CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

6.1   <u>SUMMARY OF THE FINDINGS</u>

The study reveals that there is a strong indication of market saturation and over supply of retail space in the Klang Valley.

The compilation of data under this study indicates that there would be another 55 new shopping complexes with a total lettable retail space of 28.17 million sq. ft. entering the market in the Klang Valley by the year 2000, making it a total of 128 shopping complexes with a total lettable retail space of some 44.93 million sq. ft.

The study also shows that there is an estimation of some 14.58 million sq. ft. of retail space (i.e. 32%) in excess of the demand capacity of retail industry by the year 2000.

The shopping complex development has undergone major transformation since 1970's, with the current trends towards the development of retail facilities in suburban areas and the emergence of new retail formats.

The mushrooming of new shopping complexes in the Klang Valley since 1995 has been a concern within the retail industry. The business in those shopping

complexes in suburban areas generally is not overwhelming, while the business in some existing shopping complexes has been affected to a certain extent.

Fierce competition, poor business, rapid turnover of tenants and ailing shopping centres are symptoms of a market reaching a saturation point. Such a market situation portends a danger of over-building.

Developers of shopping complex projects would be facing difficulties as a high vacancy rate and rapid turnover of tenants would not justify a good return on investment.

Retailers nowadays would not continue to take up their lease in those shopping complexes that do not justifiable them to do so. In the meantime, they would exercise their caution in the evaluation and site selection process of the shopping complex before deciding to take up any shoplot in the new shopping complexes.

Changes in retailing have been linked to the level of economic development of a country. In accordance with theory, changes in retail facilities have taken the form of a spiral movement consequent upon a rising income and higher standard of living. This is shown by the transitional shifts from the traditional shop houses to more sophisticated retailing outlets such as planned supermarkets, department stores and specialty stores as well as towards the

integrated shopping centres to meet the changing consumer demand and environmental requirements.

Michael Porter's five competitive forces could be best used to describe the transformation in retail industry. New management information system and information technology together with their strategic significance are increasingly playing more vital roles in today's business environment by creating substantial and sustainable competitive advantages. New information technology is changing the way retailers operate internally as well as altering the relationships among companies and their suppliers, customers and rivals. This technology is transforming the nature of products, processes, companies, industries and even competition itself.

Political and social factors such as major urban developments, population growth and distribution have also contributed in no small way to retail changes.

6.2   IMPLICATIONS OF THE STUDY

The findings of this study on the shopping complex developments and its impacts on the retail industry have implications on the three parties, either from the public or the private sector. They are the Government, the developers and the retailers.

As the study reveals the extent of the over supply of retail space in shopping complexes in the Klang Valley, the Government should interfere by implementing public policies and controls with regard to the development of shopping complex projects. This would prevent any excess supply that might have negative implications on the retail industry and the community as a whole.

The developers should undertake a through market research and a detailed evaluation and feasibility analysis before venturing into the development of shopping complex projects. This is to ensure that their return on investment would be guaranteed to a certain extent.

As to the retailers, they would have to be selective and decisive on the selection procedure of their retail outlets in the Klang Valley to avoid the problems of moving into any ailing shopping complexes. They would also need to equip their business with the competitive advantages provided by the IT system to help them to cope with the keen competition of the changing business world.

6.3   RECOMMENDATIONS ON RETAIL INDUSTRY DEVELOPMENT

Retailers have only two assets - their inventories and their locations.

They have to ensure their own survival by adapting to changing conditions : choosing new locations in growth areas and relinquishing those that are no longer suitable, developing new product lines, adopting new information technology or altering the scale of operations.

The following are some recommendations for considerations :

1.   To Maintain Profitable Retail Outlets

Retailers should operate and maintain those retail outlets which are profitable in strategic locations with substantial sales profits.

They should have employed their own analytical strategies and locational analysis that based on the demand of their products and their target market in the process of selection of new outlets in shopping complexes.

The site selection procedure used by a retail chain should reflect the chain's stage in the life cycle. As retail clusters become more specialised, the site selection process for the retail chain must become more precise. Each different market niche requires a distinct location model.

If you know your customers you could identify your trade area. If you know your trade area you could identify your customers.

A retail chain's main asset is the set of locations that it leases. Its success depends on its ability to extract sales from these locations. If it were not for the presence of competitors, retail location would be a simple and logical process. A single equation would suffice. A retail chain's share of market largely determines its strategic options.

2. **To Adopt New Retail Technology**

In order to stay ahead and to gain competitive advantages in this changing business environment which is full of keen competition and fierce rivalry, adoption and implementation of the retail information technology system is a growing trend among the retailers. Such system development would help reduce the operation costs including the production costs and the labour costs.

Retailers should spend on retail IT system development to improve operations in five areas of business :

- Automatic replenishment
- Micro-marketing
- Point-of-sale

- Workforce planning
- Store management

Store management and automatic replenishment system could provide an effective inventory management system and a "stockless inventory" in the retail chain stores. Micro-marketing focuses on customer loyalty and frequent shopper systems. POS system besides effectively control the stock level and help sales staff to transact sales properly, also could provide a means by which they could interact better with customers. Workforce planning is another issue that is growing in importance - it would optimise good service to customers as well as effective cost management over labour.

The Electronic Anti-theft Surveillance System - could help prevent shoplifting and the number of workforce and thus reduce cost substantially.

3. To Alter The Scale Of Operations

The supply component of retail trade has experienced considerable change in the recent years. In order to meet the demand for goods and services, firms dealing in different business types have adjusted themselves to the retail market in two different ways viz., change in number and change in size.

Change in the number of establishments depends largely on consumer demand; in other words, the greater the demand for a particular type of goods, the larger the number of establishments. On the other hand, optimum size depends more on the balance between operating costs and the floor requirements, i.e. the supply factors.

Thus business types such as furniture and electronic/electrical appliances which require larger floor area have expanded in size, while those dealing in sports, music, hand phones, handicraft, flowers, etc. have become smaller in size but grown in number to meet greater consumer demand.

In some cases, the two different forms of adjustment have been occurred within a single business group or even within a business type. The clothing/textiles, food/drink, jewellery/watches groups are very good examples of simultaneous occurrence of two different forms of adjustment. Thus small boutiques have multiplied for the retailing of ready-made clothes while the food/drink category, numerous small "take-away" and "counter-cafes" have appeared in shopping complexes along with fast-food shops and restaurants, the big space-users.

4. **To Develop New Product Lines**

Retailers should employ the strategies of product diversification or horizontal integration so as to increase its customer base and to cater for different market segments of customers.

Retailers should possess new and unique business concepts and appropriate marketing strategies such as differentiated and concentrated marketing strategies as well as geographical, demographic, psychographic and behavioristic market segmentation strategies.

6.4 **RECOMMENDATIONS ON SHOPPING COMPLEX DEVELOPMENT**

The key to success of the shopping complex is for the developers to correctly identify the "strategic positioning" in terms of the retail industry, vis-a-vis its physical location.

The correct approach is first to establish a competent market research to assess the strategic positioning and the feasibility to ensure the right level of returns prior to its conceptualisation. Such market research would determine what size of the shopping complex should be, what kind of goods it should carry, what kind of tenant mix, what kind of anchors it should attract and the style of the shopping complex.

Just as the building would need strong foundations, so would the development concept itself. A tailored and unbiased program of market research must thus be conducted before a development concept could be confirmed. The research, when used in this pro-active way, could tell a developer how to beat the competition and attract more than its fair share of patronage. In some cases, the research could also tell a developer whether he should build or is building too many.

The following are some principles which could provide ways to guide a successful shopping complex :

1. The Offer - "Strong Tenant Mix Control For Strong Shopping Complexes"

Most people visit a shopping centre with the intention of buying something then, or comparing products for a purchase in the future. It therefore follows that the shopping centre developer should do his best to assess who his future customers will be and what they will be seeking.

In a shopping centre, the offer is made up by the retailers or operators trading in that centre and the mix of operators is a key point in determining the future success of a centre. In a multi-level retail environment, the offer needs to be organised by floor to ensure shoppers can find what they want easily. Care needs to be taken not just with which operators are selected, but which floor and which unit they trade from - in the trade we call this "tenant mix".

If the shop lots are sold off to individual investors, or if the marketing company of the centre believes (as some still do) that a shopping centre will find its own level, then there can be no pattern and, at best, the shoppers will find the offer disjointed and confusing. This will mean that they will seek a better alternative to meet their retail needs.

A developer should carry out research into who the customers will be, what they will want and what the competitors will be trying to offer them. A carefully planned "tenant mix" allocating potential operators for every shop lot should be developed in the early stage of design process. This will be applied through a controlled marketing programme where leasing of the shop lots is the order of the day and sales of the shop lots are only allowed to established traders.

The tenant mix includes a wide selection of the leading middle and mass market operators in Malaysia to ensure that the catchments' favorite shopping centres. To help ensure that a shopping complex can attract these operators, pricing of the rental rate is truly competitive, not withstanding all of the other benefits that the shopping complex has over its competitors.

2. **Layout Plan - "Simple Layouts For More Customers"**

In the days of no competition, it may have been reasonable to expect shoppers to search in and out of the typical back corridors and side malls that are a

feature of so many shopping centres today. This should no longer be the case. Shoppers have a choice and to renew an old saying, "if you can't see it, you don't go for it". This can be evident that even the side malls in the effervescent Sungei Wang Plaza are showing increasing levels of strain, particularly at the upper levels. It is remarkable that investors are still buying space in shopping complexes with this format, especially in the suburbs.

The only shopping complexes that will be successful in the future will be those that offer simple circulation patterns which allow the shopper to see the full width of the offer while browsing the main malls.

A developer must ensure that the layout feature of the shopping complex offers points of interest at each end to encourage shopper flow and allows the shoppers to see all the shops whilst covering the minimum amount of distance. The anchor tenant - departmental store draws people on the one side whilst the spectacular atrium and the junior anchors and the retailers draw on the other side.

A good layout will give shoppers the most interest to browse. It is quick and easy to find the shops they want and there is no chance of losing ones' bearings. This will also ensure retailers the best ever chance of exposing the offer to the shoppers and securing that important extra customer.

3. Vertical Circulation - "Top Convenience For Business At Every Level"

Shopping complexes that work well at the ground and first floors often fail as they move higher up. The reason for this is that developers have a tendency to severely under-estimate the forces needed to encourage people to move vertically through a shopping complex. Simply putting in escalators, or leisure on the top floors, is not enough.

Car parking, or other natural generators should feed every level that people are expected to visit. Some shopping complexes have car parking at every level, in addition to parking spaces at the basement or outside the building.

Products should be laid out logically by floor. A clearly defined "tenant mix" plan will provide convenience for the shoppers.

Escalators should be placed for the shoppers' convenience, not the retailers. Typically, when escalators are found, they require shoppers to walk considerable distances between each set (possibly around an atrium). This is a deliberate ploy by the developer to force people to walk past the shops. Unfortunately, in the new competitive environment, if you try to force people to do things, they will simply take their business somewhere else.

Automated ramps linking the basement parking floor to the lower ground retail floor will allow shoppers with trollies and the disabled to maximise their purchasing power.

In addition to these features, food court, cinemas and leisure at the upper levels are crowd pullers. The car parks, the fast-track escalators and the sight lines from the front of the building and the inside the atrium will just ensure they are more heavily patronised.

4. Good Access - "Easy Access For More Visitors"

Very often the mere idea of visiting a shopping complex fills the shoppers with the horror at the thought of long queues to get in and out and difficulty in finding a good parking lot that fits the car. If the shopping complex car park system is easy to find, it often means up to ten turns of a circular ramp to reach the parking deck. Today's cars are bigger and are, more and more, used as the primary way of visiting a shopping complex. The construction grid of a typical shopping complex is around twenty four feet which allows less than eight feet per car - not enough space if two larger cars park side by side.

Some developers have increased the construction grid to some thirty feet which allows plenty of room for nervous drivers, or those with bigger cars, to park smoothly. In addition, computer controlled signs will help to guide

people to the nearest space, whilst incentives of the cheaper parking will be offered at off-peak times and to those with full cars.

The upgrading of existing infrastructure and road access to the shopping complex is also a major factor for its success. The upgrading of the existing road and the provision of new highway and expressway leading the complex will not only ease the flow of traffic but will also help shoppers living further away to enjoy the benefits of shopping in the area.

Public transport facilities such as KTM commuter station, LRT station and established bus routes are also playing important roles in making the shopping complex within easy reach, especially for those without their own transport.

5. Exterior Design - "Looking Your Best For Good Trading"

Usually the exterior design of a Malaysian shopping complex bears no resemblance to the nature of what is happening in the building. This is particularly so when the development is a mixed use scheme where the appearance of the hotel, or location of the office lobby, or some other factors often dictates the character of the design. The result is bland exteriors that offer no extra motivation to visit and no suggestion of the excitement inside.

A dedicated shopping complex should take full advantage of its prominent frontage to express externally the excitement and promise that is delivered

internally. It utilizes classic materials with some new technologies to ensure the appearance does not date and can react to market trends and promotional seasons.

6. Mall Widths - "Wide Malls For Longer Family Visits"

The old approach allowed for narrow malls to maximise the area that could be sold or leased. Even today, malls as narrow as two metres can still be found in busy circulation areas. This means that if shoppers try to stop to talk, or browse in a window, the crowd forces them to quickly move on. This introduce elements of stress and conflict into what should be a hassle-free environment. Furthermore, the shoppers will be wary of bringing young children to shop in such a centre as they will be vulnerable to the jostling of the crowd.

Developers of the future shopping complexes should therefore provide spacious malls or walkways, some even are of more than 10 metres wide. This will give plenty of room for all shoppers, even the disabled, to feel comfortable in the shopping complex even at its busiest times. This also allows better expression for the interior design of the shopping complex.

A floor to floor height of about 5 metres will be a guarantee of hassle-free shopping in an unmatched environment for the shoppers and plenty of space to express their identity for the retailers.

7. **Service Lanes - "Better Servicing For Good Clean Business"**

The majority of shopping complexes in Malaysia service the shop lots from the front of the unit. This means that conflicts can arise between deliveries and customers trying to access to the same point at the same time which is in no-ones interest. The solution is usually to restrict the times that retailers can service their shops to off-peak times which is not very convenient.

In the latest trend of shopping complexes, the majority of the shop units are serviced from specially designed service corridors at the rear of the unit. This will help the retailers to manage their stocks better and give better service to their customers.

6.5 RECOMMENDATION FOR FUTURE RESEARCH

The success of a shopping complex depends on three parties i.e. the developers, the retailers and the customers, whose interrelationships would justify a profound environment for the development of retail industry in Malaysia.

This research has studied the development of shopping complexes as well as the views of chain store retailers, who are the strategic alliances to the developers, on the impact of such development on the retail industry.

As consumers are key factors in the retail industry, it is recommended that future research should look into the areas such as consumer preferences in shopping complexes, and the relationship of consumer behavior and retail location.

A study on the consumer preferences in shopping complexes would help identify the needs and wants of shoppers as well as their levels of satisfaction with the existing retail services and facilities in the shopping complexes. This would be of significance to the development planning and the selection of store varieties and tenant mix of the developers so as to meet the consumer demand.

Consumer behavior has significant implications on the retail location of shopping complexes. In the locational analysis of shopping complexes, the consumer behavior and its shopping patterns depend on the principles of retail location such as accessibility, compatibility of land use, presence of high purchasing power, population density and growth potential of trade areas.

6.6   PROSPECTS OF SHOPPING COMPLEX DEVELOPMENT

The following subsections provide the prospects of shopping complexes development in the Klang Valley.

6.6.1   Decentralisation Of Shopping Centres

The retail sector is currently undergoing significant transformations and active development. There are a number of shopping centres which have developed at the periphery of Kuala Lumpur and in suburban centres in the past years. The future of shopping centre development is an issue which needs to be addressed. Would there be an oversupply? What would be the type of shopping centre which is most attractive to consumers?

The authorities concerned should impose public controls and policies on shopping complex development so as to safeguard a healthy competitive retail environment in the country.

6.6.2   New Retail Potential Areas

a)   Easier Access To Transportation Facilities

New potential areas for retail development have been created by the completion of the North-South Highway. As the income level increases, people are able to afford cars and other forms of private transport which enable them to travel freely. When the transportation problem has been solved, retail centres will not need to be located near towns but instead they can be located near highways which are easily accessible by car.

b) New Townships

Several townships are being designed and developed along the North-South Highway as well as near the proposed Kuala Lumpur International Airport. These townships will encourage people to congregate together, creating a greater density in population. In addition, these townships will also create opportunities for employment, hence they create opportunities to develop retail or shopping centres as the demand for such shopping centres increases. With more middle and higher income people moving into these new townships, the purchasing power will increase and this will help to make the shopping centres a success.

c) The LRT And Monorail

The LRT and monorail will be the 'People Movers' of the future as there will be thousands of people making use of these facilities daily. These people will create a demand for the purchase of goods and thus lead to a demand for shopping centres. These demands may be in the form of food items and daily needs and they may even extend to luxury items, different types of fashion and brand names. The concentration of a large number of people in a certain place, for example in a station or at a stop, will provide an interesting opportunity for retailers to display their goods.

6.6.3   Future Trends

Increasingly, shopping centres are being seen not merely as a place to shop, but also a place for entertainment and a place to spend one's leisure hours. This trend has given rise to 'Entertainment Retailing'.

Basically, Entertainment Retailing includes :

1) The inclusion of entertainment facilities within shopping malls.

2) The emphasis on making the shopping environment as entertaining as possible.

3) The selling of branded goods based on movie and TV characters.

Another trend which has recently arrived on the shores of Malaysia is electronic home shopping. This form of shopping does not require the shopper to visit shopping centres, instead orders can be made through the phone, based on advertisements on television. To counter this trend, shopping centres will have to make shopping environments more attractive, more efficient and more entertaining. The level of customer service will also help attract people to the shopping centres and away from electronic home shopping. Customers have to feel at ease in shopping centres, the more pampered they feel, the more they will want to return.

There is a need to train the sales personnel to be well informed and to offer the highest level of service and courtesy to help customers enjoy their shopping as much as possible.

In terms of retailing, it is also approaching a situation of retail globalisation. It is estimated that by the year 2000, 90 per cent of the world's largest retailers will be operating internationally, according to a recent report by Price Waterhouse/Management Horizon. Locally in Malaysia, we already have international names like Jusco, Sogo, Yaohan, Isetan, Metrojaya, and Marks & Spencers which are operating successfully.

Therefore we can assume the shopping centres of Malaysia will also pursue the trends that we see overseas as we undergo some transformation and move towards globalisation.

6.6.4   The Future Of Shopping Centres In The Klang Valley

The staggering number of retail space which are going to be available in the market in the next 10 years in the Klang Valley posed a serious question in most investor's minds - the problem of an oversupply of retail space.

An oversupply occurs when the demand does not match up to the supply of spaces in the market. The oncoming supply of retail spaces in the Klang Valley

would be taken up by owner occupiers and investors alike based on their confidence in the success of a particular shopping complex.

The various shopping centres would create intense competition which would give birth to creative innovations, designs and concepts in order to capture the market.

The competition would also have an effect on the prices and rental of retail spaces as the buyer or tenant have a wider choice of shopping centres.

Consumers would also benefit from the range of goods as more retail outlets are available, each trying to outdo each other by introducing better quality of goods and service to the consumers. As more shopping centres are opened up in various location, convenience shopping is coming nearer to the consumers than ever before.

Demand is obviously rising with income, size of population and standard of living. While the normal increase in population is expected to be a constant rate, the increase in income, standard of living and in-migration depend heavily on the economic well-being of the Klang Valley and Malaysia.

The creation of demand can be seen from a settlement in a new area whereby the catchment justifies the supply. However, for construction of shopping centre in an established area, the demand to be served is less obvious.

The success or failure of a shopping centre does not only depend on their competition rather on its individual ability to attract shoppers based on the range of goods and services, accessibility, convenience, good design and other attractions. Therefore, to state that an oversupply will occur in a certain year is too general. Stiff competition would make both tenants and shoppers more selective. Good quality shopping centres will succee regardless of how many other shopping centres are in the market. Lower quality shopping centres would have to struggle in the market to stay afloat. A comprehensive market study therefore must be done before a shopping centre is built to ensure its survival.

6.7   FUTURE TRENDS OF THE RETAIL CHANGE

6.7.1   Looking Into The Future

Is it possible that by the year 2020, the retail stores as we know would have disappeared, and to be replaced by videos and teleshopping? It is certainly not likely so.

The retail structure would certainly change. Technological changes would have more effect on future retailing patterns. The retail structure would undergo an explosion of new forms and specialization.

Retail activities continually evolve with changes in demand, in the social environment, in retailing technology and in corporate organisation. New products, new stores, new locations, new chains and new corporate linkages are introduced daily. Those innovations that succeed provide the blueprint for the future. Those that fail are simply dead ends, footnotes in the evolution of the retail system.

On the demand side, household growth, increased income and consumer mobility are considered. On the supply side, such prosaic innovations as automated cash registers, inventory control and store security systems are likely to have more effects.

Table 6.1 depicts the factors in retail change.

TABLE 6.1 : FACTORS IN RETAIL CHANGE

Factors	Trend	Implications
Demand side		
More households	Regular growth 3.8% per year	Continued spatial expansion of city
Smaller, older household	Approaching limit? Diverse; old, singles; Temporary liaisons	Shifts consumption; Specialized retail environment?
Higher incomes/ Household	Slowing down, erratic	Intensifies competition
Women in labor force	Increase, as new entrants Replace aging housewives	Convenience over economy Shifts in expenditures? Shop near work? Fashion-oriented.
Supply side		
Automation in stores	Pervasive	Favors larger chains; barriers to entry
Larger stores?	Trend is reversing (greater Specialization)	Scale economies less important
Part-timers	Increasing rapidly	Longer opening hours. Retailing linked to workplace, recreation instead of home.
Fewer teenagers	Labor shortage	Self-service
Catalogues, computer links	Variable penetration	Certain sectors, locations, or households may find this attractive
Smaller inventories	Variable penetration	Smaller floor area, closer links to distribution
The actors		
Developers	Growth of new plazas declines	Specialized inner-city developments
Megachains	Continue to expand, also franchising	Multi-sector, international
Department Stores	Declining share	Intensify links with developers. Kiosking.
Planners	Decline of suburban growth, refocus on inner city	Upgrade retail environments: amenities, tourists

Source: The Retail Environment (Ken Jones & Jim Simmons)

6.7.2 Consumer Demand

The amount of retail activity in the future would be governed by the level of retail sales; which, in turn, would be determined by the number of households, the average income per household, and the household's propensity to expand that income in stores instead of banks or travel agencies.

Major changes may occur in consumer behavior, however, altering both the amount and the type of retail sales. Retailers are looking anxiously at the growth of non-store attractions for the consumer's dollar. Households have become smaller, with fewer children and more women working outside the home. There would be more older households and more one-and-two-person households. Would these households divert their spending to housing, to travel, or to eating out? Or will they simply save their money?

The proportion of women working would approach the saturation level in the next decade. In the past, women have dominated consumer decisions that were primarily household choices - about food, furniture, and children - and they devoted a considerable amount of time to the shopping process. Now women have access to more money but less time. Would they avoid certain kinds of routine shopping and apply their limited time and energy to selected items?

6.7.3   <u>Improvements In Information Systems</u>

The automation of cash registers and inventory controls may well continue to reduce the inventory level and number of staff. Part-time workers would continue to replace full-time employees.

As average household size declines, the scale of shopping (purchases per trip) has declined and a preference for more varied, specialized shopping environments has increased. Supermarkets are losing market share to fruit and vegetable stores, bakeries, and delis; at the same time superstores and hypermarkets are booming.

The smaller household is less concerned with price and more interested in quality and convenience. Economies of scale at the level of the store may be less important than the range of choice provided.

Paradoxically, then, as stores compete to automate and reduce costs, the customers may demand a higher level of service with better qualified personnel.

Consumer demand is moving away from mass consumption, in which one person - typically the mother - purchased for all members of the household. The mass consumer is primarily concerned with getting the shopping done as quickly and efficiently as possible, favoring the one-stop solution:

supermarkets, department stores, and suburban plazas that carry goods for the whole family. In contrast, many of today's households are made up of adults who purchase for themselves - their own clothes, records, and fast-foods. These consumers are choosier and more likely to seek out stores that specialize in the kind of goods they want. They enjoy shopping and comparing, and take pleasure in the selection process.

Table 6.2 outlines some of the possible areas of change on the supply side.

TABLE 6.2 AREAS OF INNOVATION

Innovation	Implication
Consumer Contact	
Vending machines	Greater variety of product: increased market share
Catalogue shopping	More upscale, specialized
Telephone and cable shopping	Stay-at-homes
Home delivery	Fast-foods, convenience goods, staples
Sunday shopping/extended hours	Breaks down barrier between shopping, leisure; the 'theme' mall
Computerized sales information	In large stores and for complex items; cars, appliances, restaurants?
Video promotions	Fashion goods, restaurants
Coupon dispensers	Triggered by point-of-sale information
Inventory Control	
Bar code scanning	No pricing, faster checkout, inventory monitoring
Point-of-sale monitoring	Records inventory, consumer behavior
Computer linkages	Centralizes inventory, personnel decisions.
'Just-in-time' restocking	Reduced storage, inventory, investment in goods
Anti-shoplifting devices	Fewer clerks required on floor; increased self-service
Finance	
Credit cards	Extended throughout population
Debit cards (electronic funds (transfer)	Point-of-sale payment from customer's account
Smart cards	Microchips store data on consumer characteristics, behavior
'Frequent Buyer' rewards	For regular, high-volume customers
Affinity cards	More segmentation in prices and merchandise
Retail Structure	
Retail strips/small plazas	Growth of services, decline of department stores and traditional supermarkets
Hypermarkets or 'warehouse' stores	Challenge plazas; confuse land use planners; intensify competition
Off-price retailers	Affect specialized retailers
Boutiques within department stores	
Auto service centers	Extend chain, franchise activities

Source : The Retail Environment (Ken Jones & Jim Simmons)

Inventory control is one of the important areas of innovation in store operations. Savings in costs and time, and the improved service and range of goods that stores can provide as a result, have extended these procedures into every facet of retailing - from the largest department stores to the tiniest boutiques. Stores are able to target their stock precisely to whatever their customers need, with a minimum of excess inventory on which to pay interest or storage charges.

Until recently, these innovations benefited the larger retail chains because of the sizable investments in computer hardware and software required. Some chains have invested millions in this technology, but 'turn-key' packages are now becoming available for small independent retailers in various sectors. Will the microcomputer bring the efficiencies of inventory control within the reach of every independent store? Or will the larger chains maintain significant cost advantages? We suspect that the entire retail system will become more efficient, but it is difficult to say which components of the retail environment will benefit most.

Some analysts talk about 'economies of scope', referring to the opportunities that such technological changes provide for applications to new products. Point-of-sale data and inventory control change the relationship between retailer and manufacturer. Financing customer purchases permits similar transformations.

The spread of bank credit cards has allowed every retailer to participate in the credit system. Major retailers are trying to develop new ways to use the credit card to strengthen the ties between store and customers - perhaps by giving bonuses to frequent buyers.

Out of these imponderables of consumer demand and behavior, shifts in store size and type of store, and in-store technology, will emerge a different set of stores and location requirements.

Shopping oriented to the workplace and weekend or evening 'recreational' shopping seems certain to grow. Again, the driving force is a more individual pattern of consumption, in which consumers buy for them-selves rather than other members of the household. Buying things for yourself is fun; buying things for other people is hard work!

However, for those households that still wish to buy in bulk and seek out bargains, other new kinds of outlets are also emerging. Huge free-standing hypermarkets sell groceries, drugs, and department store merchandise. Price-conscious stores like Wal-Mart and Target Stores are thriving. Off-price retailers and outlet centers sell brand-name merchandise at a discount. If the bargains are big enough, even mass merchandising can be fun.

Retailing patterns continue to evolve. National and international chains are pushing into every market, intensifying competition throughout the spatial

system. Independent stores are giving way to franchise operations. Access to new products, new procedures, and new means of financing makes for an unstable competitive environment. Corporate take-overs and management buyouts increase the debt loan and impose pressures for a continuing flow of profits. Increasingly, then, retail chains must operate within a narrow range of efficiency, profitability and growth.

The innovations in computer technology for inventory control, accounting, and charge cards have diffused down to the level of the small retail chain. The variety of retail clusters means that a lease in a major regional shopping center may be less important than before for many specialty goods stores. Inner-city malls continue to grow in number, and specialized retail strips are expanding. In short, the pendulum could swing against the major actors in the retail system; the department stores and supermarkets.

Franchises have expanded particularly quickly in the food sector, beginning with the convenience store and more recently moving into supermarkets. Supermarket chains have discovered that much of their profitability is 'upstream' - from packaging and wholesaling. By turning over a store to a franchise owner they retain their profit but reduce their investment and avoid the hassles of personnel, administration, and union negotiations.

6.7.4 Watching The Retail Landscape

Whether or not you become actively involved in the retail industry, you can still enjoy the process of changing retail structure, both as a consumer and as a spectator.

Still, the retail landscape is full of failures - retail structures that have outlasted their popularity or projects that will never achieve success. Competition is a major preoccupation among retailers. It affects all their decisions about marketing and location strategy.

As we have seen, the retail sector is continually washed by waves of innovation, sometimes minor, sometimes major : new products, store orgnisations and outlet locations.

6.8 CONCLUSION OF STUDY

The research has been done successfully. It provides an in-depth and comprehensive study on the supply of retail space in shopping complexes in the Klang Valley and the impacts on the retail industry by the year 2000 onwards.

It is hoped that the results provided herewith could be considered by those concerned in their business development and implementation.