

The Future of Retail in City – Centers

Kristína Korytinová

University of Economics in Bratislava, Faculty of Commerce,
Dolnozemska cesta 1, Bratislava 5, 852 35
Slovak Republic
kristina.korytinova@euba.sk

<https://doi.org/10.53465/EDAMBA.2022.9788022550420.228-237>

Abstract. The dynamically changing retail area can be viewed from several perspectives. The aim of the article is behavioral research. It is aimed at generation Z young people and their consumer behavior in the field of retail in the centers of large cities in Slovakia. In particular, it is possible to place retail in shopping malls, on shopping streets or outside city centers. In this article we apply mainly the quantitative method through a standardized questionnaire. The result will be a comparison of Z generation responses. Finally, we evaluate the advantages and disadvantages of these retail placement options, which will be considered in future research. The results can be used as a basis for future research.

Keywords: retail, shopping centres, shopping streets, city centers, generation Z

JEL classification: M30, D90

Introduction

An elementary input to any analysis in the field of retail research is the knowledge of consumer behavior and customer preferences. However, several elements are key indicators. The answer to the question of why research in the field of retail is so common is the ever-changing situation. We are currently living in a time when almost every type of retail has transformed into an online environment. It is important to note that the current world is hit by a global pandemic, which has resulted in a sudden shift to online buying/ selling. Retail needs to monitor market changes and adapt quickly. Particular attention should be paid to the young generation, which feels at home in the online world.

The aim of the article is behavioral research. It is aimed at generation Z young people and their consumer behavior in the field of retail in the centers of large cities in Slovakia. In particular, it is possible to place retail in shopping malls, on shopping streets or outside city centers. The article is created as a basis for future research.

Retailing in city centers is important to explore from a variety of perspectives. Above all, these are large cities where the Z generation moves very often due to the

opportunities that arise here. There can be several jobs as well as study opportunities that occur here. It should also be noted that the world wants to change and be more ecological to the environment. It is therefore important to adapt metropolitan centers to consumer requirements, i.e. to take account of purchasing power and also to take account of the above fact.

1 Methodology

The presented article can be characterized as analytical in terms of the methods used. The methods used correspond to this character, and these are general scientific methods, especially analysis and synthesis at all stages of solving the problem in question. We also use other scientific and philosophical methods such as induction and deduction, the method of abstraction, the method of comparison and others. In this article we apply mainly the quantitative method through a standardized questionnaire.

The aim of the article is behavioral research. It is aimed at generation Z young people and their consumer behavior in the field of retail in the centers of large cities in Slovakia. In particular, it is possible to place retail in shopping malls, on shopping streets or outside city centers.

To achieve the above goal, it is necessary to find answers to the following research questions:

Q1: What types of retail Z generation prefer in city centers?

Q2: Does the Z generation prefer retail either on the main street or in shopping malls?

From the point of view of the nature of the research, it can be stated that it is a primary research. Quantitative data collection includes statistical data, percentages, etc., which are obtained from various surveys, questionnaires or by processing of existing statistics. The effective implementation of quantitative research consists in the systematic collection of data through questionnaires (Fennetteau, 2015). The elaboration of the questionnaire consists in the formulation of a set of questions and the diversity of answers and their arrangement so that the provided answers allow to introduce the relevant results into the study problem after data analysis (Boulan, 2015).

2 Results and Discussion

2.1 Literature review

The retail sector is very important for Europe. Its added value lies mainly in employment. This sector is constantly affected by developments, new trends, digitization as well as changes in consumer preferences and habits, all impact the retail sector. Retail is one of the biggest sectors in Europe in terms of the number of enterprises active and individuals employed. There are nearly 5.5 million enterprises active in the retail and wholesale sectors, which comprises approximately 23% of all non-financial businesses in the EU economy (Snijders, 2019).

Due to the cumulative attractiveness and synergy that various nearby stores create between each other, there is a tendency for retailers to agglomerate in certain

geographic areas (Berman, Evans, 2007). These places can be called “retail agglomerations” (Teller, 2010) and main street retail districts and shopping malls are the two main types that strive to attract consumers. This typology is based on the characteristics of how they are planned and constructed, and consequently how they are managed and integrated in the market as a whole (Parente, 2012).

With the arrival of shopping centers in most cities, the importance of traditional retail districts is declining. However, public policy makers have been attaching renewed importance to these traditional districts as part of the movement to revitalize city centers in various countries, although this is still incipient in the world. (Thomas, Bromley, Tallon, 2006)

Retail - both online and brick-and-mortar- forms the basis for local economies, our workforce and community in the world. The pandemic hit the world in March 2020, and since then trade disruption has accelerated dramatically and the time has come for innovation in the retail sector. City leaders now have a unique opportunity to help shape the retail environment in ways that realize their community's vision for the future (Geraghty, 2021).

The advantage of e-commerce is convenience and time savings, but it lacks physical retail's sense of occasion, which, last but not least, creates experiences, intensive customer service and more. In the future, the key to success is likely to lie in economic and demographic diversity and local character. It is expected that after the pandemic we will be able to see a more significant recovery than expected in the area. The use of retail space will take on a new dimension, although not across the board. Larger cities are well placed to absorb the economic impact, but smaller urban centers may need a long-term, creative approach to stimulating recovery (Turner, 2021).

The Institute for Future Cities is embarking on a 2 years AHRC funded research project to explore the future of cities centres around the world, looking not only at retail but the other changes which are occurring in city centres. Alongside partners at the Universities of Northumbria (UK), Newcastle (Australia), Pretoria (South Africa), and Paraiba (Brazil), the project will explore how to understand the changes in – and pressures on – city centres across the globe (Rogerson, 2020). This initiative is being led by international academic researchers from the UK, Australia, South Africa and Brazil.

2.2 Description of the questionnaire

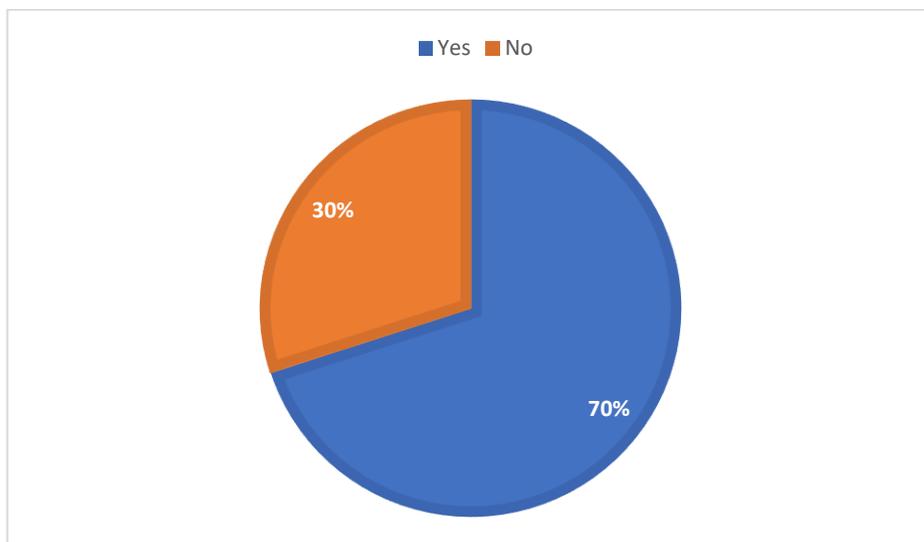
The author of Ortolang defines a questionnaire as a set of written or oral questions to which a person is exposed or to which should be answered, a handwritten or printed document listing a question (Ortolang, 2018). The respondents to the questionnaire are Generation Z (1996 and later), specifically a selected sample of 100 people.

The questionnaire was sent via the website to students of the University of Economics in Bratislava within the subject of business operation, where topics related to research were discussed. The research lasted one month, during the months of October and November 2021. As a result, the mentioned 100 respondents represented a representative sample, mainly it was about young people - Generation Z. This is the

first online generation that has not experienced a world without the Internet. It is seen as the driving force behind economic and innovation in the world. The characteristic word for this generation is multitasking, they do not have enough time and therefore are forced to do several activities at once.

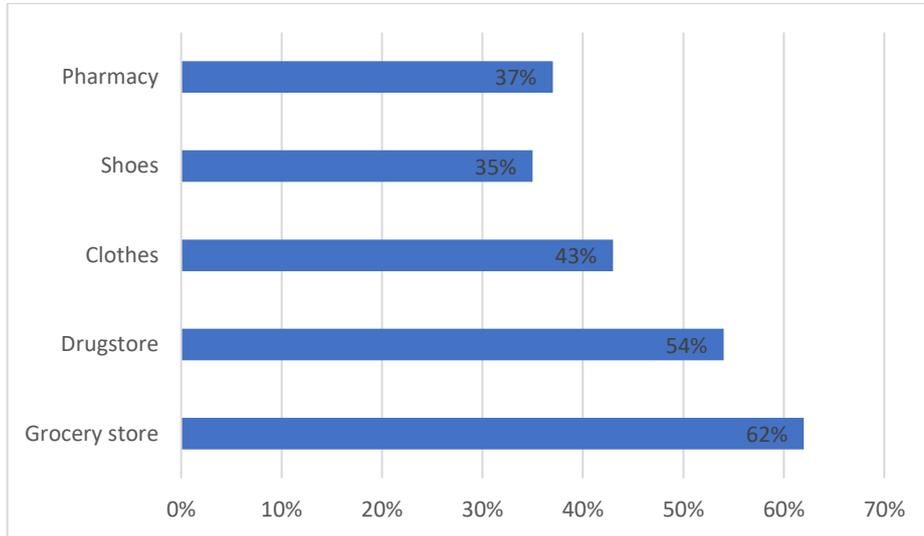
The questionnaire entitled "The future of retail in city centers" contained three sections: retail in city centers, shopping streets or shopping malls, and demographic data.

2.3 Retail in city centers



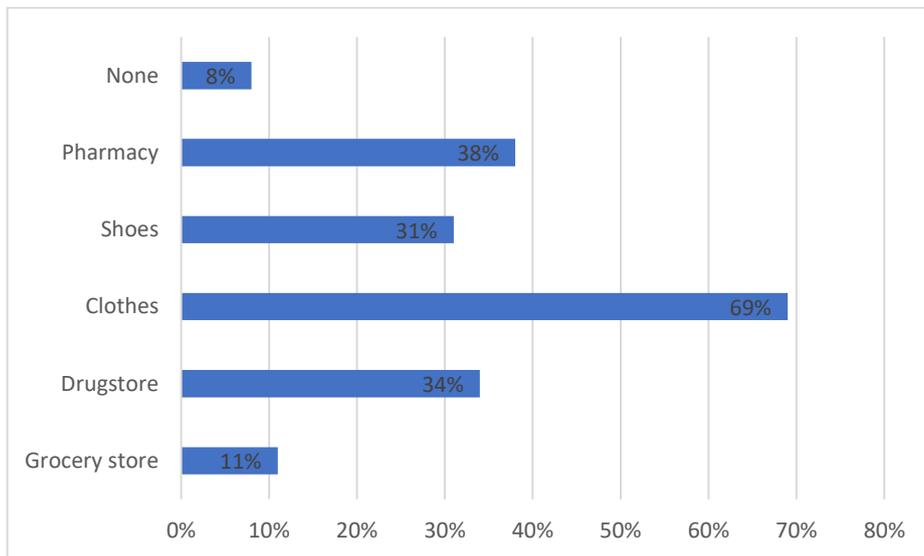
Graph 1 Do you shop in retail stores directly in city centers? (Source: Own processing)

City centers attract people and thus customers for retail shops. As many as 70% of respondents answered in favor of retail in city centers.



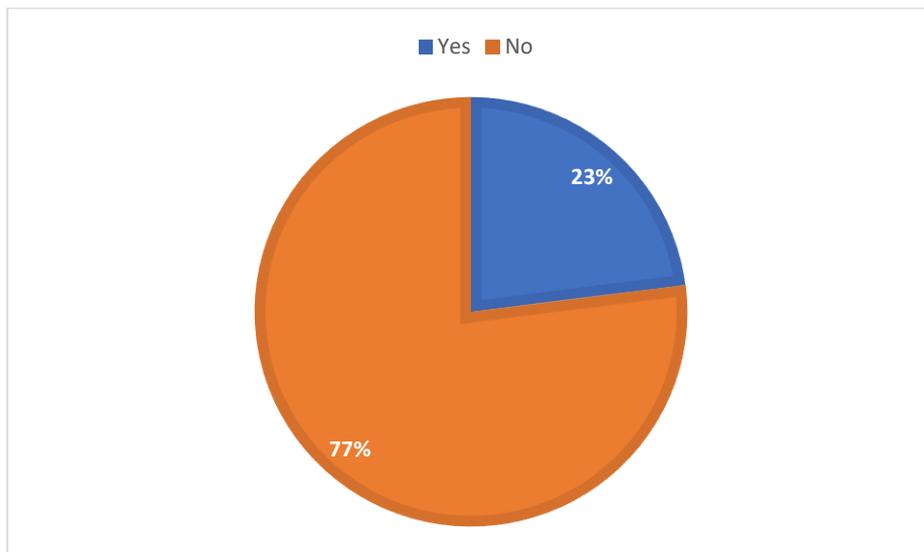
Graph 2 What kind of retail do you prefer in city centers? (Source: Own processing)

The Graph 2 shows that consumers are most pleased with food retail or supermarket in city centers. It can be stated that food belongs to the essential needs of each of us and therefore it is practical to place them in the centers of cities where a large number of people are constantly moving.



Graph 3 Which of the offered goods can you imagine shopping only online? (Source: Own processing)

With a significant difference, young people point out what they buy the most online. It's just the clothes compared to the other categories listed. On the contrary, they buy food online least often.



Graph 4 Can you imagine city centers without any retail? (Source: Own processing)

The answer to the above question is clear. Most of the young current generation cannot imagine city centers without retail. Only 23% of them chose the option without shops located in the city centers.

2.4 Shopping malls and shopping streets

Table 1 Do you prefer shopping malls or shopping streets in city centers? (Source: Own processing)

	Shopping malls	Shopping streets
Yes	55%	65%
No	45%	35%

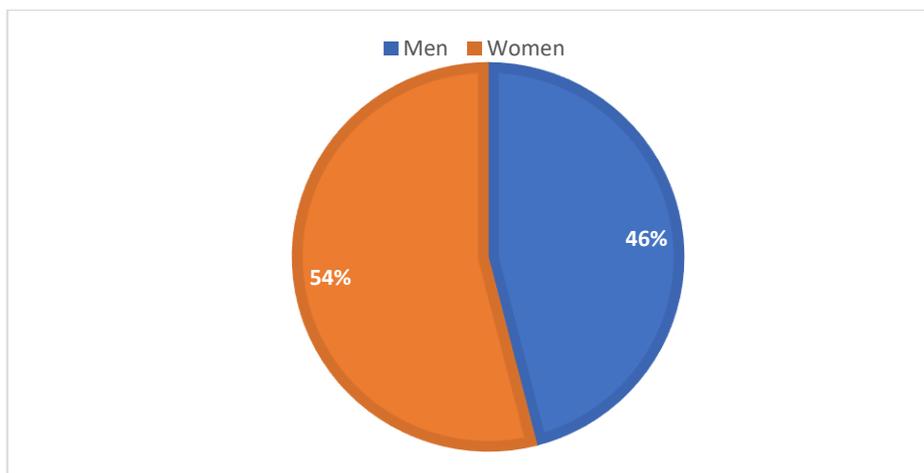
Table 1 shows consumers' view of shopping malls as well as shopping streets. We see that shopping streets in city centers have received 10% more positive reviews.



Graph 5 The future appearance of city centers (Own processing)

Graph 5 shows us a clear answer. People can't imagine shopping just online and they also prefer retail located in city centers. The minimal difference, only 4%, is between the idea of placing retail in shopping malls or creating shopping streets in city centers. People are more inclined to shopping streets than we can see in the world. Popular shopping streets include Mariahilfer Straße, Oxford Street, Champs-Élysées and others.

2.5 Demographic data



Graph 6 Distribution of respondents according to gender (Source: Own processing)

Demographic data present a sample of 100 respondents. As we can see in Graph 6, the sample consisted of only 8% fewer men than women. The age of the respondents was limited between 18 and 25 years of age, with the largest sample being people aged 25 years.

2.6 Summary

Here are the answers to our research questions.

“Q1: What types of retail Z generation prefer in city centers?”

The results show that Generation Z prefers supermarkets in city centers. However, it is also necessary to take into account the error rate due to the method of sample selection. They also consider a drugstore necessary. Both groups belong to the basic necessities of life. Clothes and shoes are a category in themselves, but young people also prefer their presence in city centers. Generation Z considers a pharmacy to be the least necessary retail in city centers.

“Q2: Does the Z generation prefer retail either on the main street or in shopping malls?”

Z generation likes shopping streets more than free-standing shopping malls in city centers. This may be related to comparisons abroad. There are many popular shopping streets in the world's capitals with luxurious and beautifully decorated windows. Although it should be noted that the difference was not very significant, it was only 4%. Also, it is important to note the deviation due to the method of sample selection.

Conclusion

The aim of the article was behavioral research. It is aimed at generation Z young people and their consumer behavior in the field of retail in the centers of large cities in Slovakia. In particular, it is possible to place retail in shopping malls, on shopping streets or outside city centers. The goal can be considered fulfilled.

Retail is currently undergoing changes. It is linked to the pandemic situation in the world. Most stores were forced to move to the online environment. A generation of young people have been working with the Internet almost since birth. It is thanks to this fact that this part of the population made up the research sample. Even with the current facts, they cannot imagine shopping only online in the future. It is essential to continue to address the issue of urban retailing.

In general, it can be stated that retail in city centers has its place. Just look abroad, the famous shopping streets in the world's capitals are known to each of us. The young generation of people prefer such a location of shops, shopping streets in city centers. It cannot be said that shopping centers are lagging behind. But it is better to build them on the suburb of the city than in the center itself. However, it is also necessary to take into account the error rate due to the method of sample selection.

Based on the above, it follows that the preconditions for future research are clear. Placing retail in city centers has the potential as people cannot imagine shopping online. They also prefer shopping streets full of shops compared to shopping malls.

Acknowledgement

The paper was prepared as part of the project VEGA 1/0012/22 Innovative business models of retail unit formats based on geo-marketing data and their impact on the creation of value offer and food retail network in the period of digitalization.

References

- BERMAN, B.; EVANS, J. R. Retail management: a strategic approach. Upper Saddle River, NJ: Pearson Prentice Hall, 2007.
- BOULAN, H. (2015). Le questionnaire d'enquête: Les clés d'une étude marketing ou d'opinion réussie. Paris: Dunod, 2015. 240 p. ISBN 978-2-10-073841-0.
- FENNETEAU, H. (2015). Enquête: entretien et questionnaire. Paris: Dunod, 2015. 128 p. ISBN 978-2-10-072234-1.
- Future of the City Centre. Arts & Humanities Research Council. Disponible on: <https://www.futurecitycentre.com/>.
- GERAGHTY, L. (2021). The future of cities. National league of cities. Disponible on: https://www.nlc.org/wp-content/uploads/2021/06/CS-Future-of-Cities_Reenvisioning-Retail.pdf.
- ORTOLANG, P. (2018). Outils et ressources pour un traitement optimisé de la langue. OpenEdition Journals. DOI: 10.4000/rdlc.1724.
- PARENTE, J., PLUTARCO, F., BRANDRAO, M., MIOTTO, A. (2012). Main street retail districts or shopping centers? Comparing the preferences of low-income consumers. Researchgate. DOI: 10.15728/bbrconf.2012.7.
- ROGERSON, R. (2020). Reimagining the city centre: a future without retail? University of Strathclyde. Disponible on: <http://ifuturecities.com/>.
- SNIJDERS, J., GRAAF, A. (2019). The future of retail in city- centres. European Economic and Social Committee. doi:10.2864/142989.
- TELLER, C. et al. Place marketing and urban retail agglomerations: an examination of shoppers' place attractiveness perceptions. Place Branding and Public Diplomacy, v. 6, n. 2, p. 124-133, 2010.
- THOMAS, C., BROMLEY, R., TALLON, A. (2006). New 'High Streets' in the Suburbs? the growing competitive impact of evolving retail parks. Researchgate. DOI: 10.1080/09593960500453484.

TURNER, J. (2021). Retail therapy: what will the future of retail look like? Local government chronicle. Disponible on: <https://www.lgcplus.com/investment/retail-therapy-what-will-the-future-of-retail-look-like-28-06-2021/>.