

Strategic Impacts of Problematic Aspects of Developmental Tendencies in Specific Retail Activities

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Abstract. Retail has always been regarded as a small business on a local to a regional level, but over time the concept has spread to national and cross-border levels. Czech retail market is primarily price oriented and is also characterized by a high concentration of retail chains. Due to the relatively rapid development in the past twenty years, there are more large hypermarkets and thus a larger retail space than in the more gradual retail markets. The RIA study has been already a part of the retail planning policy of many European countries. The change in retail structure in Liberec was analyzed by using quantitative survey approaches. The survey included retail trades in the area of interest in selected years (2006, 2009, 2011, 2014, and 2017). Qualitative survey was made through approaches where identical factors and indicators for calculating the index of vitality and viability of the city centre were evaluated. Methodology used for feasibility of analysis highlighted the fact that a change the representation of trade units in the retail structure occurred in urban structure during the analyzed period. The main findings can be characterized as an increasing number of second hand shops in the city centre, decline of stores with branded and fashionable goods, moving merchants to newly opened shopping centres, increase of empty premises and approximately 50% change in trades units within the retail structure.

Keywords: Retail, Development, Business Strategy, RIA Study.

1 Introduction

Retail has always been regarded as a small business on a local to a regional level, but over time the concept has spread to national and cross-border levels. [4] Nowadays retail is considered to be an enterprise that includes purchase from a wholesaler or a manufacturer and its sale is mediated without further processing to the final consumer. Developments and significant changes in retail are influenced by two factors:

- Continued growth in the income of the population, influencing the increase in the purchase of goods and thus the need to increase sales units.
- Relationship between purchase and sale is increasingly determined by the customer.

What are the pillars of place attractiveness? The aspects associated with place attractiveness can perhaps be summarized based on a few essential elements of a city, such as its architecture, cultural infrastructure, labour market, public services, service sector and shops. [3]

Development trends in retail (applicable in the European and Czech conditions) are typical of the growing concentration of business firms and the decrease of the shopping street preference as the main shopping point to the preference of shopping centres.

The emergence of the concept of large business units, especially shopping centres, is being discussed in a number of specific problems for its qualitative advantages and its overall character compared to traditional sales units (specialized retail outlets).

Frequently discussed issues are the problems associated with the decline of urban centres, the outflow of business functions on the outskirts of the city, the transport and the solution of parking spaces, agricultural land, the need for legislative regulation of large-scale units, the liquidation of traders, the architectural aspect, and, last but not least, the change in buying behaviour. The problems associated with opening a new shopping centre point to the deterioration of the overall environment, see Fig. 1.

The construction of shopping centres in urban centres is an effort to fulfill the desired way of revitalization and revitalization of the city centre which is facing a state of gradual decline. Although there are some concerns about the decline of small businessmen and tradesmen in the neighborhood of a shopping mall built in this way which can lead to job losses, increased social insecurity and other negative accompanying phenomena.

Anyway, they can be described as unconfirmed with a reference to the European experience where the attractiveness of business premises benefits from its surroundings as well.

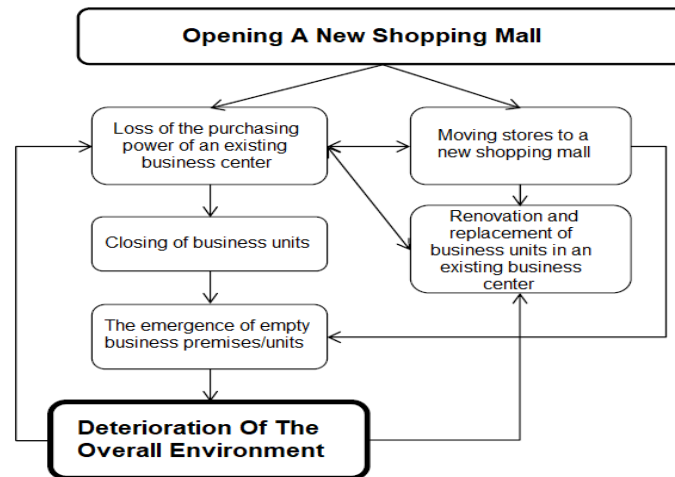


Fig. 1. A summary of the effects generated by the opening of new shopping centre [1, edited].

However, there is also the second view that small merchants cannot compete with large facilities. The success of a city's retail core is largely dependent on the composition and organization of its merchant constituents. Not only should the price-point and products of a city's retail align with its resident and visitor demographics but the stores should be strategically balanced to maximize consumer spending and interest. [2]

2 Processing of RIA study

The RIA study is part of the retail planning policy of many European countries, but in the Czech Republic this approach has not been applied yet. In an attempt to point out its possible application in the conditions of Czech cities, its approaches were used in this study.

RIA's rating is composed of two methodological parts, which include assessing the impact of a large-scale retail format from a quantitative and qualitative point of view. The quantitative part of the study is rightly based on numerous economic data and information on retail outlets. Given the focus of this analysis, data providing information on the time scale of the retail structure in the monitored territories was used. [5]

The change in retail structure in Liberec was analyzed by using quantitative survey approaches. The survey included retail sale in the area of interest in selected years (2006, 2009, 2011, 2014, 2017), qualitative survey approaches where identical factors and indicators for calculating the index of vitality and viability of the city centre were evaluated. The index was set for 2014 and 2017 only because of the availability of information. Firstly, the area of interest is defined in the analysis, the results of the partial surveys are presented and in conclusion their overall evaluation is presented.

The area of interest in Liberec was made up of traditional business streets, which are:

- Moskevská street.
- Pražská street.

Pražská and Moskevská streets are an important link between the upper and lower centre of the city. These major city streets, together with the system of squares, create the main urban compositional axis - the "resting axis". It concentrates most of the city's activities with an important part of traditionally represented retail units in the ground floor of residential buildings. The varied structure of tenants and shopkeepers, which is characteristic of these streets in the city centre, has been heavily influenced by the construction of the aforementioned shopping centres, especially those in close proximity, which have become direct competitors not only of the demanding, but also of the newly significant.

3 Quantitative evaluation

A quantitative assessment of the transformation of the retail structure in the defined territory was subject to clear working procedures. After the area of interest was defined, a visual analysis of retail was conducted to determine the percentage distribution of each category of business unit. The field survey identified the structure for 2017, then retrospectively for the years 2014, 2011, 2009 and 2006, selected to capture the time variation of the distribution of each category of business unit in connection with the opening and operation of shopping centres. In particular, interviews with local entrepreneurs were used. The results of the field survey carried out by the retail trade are as follows.

3.1 The structure of retail trade in Moskevská street in 2006-2017

Moskevská street has gained its importance thanks to the existence of a historical trade route, then also thanks to the course of the tramway, which was used until 1948. The retail structure was designed for analysis purposes in a section that concentrates retail units in the ground floor of residential buildings.

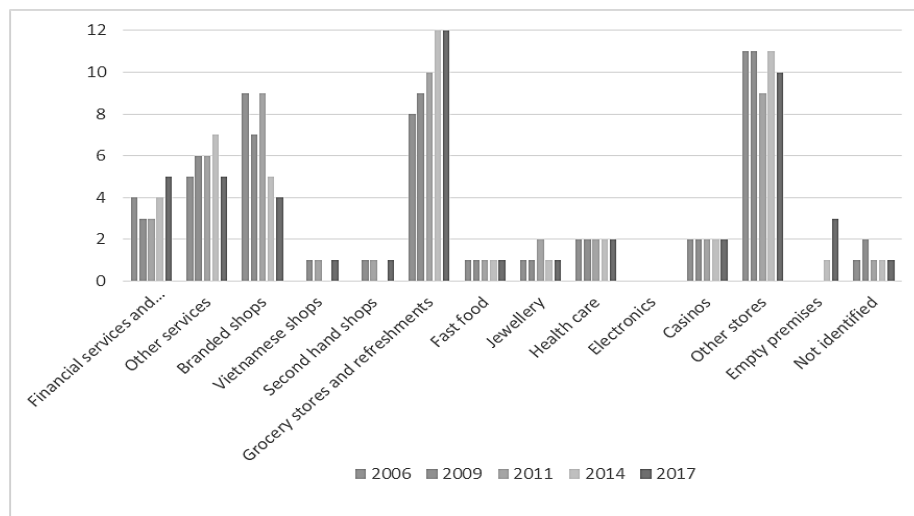


Fig. 2. The structure of retail in Moskevská Street in 2006-2014, expressed as a percentage, own survey according to [6].

During the five analyzed years the most significant changes in the structure of retail trade were observed surface investigation retail units in the case of shops with branded clothing whose representation decreased at the end of the reporting period more than half of the initial state. The main explanatory factor for this change can be found in the construction of shopping centres which are usually focused on the concentration of leading brands of fashion clothing, which often, through shopping

centre location, apply their business strategy. A continuous increase in sales units occurred at grocery stores and refreshments which, at the end of the reporting period, were also the most represented category.

During the reporting period there were identified sales units with Vietnamese goods and second-hand goods which were not identified at the end of the reference period. It points to a qualitative problem in the retail structure of this street, at the same time throughout the city centre.

3.2 The structure of retail trade in Pražská street in 2006-2014

The most important street in the Liberec region is Pražská street, which is parallel to the Moskevská street. The construction of the railway and the railway station was decisive for this street. Like Moskevská street, it was used until 1948 for the course of the tramway, but in the opposite direction, to the lower centre. It is currently known as the pedestrian zone.

To change the structure of retail in Pražská Street that initial state was comparable to Moskevská street, there was also a characteristic decline in sales units with branded and fashionable clothing that was initially the most represented category. There has been an increase in food stores or refreshments, but to a lesser extent than in Moskevská street. Asian retail outlets were registered throughout the reporting period, newly emerged categories were second hand shops, electronics and especially empty premises.

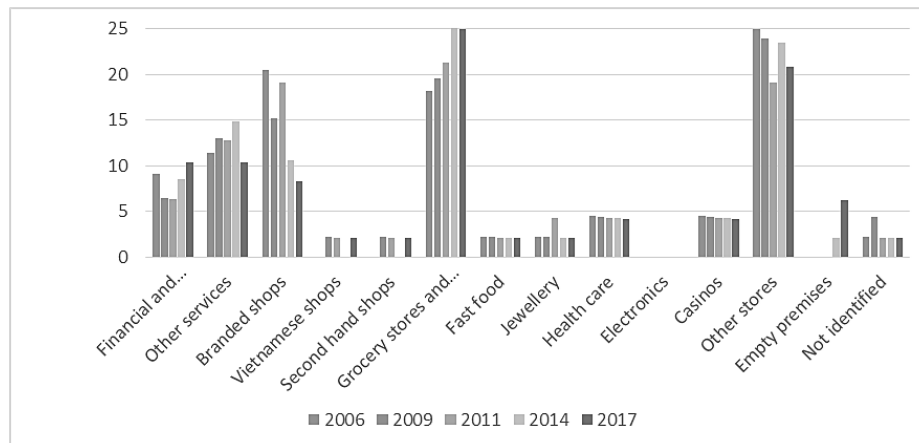


Fig. 3. The structure of retail in Pražská street in 2006-2014, expressed as a percentage, own survey according to [6].

3.3 Retail analysis of city centre

The Liberec Centre was evaluated on the basis of the transformation of the retail structure on suburban streets such as Moskevská and Pražská. It is also an attempt to

make a comprehensive assessment of the city centre from a quantitative point of view in order to unify the observed trends.

Retail units in the centre of Liberec were and are exposed to competitive pressure in the form of suburban and urban shopping centres. Transformation on selected streets has been assessed for 5 years, and Figure 4 below provides information on the change in the structure of trades at the beginning of the reference period in 2006 and at its end in 2017. The data for the suburban streets were effectively merged for the years.

Figure 4 shows the most striking changes:

- Drop in branded clothing stores (drop by 14 percent).
- Increase in share of empty premises (increase by 6 percent).
- Increasing the number of Food/Refreshment units (5 percent).
- Reduction of units with specialized goods ("Others", drop by 4 percent).

Totally newly identified business units in 2017 were:

- Second hand stores.
- Electronics stores.
- Empty premises.

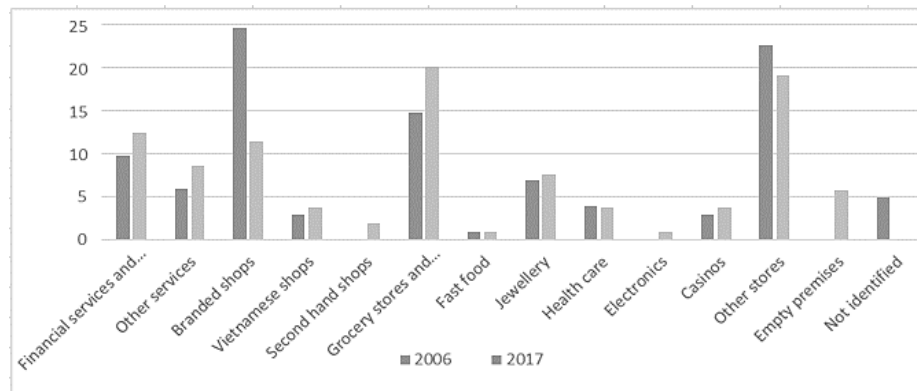


Fig.4. The structure of retail trade in the centre of Liberec in 2006 and 2017, expressed as a percentage, own survey according to [6].

Of the total number of 105 trade units in 2017 the change was found (lessee, owner) at 55% compared to 2006, while the categorical classification, respectively change of purpose changed at 47% units.

The variation in the percentage of units was recorded relatively significant that can be attributed to stronger competition from newly created and opened shopping centres. Development trends are evident both from the analysis of individual streets as well as from Figure 4 above.

The absolute expression of individual categories in analysed streets and years is contained in Table 1. The categories of business units that have been through the most dynamic change or change pointing to the non-occurring phenomenon are highlighted

here. The total number of commercial premises has increased since 2006 due to the reconstruction of the original units or their division.

The results of quantitative analysis in Liberec shows a change in more than 50% of trade units over time. Also a significant change was noted in the context of the commercial premises with a drop in trade units with branded clothing due to relocation to the shopping centre and the recent presence of second hand shops and, to a large extent, the creation of empty premises.

Again, a simultaneous qualitative change can be considered here. Further analysis results are given in the next chapter.

Table 1. Retail structure in the centre of Liberec during monitored periods (absolute data).

Category of business units	street	2006	2009	2011	2014	2017
Financial services and telecommunications	Moskevská	4	3	3	4	5
	Pražská	6	6	8	8	8
	Σ	10	9	11	12	13
Other services	Moskevská	5	6	6	7	5
	Pražská	1	2	2	4	4
	Σ	6	8	8	11	9
Branded shops	Moskevská	9	7	9	5	4
	Pražská	16	16	11	10	8
	Σ	25	23	20	15	12
Vietnamese shops	Moskevská	0	1	1	0	1
	Pražská	3	4	2	3	3
	Σ	3	5	3	3	4
Second hand shops	Moskevská	0	1	1	0	1
	Pražská	0	0	0	1	1
	Σ	0	1	1	1	2
Grocery stores and refreshments	Moskevská	8	9	10	12	12
	Pražská	7	8	6	8	9
	Σ	15	17	16	20	21
Fast food	Moskevská	1	1	1	1	1
	Pražská	0	0	0	0	0
	Σ	1	1	1	1	1
Jewellery	Moskevská	1	1	2	1	1
	Pražská	6	6	5	7	7
	Σ	7	7	7	8	8
Health care	Moskevská	2	2	2	2	2
	Pražská	2	2	2	2	2
	Σ	4	4	4	4	4
Electronics	Moskevská	0	0	0	0	0
	Pražská	0	0	0	1	1
	Σ	0	0	0	1	1
Casinos	Moskevská	2	2	2	2	2
	Pražská	1	2	2	2	2
	Σ	3	4	4	4	4
Other stores	Moskevská	11	11	9	11	10
	Pražská	12	11	11	10	10
	Σ	23	22	20	21	20
Empty premises	Moskevská	0	0	0	1	3

	Pražská	0	0	9	3	3
	Σ	0	0	9	4	6
Not identified	Moskevská	1	2	0	0	0
	Pražská	4	2	1	0	0
	Σ	5	4	1	0	0
Σ		102	105	105	105	105

4 Qualitative evaluation

The qualitative assessment is based on the calculation of the vitality and viability index of the city centre. This index represents the average of the marks awarded to predefined indicators and factors that reflect many aspects of urban life in terms of meeting the needs of the population. Generally, eight indicators are divided into 32 factors.

In order to qualitatively assess the vitality and viability of the Liberec centre, 6 selected indicators were used with a total of 23 factors describing the situation in 2006 and 2017. These years were expediently selected for demonstration of a considerable change in the use of space in the city centre due to the opening of new shopping centres. The grades were assigned to individual factors within the range 1-5, see Table 2.

Meaning of factors:

- 1 = very bad condition (usually complete absence of factor),
- 2 = bad condition,
- 3 = sufficient condition,
- 4 = good condition,
- 5 = very good condition.

The resulting index of vitality and viability of the centre points to the status of Liberec (Pražská and Moskevská streets) qualitatively in 2017. Due to subjective assessment and ignorance of the wider context of space development in relation to the whole city centre, the key information for qualitative assessment were testimonials of owners and employees who have been contacted in a field survey.

The vital and viability index of the city centre of Liberec reached 2.91 in 2017. This points to the average functioning of the city centre, which is insufficient to modern conditions. The given area shows signs of a qualitative problem, especially in aspects of infrastructure for visitors and cyclists, as well as in the number of empty spaces. These and other critical factors are highlighted.

Regarding cyclists' infrastructure, a gradual improvement of the situation in the coming years can be expected as the City of Liberec is currently working on the Sustainable Urban Mobility Plan, which will be a key document for further mobility in the city, and proposes solutions for parking areas, construction of bicycle routes and pedestrian routes and analysis of urban public transport.

As for the streets Pražská and Moskevská, both streets are under traffic regulations. Pražská street is declared a pedestrian zone. However, there are also exceptions,

where pedestrians are forced to avoid unruly drivers driving down these streets throughout the day.

Table 2. Calculation of the index of vitality and viability of the city centre of Liberec.

Indicators	Factors	Evaluation in 2017
Representation of retailers	Number of different retailers	3
	Grocery/food stores	4
	Evidence of recent investment in stores	2
	Presence and number of discount stores or lower-quality shops	3
	Pedestrian conditions	4
Availability	Existence of facilities for cyclists	2
	Traffic impacts	5
	Parking	3
	Number of public transport lines	3
	Conditions for moving less mobile citizens and wheelchair users	4
Diversity of functions	Diversity of use	3
	Presence of financial and professional services	5
	Presence of cafes and restaurants	3
	Presence of clubs and pubs	3
	Presence of cultural facilities	3
Quality of the environment in the city centre	Appearance of space	2
	Overall purity	3
	Quality of buildings	2
	Infrastructure for tourists and visitors	2
Unused, empty premises	Number of empty premises	1
	Number of unused retail premises	2
	Impact of unused retail premises on the city centre	2
Safety	Feeling of safety	3
Total	Index of vitality and viability of the city centre	2.91

4.1 Evaluation of indicator results

The indicators and how they are evaluated it is described in the following text.

Representation of retailers. The development and current state of the retail network is identified in Figures 1, 2 and 3, depicting individual streets and then the overall city centre. The analysis shows a downward trend in the representation of branded stores and shops with consumer goods. These stores were replaced by newly created food

stores, service providers (including financial and telecommunications), second hand shops and empty premises.

In the testimonials of business owners or employees, the influence of nearby shopping centres, most notably the influence of the largest shopping centre Forum and its organized farmers markets, was most often mentioned.

Availability. Accessibility of the city centre is good, but even more transport connections from the outskirts of the city would be appropriate here. The two main streets are trafficably calmed down with an authorized entrance only for supply. Pražská street is also declared a pedestrian zone. Walking is so far as possible, it allows the safe and collision-free movement with slight reservations (especially poor access to shops and poor building cobblestones) is a space designed for people with restricted mobility. Only conditions for cyclists are limited here. Registered was the absence of movables for cyclists here.

Diversity of functions. From the point of view of the diversity of functions in the centre of Liberec, it has in principle been increased. The number of stores with goods and services increased. However, it is debatable whether this was a positive change enhancing the quality of the space. In view of the testimonials from the interviews, it is possible to be more inclined to a variant of decreasing quality. The current structure which was the result of the non-transparent city management is formed from one third of the financial institutions, gambling, bars and shops with less quality goods.

Quality of the environment in the city centre. The quality of the environment in the area is positively influenced by the proximity of the historical centre. The streets are aesthetically groomed, except for those like the Square of Paper (Spanish owners) which is in a desolate state. Gradually, buildings are repaired, but urban movables are basically just waste bins. Visitor infrastructure (benches, drinking fountains, public toilets) is only available in nearby shopping centres or adjoining restaurants and many visitors also take this into consideration when choosing a place to shop and visit the city centre.

Unused empty premises. Empty spaces during the last monitored period were in Pražská and Moskevská street, although Moskevská street was fully occupied by 2014. The question of ownership of business units can be considered. In Pražská street, only 12% of the units are owned by entrepreneurs, while in Moskevská street it is 24%.

Safety. The area of the city centre is not considered a safe or pleasant location. For this reason, an average grade was awarded.

5 Conclusion

Methodology used for feasibility of analysis highlighted the fact that a change the representation of trades units in the retail structure occurred in urban structure during the period 2006 - 2017. The partial results of the survey have already been discussed, but some of them can be generalized not only to the city of Liberec, but also to the other cities that "suffer" from the construction of shopping centres. The main findings are:

- An increasing number of second hand shops in the city centre.
- Decline of stores with branded and fashionable goods.
- Moving merchants to newly opened shopping centres.
- Increase of empty premises.
- Approximately 50% change in trades units within the retail structure.

The presented findings indicate quantitative and qualitative change of public space. The change in the overall quality of the environment due to the realization of the shopping centre in Liberec resulted from the statements of the employees of the business units or their owners. Quantitative variation has been demonstrated during the application of the RIA study approach, as well as a growing number of empty and unused commercial premises in past recent years.

And what recommendations can be made to revive the city centre?

- Renovate and use empty commercial spaces.
- Unify the opening hours of merchants.
- Shops and restaurants open even on weekends.
- Take care of visualization and design of the business, called visual merchandising.
- Sufficient lighting of streets and businesses.
- Visualize retail activities in the city centre.
- Offer activities and activities in the city centre even in months with lower demand.
- Training traders in relation to customer and etailing.
- Renovation of the Paper Square from current devastated state.
- Collaboration of small entrepreneurs with city authority.
- Diversification of retail offers.
- Creation of a tourist route for tourists by historical centre and business streets - so called functional zones.

The retailers' approach in the city is different, some are being able to create strategies and conditions to customers' needs and to shape the company's reputation. Others are only trying to generate profits regardless of their cooperation with the surrounding businesses and are do not care about creating a pleasant and unforgettable shopping experience for their customers.

The current situation in Liberec contradicts the generally accepted fact that the construction of the shopping centres will lead to the revival of its own urban centre which is declining due to suburban shopping centres. The explanatory reason for this is the inaccurate placement of these buildings into the inner city without considering

any influence on existing retailers. Secondly, their closed concept, which concentrates visitors and creates its own "centre" in the city, centre is unconnected with the entire city organization. The city needs to be more accessible to people of all ages, consider the change in transport accessibility from various parts (mainly outskirts) of the city, create suitable parking conditions, connect functional zones, try to ensure free-time and retail activities within the city centre.

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