forth the effort to compare alternatives. When purchasing furniture, appliances, apparel, consumer electronics, hand tools, and cameras, consumers frequently engage in this type of shopping behavior.

Specialty Shopping

When it comes to specialty shopping, customers know exactly what they want and will not accept anything less. They are loyal to a brand or retailer and will pay a

premium or go to great lengths to get exactly what they want. Buying organic vegetables, adopting a dog from an animal shelter, or purchasing a new, high-quality stovetop and oven are all examples of these shopping occasions. When they go specialty shopping, they go to stores that are also destination stores. As a result, customers who shop for specialty items are willing to travel to an inconvenient location. For retailers selling unique merchandise or services, having a convenient location is less important.

Density of Target Market

The density of the retailer's target market in relation to the location is a second, but closely related, factor that influences location type selection. Many people from the target market are drawn to a good location. Customers living or working in close proximity to a convenience store in a CBD can therefore sustain the store. A comparison-shopping store next to a Walmart, for example, could be a good location because Walmart attracts customers from a wide area. People are willing to go out of their way to find specialty merchandise, so having a high customer density near a store that sells it isn't as important.

Uniqueness of Retail Offering

Finally, the convenience of their locations is less important for retailers with unique, differentiated offerings than for retailers with an offering similar to other retailers.

Alternative Locations Pop-Up Stores and Other Temporary Locations

- Temporary locations that focus on new products or a limited group of products.
- Create buzz, test new concepts, or even evaluate a new neighborhood or city.
- Temporary stores to take advantage of the holiday season in December
- Visibility and additional sales at festivals or concerts, weekend crafts fairs, or farmers' markets.

Alternative Locations Store within a Store

- Located within other, larger stores
- Examples:

Grocery store with service providers (coffee bars, banks, clinics, video outlets)

Alternative Locations Merchandise Kiosks

- Merchandise Kiosks – small temporary selling stations located in walkways of enclosed malls, airports, train stations or office building lobbies.

Alternative Locations Airports

Airports: Why wait with nothing to do?

Rents are 20% higher than malls

Sales/square ft are 3-4 times higher than malls

Best airports are ones with many connecting flights

Matching Location to Retail Strategy

- The selection of a location type must reinforce the retailer's strategy be consistent with

the shopping behavior

size of the target market

The retailer's position in its target market

- Department Stores → Regional Mall
- Specialty Apparel → Central Business District, Regional malls
- Category Specialists → Power Centers, Free Standing
- Grocery Stores → Strip Shopping Centers
- Drug Stores → Stand Alone

Shopping Behavior of Consumers in Retailer's Target Market

- Factors affecting the location choice

Consumer Shopping Situations

Convenience shopping

Comparison shopping

Specialty shopping

Shopping Behavior of Consumers in Retailer's Target Market

- Factors affecting the location choice

Density of Target Market

Ex. Convenience stores in CBD; comparison shopping stores next to

Wal-Mart

Uniqueness of Retailing Offering

Convenience of locations is less important

Convenience Shopping

- Minimize the customer's effort to get the product or service by locating store close to where customers are located

Comparison Shopping

- Customers have a good idea of what type of product they want, but don't have a strong preference for brand, model or retailer.
- Competing retailers locate
- Near one another

Specialty Shopping

- Customers know what they want
- Designer labels
- Convenient location matters less

Learning Objective 5 – Legal Considerations

Legal considerations need to be examined when evaluating different location types. Laws regarding how land may be used have become so important that they often are a retailer's first consideration in a site search. Legal issues that affect the location decision include environmental and sustainability issues, zoning, building codes, signs, and licensing requirements.

Legal Considerations Environmental Issues

- “Above-ground” risks - such as asbestos-containing materials or lead pipes used in construction.
- Hazardous materials - e.g. dry cleaning chemicals, motor oil, that have been stored in the ground.
- Retailers' remedies to protect themselves from hazards.

Stipulate in the lease that the lessor is responsible for removal and disposal of this material if it's found.

Buy insurance that specifically protects it from these risks.

Legal Considerations Other Legal Issues

- Zoning and Building Codes

Zoning determines how a particular site can be used

Building codes determine the type of building, signs, size, type of parking lot, etc. that can be used

- Signs

Restrictions on the use of signs can also impact a particular site's desirability

- Licensing Requirements

Some areas may restrict or require a license for alcoholic beverages

REFERENCES FOR FURTHER READING

- Levy, Michael (2019) Retailing Management 10th edition. Irwin / McGraw – Hill
- Goworek, Helen (2015) Retail Marketing Management: Principles and Practice, Pearson
- Lusch, Robert F. (2015) Retailing: An Introduction, Cengage Learning
- Singh, S.D (2012). Retail Management. New Delhi, India: ANMOL Publication
- Levy M., Wetz, B. (2012). Retailing Management: New York: Mc Graw Hill
- Levy, Michael (2009) Retailing Management 8th edition. Irwin / McGraw – Hill
- Yudelso, Jerry. Sustainable Retail Development: New Success Strategies . New York: ICSC, 2009.
- Jerath, Kinshuk, and Z. John Zhang. “Store-Within-a-Store.” Journal of Marketing Research, forthcoming. Kramer, Anita. Dollars & Cents of Shopping Centers/The SCORE 2010 . Washington, DC: Urban Land Institute, 2010.
- Ruoh-Nan, Yan, and Molly Eckman. “Are Lifestyle Centres Unique? Consumers’ Perceptions across Locations.” International Journal of Retail & Distribution Management 37, no. 1 (2009), pp. 24–42.

Online Sources

- <https://study.com/academy/lesson/choosing-a-retail-location-types-considerations.html>
- <https://www.tutorialspoint.com/retail management/retail business location.htm>
- <https://www.slideshare.net/prithvighag/retail-locations-24372403>
- <https://www.marketing91.com/retail-store-location/>
- <https://www.managementstudyguide.com/types-of-retail-outlets.htm>
- <https://www.yourarticlelibrary.com/retailing/site-selection-for-retail-store-4-factors/48066>
- <https://smallbusiness.chron.com/factors-consider-putting-up-retail-store-80469.html>

- <https://courses.lumenlearning.com/wmopen-retailmanagement/chapter/introduction-to-selecting-a-store-location/>

Progress Check

1. Explain the Types of Location

- a. Discuss the three important things in choosing Retail Location

2. Discuss the Unplanned

- a. Elaborate the Freestanding Site, City or Town Locations
- b. Discuss the Different types of Shopping Center which are:
 - Neighborhood and Community Shopping Centers,
 - Power Centers,
 - Shopping Malls
 - Lifestyle Centers
 - Mixed Used Developments
 - Outlet Centers
 - Theme/Festival Centers
 - Larger, Multiformat Development – Omnicenters

3. Explain Other Locations Opportunities

- a. Discuss the Pop-Up Stores and Other Temporary Locations
- b. Explain the Store within a Store
- c. Elaborate the Merchandise Kiosks
- d. Discuss store in Airport

4. Explain the Location and Retail Strategy

- a. Discuss Shopping Behavior of Consumers in Retailer's Target Market
- b. Explain the Density of the Target Market

- c. Elaborate Uniqueness of Retailing Offering

5. Discuss the Legal Considerations

- a. Explain the Environmental and Sustainability Issues
- b. Discuss Zoning and Building Codes

SELF EVALUATION

MULTIPLE CHOICE (40points)

1	The degree to which customers can easily get into and out of a shopping center.			
	a	tertiary trading area	c	accessibility
	b	traffic flow	d	sliding scale lease
2	A shopping center that includes a supermarket, drugstore, home improvement center, or variety store. Neighborhood centers often include small stores, such as apparel, shoe, camera, and other shopping goods stores.			
	a	gentrification	c	merchandise kiosk
	b	lifestyle center	d	neighborhood strip shopping center
3	One of ESRI's Community Tapestry segmentation scheme clusters. Young, well-educated singles beginning their professional careers in the largest cities, such as New York, Chicago, and Los Angeles.			
	a	fixed-rate lease	c	maintenance-increase-recoupment lease
	b	graduated lease	d	Metro Renters
4	Shopping experiences when consumers know what they want and will not accept a substitute.			
	a	shopping center	c	outparcel
	b	specialty shopping	d	power center
5	The principle that a cluster of similar and complementary retailing activities will generally have greater drawing power than isolated stores that engage in the same retailing activities.			
	a	artificial barrier	c	congestion
	b	census	d	cumulative attraction
6	Shopping center that is dominated by several large anchors, including discount stores (Target), off-price stores (Marshalls), warehouse clubs (Costco), or category specialists such as Home Depot, Office Depot, Circuit City, Sports Authority, Best Buy, and Toys "R" Us.			
	a	omnicenter	c	power center
	b	outparcel	d	mixed-use development (MXD)
7	A shopping center with an outdoor traditional streetscape layout with sit-down restaurants and a conglomeration of specialty retailers.			
	a	comparison shopping situation	c	gentrification
	b	destination store	d	lifestyle center
8	Development that combines several uses in one complex—for example, shopping center, office tower, hotel, residential complex, civic center, and convention center.			
	a	Main Street	c	freestanding site
	b	mixed-use development (MXD)	d	inner city
9	The retailer must pay a minimum rent no matter how low sales are.			
	a	outparcel	c	percentage lease with a specified minimum
	b	percentage lease	d	micropolitan statistical area (MiSA)
10	A type of shopping situation whereby consumers have a general idea about the type of product or service they want, but they do not have a well-developed preference for a brand or model.			
	a	comparison shopping situation	c	anchor store
	b	trade area	d	central business district (CBD)

Retail Management
Chapter 7 RETAIL LOCATION
Lecturer: Michaella DeLeon Castillo, DBA

11	A lease that pays the lessor, or landlord, a percentage of sales up to a maximum amount.		
	a	Metro Renters	c parasite store
	b	natural barrier	d percentage lease with a specified maximum
12	Compares the average expenditure in a particular area for a product to the amount spent on that product nationally.		
	a	secondary trading area	c percentage lease with a specified minimum
	b	Spending Potential Index (SPI)	d prohibited-use clause
13	A geographic sector that contains potential customers for a particular retailer or shopping center.		
	a	trade area	c secondary trading area
	b	prohibited-use clause	d Spending Potential Index (SPI)
14	A building or kiosk that is in the parking lot of a shopping center but isn't physically attached to a shopping center.		
	a	omnicenter	c Main Street
	b	outparcel	d mixed-use development (MXD)
15	An area bounded on all sides by visible (roads, rivers, etc.) and/or invisible (county, state boundaries) features that is the smallest geographic entity for which census data are available.		
	a	block group	c visibility
	b	census block	d analog approach
16	Shopping center that is similar to a regional center, but because of its larger size, it has more anchors and a deeper selection of merchandise, and it draws from a larger population base.		
	a	superregional mall	c shopping center
	b	power center	d specialty shopping
17	Off-price retailer owned by a manufacturer or a department or specialty store chain.		
	a	neighborhood strip shopping center	c lifestyle center
	b	outlet center	d merchandise kiosk
18	A clause in a leasing contract that requires a certain percentage of a shopping center be leased, while others name specific retailers or types of retailers that are to remain open		
	a	analog approach	c census block
	b	block group	d cotenancy clause
19	A building or kiosk that is in the parking lot of a shopping center but isn't physically attached to a shopping center.		
	a	micropolitan statistical area (MiSA)	c Huff gravity model
	b	outparcel	d metropolitan statistical area (MSA)
20	A lease in which rent is based on a percentage of sales.		
	a	micropolitan statistical area (MiSA)	c percentage lease
	b	outparcel	d metropolitan statistical area (MSA)
21	A technique used in trade area analysis that "spots" (locates) residences of customers for a store or shopping center.		
	a	census block	c customer spotting
	b	cotenancy clause	d block group
22	A provision of a lease that can be used with either a percentage or straight lease. This type of lease allows the landlord to increase the rent if insurance, property taxes, or utility bills increase beyond a certain point.		

Retail Management
Chapter 7 RETAIL LOCATION
Lecturer: Michaella DeLeon Castillo, DBA

	a	customer spotting	c	graduated lease
	b	fixed-rate lease	d	maintenance-increase-recoupment lease
23	Enclosed, climate-controlled, lighted shopping centers with retail stores on one or both sides of an enclosed walkway.			
	a	regional mall	c	outlet center
	b	shopping mall	d	pop-up store
24	A computerized system that enables analysts to visualize information about their customers' demographics, buying behavior, and other data in a map format.			
	a	geographic information system (GIS)	c	cumulative attraction
	b	congestion	d	exclusive-use clause
25	Stores in temporary locations that focus on new products or a limited group of products.			
	a	neighborhood strip shopping center	c	pop-up store
	b	outlet center	d	merchandise kiosk
26	A lease that requires rent to increase by a fixed amount over a specified period of time.			
	a	fixed-rate lease	c	cotenancy clause
	b	graduated lease	d	customer spotting
27	The geographic area of secondary importance in terms of customer sales, generating about 20 percent of a store's sales.			
	a	prohibited-use clause	c	percentage lease
	b	secondary trading area	d	percentage lease with a specified minimum
28	Legal restrictions describing the size and type of building, signs, type of parking lot, and so on that can be used at a particular location.			
	a	building codes	c	theme/festival center
	b	strip shopping center	d	zoning
29	A part of some leases that stipulates how much the percentage of sales paid as rent will decrease as sales go up.			
	a	regression analysis	c	percentage lease with a specified maximum
	b	sliding scale lease	d	primary trading area
30	The outermost ring of a trade area; includes customers who occasionally shop at the store or shopping center.			
	a	regression analysis	c	tertiary trading area
	b	sliding scale lease	d	primary trading area
31	A combination of mall, lifestyle, and power center components in a unified, open-air layout.			
	a	Main Street	c	omnicenter
	b	mixed-use development (MXD)	d	inner city
32	The regulation of the construction and use of buildings in certain areas of a municipality.			
	a	shopping mall	c	theme/festival center
	b	strip shopping center	d	zoning
33	The balance between a substantial number of cars and not so many that congestion impedes access to the store.			
	a	regression analysis	c	tertiary trading area
	b	sliding scale lease	d	traffic flow

Retail Management
Chapter 7 RETAIL LOCATION
Lecturer: Michaella DeLeon Castillo, DBA

34	Customers' ability to see the store and enter the parking lot safely.		
	a	Spending Potential Index (SPI)	c visibility
	b	trade area	d secondary trading area
35	The traditional downtown business area of a city or town.		
	a	trade area	c central business district (CBD)
	b	anchor store	d superregional mall
36	The common facilities maintenance that a shopping center management is responsible for, such as the parking area, providing security, parkinglot lighting, outdoor signage for the center, advertising, and special events to attract consumers.		
	a	building codes	c theme/festival center
	b	common area maintenance (CAM)	d zoning
37	A large, well-known retail operation located in a shopping center or Internet mall and serving as an attracting force for consumers to the center.		
	a	anchor store	c superregional mall
	b	specialty shopping	d trade area
38	A shopping center that typically employs a unifying theme that is carried out by the individual shops in their architectural design and, to an extent, their merchandise.		
	a	regional mall	c strip shopping center
	b	shopping mall	d theme/festival center
39	When consumers are primarily concerned with minimizing their effort to get the product or service they want.		
	a	building codes	c convenience shopping situation
	b	common area maintenance (CAM)	d zoning
40	A retail location that is not connected to other retailers.		
	a	freestanding site	c common area maintenance (CAM)
	b	building codes	d convenience shopping situation

Answer:

1. C
2. D

Retail Management
Chapter 7 RETAIL LOCATION
Lecturer: Michaela DeLeon Castillo, DBA

- 3. D
- 4. B
- 5. D
- 6. C
- 7. D
- 8. B
- 9. C
- 10.A
- 11.D
- 12.B
- 13.A
- 14.B
- 15.B
- 16.A
- 17.B
- 18.D
- 19.D
- 20.C
- 21.C
- 22.D
- 23.B
- 24.A
- 25.C
- 26.B
- 27.B
- 28.A
- 29.B
- 30.C
- 31.C
- 32.D
- 33.D
- 34.C
- 35.C
- 36.B
- 37.A
- 38.D
- 39.C
- 40.A

