Asian Journal of Business Management Studies 2 (2): 94-100, 2011
ISSN 2222-1387

Investigation of the Effects of Stores' Tenant Mix and Internal and External Environmental Conditions on Customer Satisfaction from Shopping Centers in Iran

[1]*Kambiz Heidarzadeh Hanzaee,* [2]*Bahram Kheiry and* [2]*Maryam Abghari*

[1]Department of Business Management, Science and Research Branch, Islamic Azad University, Tehran, Iran
[2]Department of Business Management, Central Tehran Branch, Islamic Azad University, Tehran, Iran

Abstract: The goal of this research is to determine the attractiveness of factors of Iranian shopping malls from the shopper's point of view. Researchers used a conceptual framework that proposes significant impact between store tenant mix, internal and external conditions from shopping centers and different dimensions of attractiveness. Then they test the hypotheses using a survey of 385 consumers of two shopping centers of Iran, to identify shopping mall attractiveness. A structural equation model using a correlation matrix with maximum likelihood was estimated by LISREL 8.8. The results indicate that from the attractiveness factors, retail tenant mix and atmosphere were the most influential factors in shopping centers. Thus, management teams of shopping malls can increase their mall attractiveness by identifying optimal retail tenant mix and protect their establishments with appropriate atmosphere. This is the first study that investigates shopping centers attractiveness in Iran.

Key words: Shopping centers · Retailing · Consumers · Attractiveness dimensions · Iran

INTRODUCTION

Today, malls play a major role in consumers' lifestyles [1]. The mall has changed patterns of shopping as well as social and recreational activities since its first appearance in 1920s in the United States and now malls are found almost everywhere in the world [2, 3]. The retail industry in Iran has increased the last few years, too. Each person can easily notice a growing movement in establishing shopping malls.

The shopping center is an agglomeration of various retailers and commercial service providers within a well-planned, designed and managed building or group of buildings [3, 4]. Both consumers and retailers can gain benefits and/or realize synergetic effects from this phenomenon [5].

From a consumer's point of view, such a "bundling or agglomeration effect" delivers additional utilitarian and hedonic shopping values to customers [6, 7]. Such an enrichment of shopping experiences compared to those in single stores results from the provision of easy accessibility, parking facilities, orientation, a broad variety of shops, atmosphere and entertainment facilities [8]. From a retail manager's view, such agglomerations have built up so-called "co-operation" between retailers [9]. In fact, they cooperate by using the same infrastructure or environment such as parking and architecture, participate in marketing activities or benefit from the stream of consumers attracted by the whole agglomeration.

With the growing number of malls, shoppers can select their destination and they are more likely to patronize malls that are more attractive and have a wide variety of stores and merchandise that match their preferences. Therefore, it is essential for mall managers to know the extent to which their malls are attractive to their shoppers [10]. On the other hand, insights into the interplay of determinants and moderating factors that affect malls' attractiveness can support managerial decision-making in the store location decisions and adjusting marketing strategies to increase the attractiveness of their malls [11].

Therefore, the purpose of this research is to determine the attractiveness factors of shopping malls from the shoppers' perspective.

Literature Review: Sets of retail outlets located in a nearby geographical area are referred to as retail agglomeration or retail cluster [12, 6]. Retail

Corresponding Author: Kambiz Heidarzadeh Hanzaee, Department of Business Management, Islamic Azad University Science and Research Branch, End osf Ahrafi Esfehani Avenue,Tehran, Iran. Tel:+98-21-44869701-3, Fax: +98-021-4461901, E-mail: heidarzadeh@srbiau.ac.ir.

agglomerations are divided into two types: the form "created" includes shopping malls, galleries, strip centers or factory outlets and the form "evolved" encompasses town centers, shopping strips and retail parks [12]. In this research, we investigate the form created, shopping centers. The shopping center is an agglomeration of various retailers and commercial service provides within a well-planned, designed and managed building or groups of building [4]. Whether or not an agglomeration is a planned or unplanned form, it has some characteristics that influence consumer perception [13]. Attractiveness can be understood as a multi-faceted construct activated by at least three dimensions [14, 15]: Satisfaction with the mall, retention proneness at the mall and patronage intention toward the mall. Each of these three determinants are strongly interlinked and underscore the importance for mall managers to meet their consumers' needs and wants in order to make them stay and to return in the future. Consequently, the attractiveness of a mall is related to the share of spending, share of time and share of choice of consumers relative to that of the competition.

Analogous to retail formats or individual stores' retail, agglomerations can be characterized by their marketing mix components, which are determined by managerially controllable decision parameters, such as accessibility, parking, product range, merchandise value, sales personnel, atmosphere, orientation and infrastructural facilities.

Accessibility: This factor accounts for the evaluation of the convenience regarding overcoming the distance between the points of origin and the agglomeration. It encompasses not only special and temporal dimensions concerning how easily and how quickly the destination can be reached, but also considers perceived obstacles on the way, such as traffic jams, travel frequencies of trains and buses, road work [6]. Thus, the following hypotheses are tested:

H1: Customer accessibility to shopping centers has a straight relationship with customer satisfaction from the shopping center.

H2: Customer accessibility to shopping centers has a straight relationship with retention proneness in shopping center.

H3: Customer accessibility to shopping centers has a straight relationship with patronage intention from the shopping center.

Parking: Today, cars can be seen as the most important means of transportation for consumers [16], thus the availability of free parking spaces and the type of parking facilities offered at the mall at the time of a shopping trip can also be regarded as a major factor enhancing shopping attractiveness [17]. Thus, the following hypotheses are tested:

H4: Parking has a straight relationship with customer satisfaction from the shopping center.

H5: Parking has a straight relationship with retention proneness in shopping center.

H6: Parking has a straight relationship with patronage intention from the shopping center.

Retail Tenant Mix and Non-Retail Tenant Mix: A good tenant mix includes a variety of compatible (or complementary) retail and service providers, an efficient space allocation (both size and number) and proper tenant placement, all of which encourage the interchange of customers and retail activities. The composition, the number and type of retail and non-retail tenants-i.e. bars, eateries, entertainment facilities-within agglomerations represent the range of possibilities to satisfy consumers' wants and needs, as well as minimize the logistics of the shopping endeavors and influence shopping centers' attractiveness [14, 18]. Thus, the following hypotheses are tested:

H7: Retail tenant mix in shopping centers has a straight relationship with customer satisfaction from the shopping center.

H8: Retail tenant mix in shopping centers has a straight relationship with retention proneness in shopping center.

H9: Retail tenant mix in shopping centers has a straight relationship with patronage intention from the shopping center.

H10: Non-retail tenant mix in shopping centers has a straight relationship with customer satisfaction from the shopping center.

H11: Non-retail tenant mix in shopping centers has a straight relationship with retention proneness in shopping center.

H12: Non-retail tenant mix in shopping centers has a straight relationship with patronage intention from the shopping center.

Product Range, Merchandise Value and Sales Personnel: The price-value ratio, the assortment of goods and services offered and the type of sales personnel in an agglomeration can be seen as a consequence of the tenants located within it [19]. The product range offered is evaluated in terms of the width and breadth of assortments of the retail stores, while the merchandise value is judged in terms of the overall price level and the number of price promotions available [16, 20] and sales personnel is evaluated in terms of friendliness, competency and supportiveness [15, 21]. These three factors also are regarded when judging a shopping center's attractiveness. Thus, the following hypotheses are tested:

H13: Merchandise value has a straight relationship with retail tenant mix in shopping centers.

H14: Product range has a straight relationship with retail tenant mix in shopping centers.

H15: Sales personnel have a straight relationship with retail tenant mix in shopping centers.

Atmosphere: Atmospheric stimuli including smell, music, decoration, or shopping mall layout and temperature are either actively or passively used by retail and mall managers [22]. These stimuli have an effect on consumers' perception of the shopping center's attractiveness as well as their shopping behavior and provide enrichment and consequently an extension of the retention period of consumers. Thus, the following hypotheses are tested:

H16: Atmosphere of shopping centers has a straight relationship with customer satisfaction from the shopping center.

H17: Atmosphere of shopping centers has a straight relationship with retention proneness in shopping center.

H18: Atmosphere of shopping centers has a straight relationship with patronage intention from the shopping center.

Orientation and Infrastructural Facilities: Orientation accounts for the convenience relating to searching, locating and accessing stores or other tenants within a mall. It is influenced by the arrangement of tenants as well as the ease of orientation within the retail location. Shopping center management tries to ease this (shopping) endeavour by providing a clear management of tenants within the premises and setting up directories that enable consumers to easily target and access the tenants they seek. Furthermore, the pace and number of obstacles that inhibit consumers' access to tenant mix need to be taken into consideration [6]. In addition, infrastructure services within shopping centers such as the provision of public toilets, cash dispensers and recreational areas to meet the expectations and demand of consumers, support the fulfillment of the defined (shopping) tasks [23, 16, 19]. Thus, the following hypotheses are tested:

H19: Orientation in shopping centers has a straight relationship with customer satisfaction from the shopping center.

H20: Orientation in shopping centers has a straight relationship with retention proneness in the shopping center.

H21: Orientation in shopping centers has a straight relationship with patronage intention from the shopping center.

H22: Infrastructural facilities in shopping centers have a straight relationship with customer satisfaction from the shopping center.

H23: Infrastructural facilities in shopping centers have a straight relationship with retention proneness in the shopping center.

H24: Retail Infrastructural facilities in shopping centers have a straight relationship with patronage intention from the shopping center.

Satisfaction, Retention Proneness, Patronage Intention: In order to be successful, both retailers and shopping centers need to be attractive to their customers. Managers have to persuade consumers to come to their premises, make them stay and spend money and convince them to come again. The perceived attractiveness of a shopping center varies along the following three dimensions: the satisfaction with a shopping center is considered to be an activated version of overall attractiveness, patronage intention measures the tendency toward revisiting the

retail site and retention proneness measures the propensity to stay and to spend time on site [14]. Thus, the following hypotheses are tested:

H25: Customer satisfaction from shopping centers has a straight relationship with retention proneness in the shopping center.

H26: Customer satisfaction from shopping centers has a straight relationship with patronage intention from the shopping center.

MATERIALS AND METHODS

Structural equation modeling (SEM) with LISREL8 was used to analyze the data because it allows to estimate multiple and interrelated dependence relationship and un observed factors can be represented in this relationship. The questionnaire was designed Based on the work of Teller and Reutterer [14]. It was divided into two sections. The first section encompassed 46 closed questions that addressed 26 hypotheses or positive effects between attributes and the three dimension of attractiveness which were scaled on a five-point Likert-type scale anchored from "completely agree" (1) to "completely disagree" (5) to determine the relative importance of each attributes. The second section included the demographic characteristics of all respondents (such as gender, age, marital status, monthly income and their educations) and some behavioral variables (such as shopping frequency per month, expenditure on products/services or food/entertainment per visit, retention time per visit and shops visited per trip).

This standard questionnaire translated from English to Farsi and by using the back translation method translated from Farsi to English. Then the questionnaire was pretested on a sample of 50 consumers that were in the shopping center and its reliability was confirmed by Alpha Cronbach.

Demographic Specifications: Consumers were given the questionnaire immediately after they had entered the shopping center. During a period of one month, 385 questionnaires were collected through a systematic sample method from consumers of two shopping centers. Of the respondents, 42 percent were males and 58 percent were females. The respondents can be considered as rather young: 56 percent of them were between 20 and 30 years old. Monthly income of 32 percent of respondents was $500 to $1,000$. The educational level was above average.

Table 1: The Coefficient of Cronbach's Alpha separated for each of the factors

Factors	Cronbach's Alpha	AVE
Product value	0.65	0.78
Product range	0.70	0.77
Sales personnel	0.68	0.70
Accessibility	0.83	1.02
Parking	0.87	0.96
Retail tenant mix	0.76	0.64
Non-retail tenant mix	0.63	0.81
Atmosphere	0.80	0.81
Orientation	0.79	0.83
Infrastructural facility	0.63	0.80
Satisfaction	0.74	0.74
Retention proneness	0.83	0.83
Patronage intention	0.80	0.85

Reliability and Validity: The assessment of the measurement models include the estimation of internal consistency for reliability and test of convergent and discriminant validity for construct validity. Internal consistency was calculated using Cronbach `s alpha. This method is applied for calculation of the internal coordination (correlation) and we use the measurement instruments including questionnaires or tests which measure various specifications. In other words Alpha Cronbach measures how well a series of observed variables explain a hidden structure. Table 1 shows the descriptive statistics for the constructs. The Cronbach reliability coefficient of all variables was higher than the minimum cutoff score of 0/6.

Construct validity was examined by assessing convergent validity and discriminant validity. Convergent validity is considered acceptable when the entire item loading factors are also greater than 0/5.

Additionally, all the Average Variance Extracted (AVE) values of constructs were higher than0/50, the suggested minimum except one construct (0/4).

The Average Variance Extracted (AVE) can also be used to evaluate discriminant validity. The AVE from the construct should be higher than the variance shared between the construct and other variables in model. Discriminant validity can be checked by examining whether the correlation between the variables is lower than the square root of the average variance extracted.

Conceptual Model: A conceptual model that proposes hypotheses in terms of effects between store tenant mix, internal and external conditions from shopping centers and different dimensions of attractiveness has been used. This model was produced by Teller and Elms [24]. Therein the stimuli account for the characteristics of an agglomeration in terms of the variables that can be

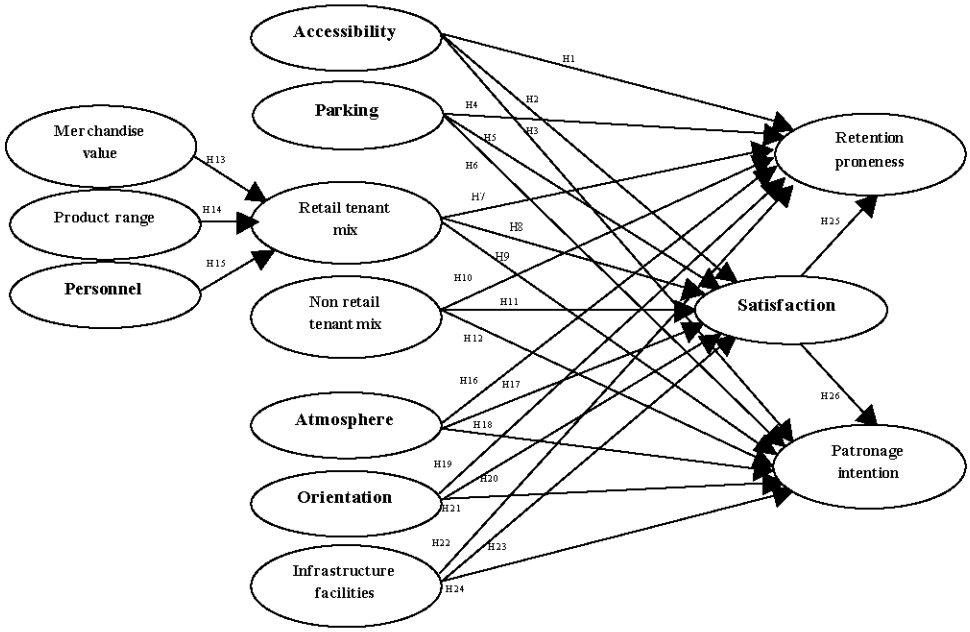

Fig. 1: Conceptual model of the research

directly or indirectly influenced by the agglomeration management or any other internal groups, such as the tenants or local authorities. These characteristics are perceived as attributes by consumers and are then evaluated. The outcome of this evaluation process and the integration of information and experiences with respect to an agglomeration, is that consumers will make an overall evaluation of the (overall) attractiveness of a format. This results in behavioral intentions and actual shopping behavior that can be measured in terms of the share of visits, share of spending and share of time spent in an agglomeration compared to others [24].

The conceptual model comprises 26 hypotheses or positive effects between attributes, i.e. exogenous factors of an agglomeration and the three dimensions of attractiveness, i.e. endogenous constructs (satisfaction, retention proneness, patronage intention), (Figure 1).

The generic attributes account for 10 factors: merchandise value, product range and Personnel are the factors activating the retail offer of an agglomeration and are proposed to have a direct effect on attractiveness. All the other seven factors (accessibility, parking, retail tenant mix, non retail tenant mix, atmosphere, orientation and infrastructural facilities) are proposed to have a direct effect. Teller and Elms used this model in three competing agglomeration formats- a town center, a strip center and a regional shopping mall-but we used this model only in regional shopping malls.

RESULTS

A confirmatory factor analysis was conducted using LISREL8 to evaluate the factor structure, reliability and discriminate validity. The X2 (df) was somewhat large, 1924.99, but the other fit indicators suggested that the fit of the measurement model was reasonable. The relative fit index was 0.92; the comparative fit index was 0.91 and the root mean square residual 0.079. Cronbach's alpha scores are above or close to the minimum of 0.70.

All paths are significant at, 0.05. H1 (T=1.15), H2 (T=-0.28) and H3 (T=-0.83) were not supported. H4 (T=3.68) is supported, but H5 (T=-0.39) and H6 (T=-0/21) were not supported. H7 (T=6.42), H8 (T=5.63) and H9 (T=3.42) were supported. H10 (T=-0.93) and H12 (T=1.01) were not supported, but H11 (T=4) is supported. H13 (T=8.93) and H14 (T=7.45) were supported, but H15 (T=0.73) was not supported. H16 (T=-1/02), H17 (T=1.03), H18 (T=0.87), H19 (T=1.22), H20 (T=-1.02) and H21 (T=-0.89) were not supported. H22 (T=4.12) and H23 (T=11.06) were supported, but H24 (T=-0.08) was not supported. H25 (T=3.14) and H26 (T=6/04) were supported.

According to the results, the impact of effects between the three endogenous factors was significant. The "retail tenant mix" was the most important influencing factor. The "atmosphere" influenced only satisfaction and retention proneness but not patronage intention. "Parking" influenced only satisfaction and non-retail tenant mix only influenced retention proneness.

"Merchandise value" and "product range" impacted the retail tenant mix, but personnel didn't have any impact. "Accessibility," "orientation," and "infrastructural facilities" didn't impact on any of the endogenous factors.

CONCLUSION

Regarding the positive effect between satisfaction and retention proneness and patronage intention, we can say that any attractiveness factors directly effecting satisfaction also have an indirect effect on retention proneness and patronage intention.

Our finding indicates that, from the attractiveness factors, retail tenant mix and atmosphere were the most influential factors in shopping centers, which are consistent with Teller and Elms' [24] findings.

Retail tenant mix was strongly affected by product range and to some extent by merchandise value. But, personnel didn't have any impact. Therefore, according to our findings, managers of shopping malls can increase their mall attractiveness by identifying optimal retail tenant mix and protect them with an appropriate atmosphere.

Atmosphere influenced satisfaction and retention proneness and parking influenced satisfaction and patronage intention, but accessibility didn't influence any endogenous factors. According to Teller and Reutterer [19], we can propose that the most important factor that attracts customers to shopping centers and can cover defects of parking, accessibility and infrastructural facilities, is retail tenant mix issues existing in shopping centers.

According to Teller [19], one of the biggest differences between created agglomerations (such as shopping centers) and evolved agglomerations (such as shopping streets) is the management concept behind malls. A mall is a cluster of stores located in single building planned, designed and built for retailing and retail-related issues; they are managed as a single unit by an institutionalized center management [25, 4]. One aim of owners and the management of a mall is to increases the attractiveness, which should lead to opportunities for sales maximization for its tenants. Consequently, the price of rent mall tenants have to pay depends mostly on the attractiveness of the retail space and the sales volume they generate. But, unfortunately, in Iran's shopping center industry, unfortunately, investors aim to build shopping centers and sales immediately to profit from real estate investments and don't plan for appropriate retail tenant mix and central unit management. Therefore, we propose that investors pay attention more to this issue and consider that if a shopping center is attractive from the customer's point of view, it can drive higher real state values attract more tenants.

Limitations and Future Research: The research suffers from some limitations: First, in this research we didn't consider different kinds of agglomerations, so the empirical evidence can only be applied to shopping centers and not different format of agglomerations. Second, no distinction was made between various groups of consumers based on their demographic, psychographic and behavioral characteristics.

This study does, however, offer several directions for future research: First, consideration of customer heterogeneity with respect to demographics or psychographics, as well as to shopping behavior, could further enrich our understanding of patronage behavior toward different retail agglomeration formats. Second, by comparing two or more agglomerations with the same survey, variety-seeking or shopping behaviors could be detected.

REFERENCES

1. Terblanch, N.S., 1999. The perceived benefits derived from visits to a super regional shopping center: an exploratory study. South Africa J. Business Management, 30(4): 141-156.
2 Brown, S., 1991. Tenant placement and shopping centers: implications of an observation survey. J. Property Res., 8: 179-187.
3. Urban Land Institute, 1999. Shopping Center Development Handbook, In: F.H. Spink, ed., Urban Land Institution.
4. ICSC (International Council of Shopping Centers), 2004. ICSC shopping center definitions. Basic configurations and type for the United States, Online http://www.icsc.org/srch/lib/USD Definitions.pdf.
5. Ghosh, A., 1986. The value of a mall and other insights from a revised central place model. J. Retailing, 62(1): 79-97.
6. Ingene, C.A., 1984. Productivity and functional shifting in spatial retailing: private and social perspectives. J. Retailing and Consumer Service, 60(3): 15-26.
7. Babin, B.J., W.R. Darden and M. Griffin, 1994. Work and/or fun: measuring hedonic and utilitarian shopping. J. Consumer Res., 20(4): 644-656.

8. Kim,Y.K., 2002. Consumer Value: an application to mall and internet shopping. International J. Retail and Distribution Management, 30(12): 595-602.
9. Brandenburger, A. and B. Malebuff, 1996. Co-opetition (New York: Doubleday).
10. Wong, G., L. Yu and L. Yuan, 2001. SCATTR: an instrument for measuring shopping center attractiveness. International J. Retail & Distribution Management, 29(2): 76-86.
11. Reily, W.J., 1931. The law of retail gravition, New York.
12. Berman, B. and J.R. Evans, 2007. Retail management. A strategic approach, (Upper Saddle River NJ, Pearson Prentice Hall).
13. Finn, A. and J.J. Louviere, 1996. Shopping center image, consideration and choice: another store contribution, J. Business Res., 35(3): 241-51.
14. Teller, C. and T. Reutterer, 2008. The evolving concept of retail attractiveness: what makes retail agglomerations attractive when customers shop at them?. J. Retailing and Consumer Service, 15(3): 127-143.
15. Anselmson, J., 2006. Sources of customer satisfaction with shopping malls: A comparative study of different customer segments. International Review of Retail, Distribution and Consumer Res., 16(1): 115-138.
16. Baker, J., A. Parasuraman, D. Grewal and G.B. Voss, 2002. The influence of multiple store environment cues on perceived merchandise value and patronage intentions. J. Marketing, 66(2): 120-141.
17. Van Der Waerden, P., A. Borgers and H. Timmermans, 1998. The impact of the parking situation in shopping centers on store choice behavior, Geo J., 45(4): 309-315.
18. Wakefield, K.L. and J. Baker, 1998. Excitement at the mall: determinants and effects on shopping response. J. Retailing, 74(4): 515-539.
19. Teller, C., 2008. Shopping streets versus shopping malls- determinants of agglomeration format attractiveness from the consumer's point of view. International Review of Retail, Distribution & Consumer Res., 18(4): 381-403.
20. Bearden, W.O., 1977. Determinant attributes of store patronage-downtown versus outlying shopping centers. J. Retailing 53(2): 15-22.
21. Ruiz, J.P., J.C. Chebat and P. Hansen, 2003. Another trip to the mall: A segmentation study of customers based on their activities. J. Retailing and Consumer Service, 11(1): 1-18.
22. Michon, R., J.C. Chebat and L.W. Turley, 2005. Mall atmospherics: the interaction effects on shopping behavior. J. Business Res., 58(5): 576-583.
23. Bellengar, D., D. Robertson and B. Greenberg, 1977. Shopping center patronage motives. J. Retailing, 53(2): 29-38.
24. Teller, C. and J. Elms, 2010. Managing the attractiveness of evolved and created retail agglomeration formats. Marketing Intelligence & Planning, 28(1): 25-45.
25. Levy, M. and B.A. Weitz, 2006. Retailing management, (Boston: McGraw-Hill).