

# The principles of ideal shopping centres tenant mix marketing essay



## **CHAPTER 6**

### **6. 1 Introduction**

This chapter is entirely dedicated to the conclusions of the findings through the literature review and questionnaires survey as highlighted from Chapter Two to Chapter Five. The recommendation for future research is also included in this chapter.

### **6. 2 Conclusion**

From the inception of the idea of doing a research topic, the major aim of this research is to evaluate the effectiveness of shopping centre tenant mix from the perception of customers. In order to achieve the aim, a few dominant objectives of this research study were expressed as to identify the principles of ideal tenant mix in a shopping centre, to analyse the effectiveness of tenant mix from the perception of customers and finally, to suggest ways to improve tenant mix performance of a shopping centre.

The study is focused on tenant mix of Cheras Leisure Mall in order to study in depth on the research topic. The results of the questionnaires from the perception of customers towards the tenant mix performance were used to determine the effectiveness of tenant mix in Cheras Leisure Mall.

#### **6. 2. 1 The Principles of Ideal Shopping Centre's Tenant Mix**

From the literature review, the principles of ideal tenant mix are that the tenant mix must meet customer demand; consist of wide range of tenants; ensure that the shop lot size is ideal; possess a strong anchor tenant; place

the tenants at the right place; and, relocate and refurbish tenants from time to time.

One of the most important principles in managing tenant mix is identifying the demographics of the catchment population as it help to choose the suitable tenants to serve the needs of different target groups. The choice of tenant mix should satisfy any unmet demand for goods and services within a centre's catchment area. Also, it is particularly crucial for shopping centre managers to understand the shopping behaviour and cultural influences before selecting tenants for their shopping centre.

Next, it is important to provide wide range of tenants in order to attract and retain shoppers to the shopping centre. Despite the comments that the larger the store, the higher the probability that the customers will shop there, it is advisable for the shopping centre manager to do some research on other similar category of tenant before allocating the space to tenants. This is to avoid loss of rental income due to the wastage of space.

In order to compete with the nearby shopping centres, it is important to secure a few attractive anchor tenants with proven successful sales record of merchandises or services. Also, the location of each tenant needs to be carefully arranged in accordance to the shopping centres' layout and its relationship with other tenants in order to create maximum pedestrian flow. In addition, the pedestrian flow and rental prospects can be improved by relocating failing tenants.

From the conducted questionnaires survey, tenant mix is found to play a big role in the shopping centre success as good tenant mix has large impact on <https://assignbuster.com/the-principles-of-ideal-shopping-centres-tenant-mix-marketing-essay/>

shopping centre choices. Thus, it is pertinent to apply the right tenant mix principles in managing a shopping centre.

### **6. 2. 2 The Effectiveness of Tenant Mix from the Perception of Customers**

As for the second objective, that is to analyse the effectiveness of tenant mix from the perception of customers, an evaluation on the extent of tenant mix in fulfilling customer demand, range of tenants provided by the centre, the performance of anchor tenants and the satisfaction of customers on the placement of tenant and its relocation and refurbishment was done.

From the research, most of the shoppers that visit the shopping centre frequently are from primary catchment area. Therefore, it can be concluded that the tenant mix in Cheras Leisure Mall has successfully attracted the population of its catchment area by providing a tenant mix that meet the demand of goods and services within the centre's trade area. This is in accordance with the expectation of effective tenant mix in the literature – attracting and retaining shoppers with the provision of shortfalls of goods and services offer locally (Downie et al., 2001). For instance, Cheras Leisure Mall has fulfilled the needs of entertainment of its catchment population as it is the only shopping centre within the vicinity of Cheras apart from Jusco Selatan that houses a range of entertainment facilities such as cinema and video arcade.

Tenant mix in Cheras Leisure Mall appears to be favouring youth and young families. Downie et al. (2001) noted that an effective tenant mix will lead to higher spending level. The study found that the frequent visit to the mall for

the purpose of shopping activities like walking around, shopping, eating and watching movies has led to an expenditure of RM300 or less on each tenant category every month. Thus, there is a general perception that the local expenditure in a shopping centre would increase with the implementation of an effective tenant mix that creates an exciting shopping experience.

From the questionnaire, tenants like food and beverages, entertainment, leisure and music and fashion and footwear are visited most frequently because they have achieved most of the criteria needed by the customers such as wide selection, recognised brand and good quality of products or services, reasonable products price and large shop lot for greater selection and exciting shopping experience.

Out of the four anchor tenants, Golden Screen Cinema is the most frequently visited anchor tenant followed by Giant Supermarket, Popular Bookstore and Fitness Concept. This would indicate that entertainment is the key attributes in attracting customers to shopping centre. With that, anchor tenant could also create a specific image for the shopping centre (Finn and Louviere, 1996).

The main concern of the shoppers when it comes to effective anchor tenants is the price of products or services offered by each anchor tenant. Generally, the anchor tenants in Cheras Leisure Mall are effective in fulfilling the shopping needs of customers as the range of price offered are within their affordability. For the choice of supermarket in term of price, Giant and Carrefour seem to be customers' favourites compared to premium

supermarket like Cold Storage. Giant supermarket provides customer with the opportunity to buy at prices consistent with their purchasing power.

In addition, it is crucial for the anchor tenants to occupy a relatively large space in a shopping centre in order to provide a wide range of products and service. Most of the respondents have agreed that the physical conditions in term of size and design of the anchor tenants in Cheras Leisure Mall are in satisfaction level. The products offered by anchor tenants are also well regarded in terms of quality (Downie et al., 2001). From the research, the quality and brands of products or services provided by each anchor tenant suits their taste and hence maximise sales potential.

Apparently, the shopping centre's management has succeeded in locating its anchor tenant and managed to create an exciting shopping experience by clustering the compatible shop and complementing each other. It is easy for the shoppers to locate the shop with the current placement of tenants. Therefore, most of the respondents seldom walk from ground floor to the highest floor. The pedestrian flow of Cheras Leisure Mall is generally good. However, the management need to pay more effort on improving the weak pedestrian flow in second floor.

According to Highman (2010), a successful shopping centre should reposition 20% to 25% of its tenants every 12 months. From the questionnaire results, many respondents are satisfied with current renovation and relocation of tenants done by the management of Cheras Leisure Mall and only 11% are dissatisfied with the renovations. This can be proven by the survey that the pedestrian flow in level one is higher since the placement of new tenants

such as Sakae Sushi and Big Apple Donuts compared to the previous food and beverages tenant like Blue Café. Therefore, the necessity of relocating and refurbishing tenants from time to time to maximise pedestrian flow is seen to be very clear and important.

The overall performance of tenant mix of Cheras Leisure Mall is rated as very good from the survey done on 100 respondents, thus this concludes that the tenant mix in Cheras Leisure Mall is effective.

### **6. 2. 3 Suggestion on Ways to Improve Tenant Mix Performance of a Shopping Centre**

Enhancing the range of food and beverages, fashion and entertainment were identified as the main priority in improving tenant mix. However, the suggestion on increasing the number of strong tenant brand either locally or internationally and reviewing shopping centre's tenant mix regularly are also important. Only few respondents believed that the management of shopping centre should relocate low yielding tenant.

### **6. 3 Limitations of Study**

In this study, there are few limitations such as:

The number of questionnaires distributed to the customers is reasonably small due to time constraint. Therefore the accuracy of the findings may be affected.

Assumptions are adopted for certain part of this study because of the unavailability of some information.

The findings of this study are stringently confined to Cheras Leisure Mall shopping centre. Thus, the effectiveness of tenant mix in this shopping centre might not reflect the general scenario of the country.

The respondents or any person involved in the questionnaires do not give any warranties to the answer given.

## **6. 4 Recommendations for Future Research**

Ultimately, it is difficult to evaluate the effectiveness of tenant mix accurately due to the changing retail needs. However, it is believed that this study has given the insight of the effectiveness of shopping centre's tenant mix from the perception of customers. A larger sample might give a better understanding on how shopping centre manager should improve their tenant mix in order to fulfil customer needs. Besides that, the study can be further enhanced by studying the effectiveness of tenant mix based on the point of view of shopping centre managers.

In addition, the vision of shopping centres management to improve its tenant mix can be achieved by doing a research on the feasibility of the following areas:

The marketing strategies for a shopping centre and its tenant

Tenant mix management procedures

Finally, the findings of this research is hoped to give the opportunities to the shopping centre managers to improve their tenant mix continuously in response to the changing customer demands.